



Janine L. Migden-Ostrander
Consumers' Counsel

**MINUTES OF THE
TWO HUNDRED FIFTY-SIXTH MEETING
OF THE CONSUMERS' COUNSEL GOVERNING BOARD
July 20, 2005**

Members Present: Nancy Dix
Mark Gehri, Vice Chairman
Herman Kohlman
Dorothy Leslie
Michael Murphy
Jerome Solove, Chairman
John Steinberger
Mark Totman

Members Absent: John Moliterno

Guests: Kent Shimeall, Attorney General's Office
Jim Petro, Attorney General
Richard Smith, Ohio Energy Project

Chairman Solove called the meeting to order at 9:00 a.m.

Attorney General Jim Petro addressed the Board by expressing his gratitude to the Board and OCC Staff for their contribution and service to Ohio consumers.

There being no corrections or additions to the Minutes of the May 18, 2005 Governing Board Meeting, the Minutes were approved.

PRESENTATION BY THE OHIO ENERGY PROJECT

Ms. Migden-Ostrander introduced Mr. Richard Smith, Executive Director of The Ohio Energy Project ("OEP").

The Ohio Energy Project is a non-profit organization that provides energy education to students in grades 4 through 8.

Mr. Murphy arrived at 9:15 a.m.

Ms. Walls-Rominski stated that she is pleased to be working with the Ohio Energy Project on implementing programs. Currently, our plan involves creating a fact sheet that could be distributed to schools.

Chairman Solove asked how more students could be reached. He suggested the use of tray liners to get the word out to students.

Ms. Migden-Ostrander pledged OCC's support to the OEP to develop ways that we can match our resources to OEP's message.

Mrs. Dix indicated that she has reservations. She believes that it is a worthwhile program; however, she questions whether we can be too involved based on our mission. Further, she asked if teachers who participate in OEP programs receive continuing education credit. Mr. Smith replied yes and added that graduate credit is also available.

Chairman Solove read OCC's mission statement: "The OCC advocates for Ohio's residential utility consumers through representation and education in a variety of forums" and indicated that he does not see a conflict.

The OEP presentation concluded at 9:45 a.m.

CONSUMERS' COUNSEL REPORT

Ms. Migden-Ostrander introduced Charles Repuzynsky, OCC's new Director of Operations and stated that we are happy to have him join OCC.

OCC has experienced very successful wins in the Vectren and Lifeline cases. These cases will be discussed in detail during the industry team reports.

OCC received a plaque from NOPEC acknowledging our work on behalf of consumers.

Ms. Migden-Ostrander was appointed to the Executive Committee of the National Association of State Utility Consumers Advocates (NASUCA). This appointment is an opportunity to have the views of Ohio's consumers represented.

Ms. Migden Ostrander reported that our budget was cut to \$7.7 million. She believes that it will be tight but workable. OCC has an increased caseload and should the need arise for additional funds; OCC has the option of going to the Controlling Board. Ms. Migden-Ostrander would prefer to stay within our budget, stating "we will do more with less." She does not anticipate any employee layoffs.



Chairman Solove asked that OCC provide in the next Governing Board packet a summary of actual budget changes and how these changes affect our service level. A discussion ensued regarding the budget.

Ms. Migden-Ostrander will be meeting with Chairman Schriber and will report on that meeting at the next Governing Board meeting. The transition period with regard to the call center is 90 days from July 1, 2005. A discussion followed.

EXECUTIVE SESSION

A motion was made by Vice-Chairman Gehri to enter Executive Session for the purpose of conducting personnel reviews for the Consumers' Counsel and Deputy Consumers' Counsel. Mr. Kohlman seconded the motion and Mrs. Knight called roll. The Board unanimously approved the motion.

The Governing Board entered executive session at approximately 10:45 a.m.

Mrs. Dix left the meeting at 2:10 p.m.

The Governing Board returned to open session at 3:10 p.m.

Chairman Solove commended Ms. Migden-Ostrander and Mr. Weston for their work on behalf of Ohio's consumers.

Vice-Chairman Gehri made a motion commending the Consumers' Counsel for a job well done and to compensate her with a 4% rate increase effective July 1, 2005. Mr. Kohlman seconded the motion. The motion was carried unanimously.

Vice-Chairman Gehri made a motion commending the Deputy Consumers' Counsel for a job well done and to compensate him with a 4% rate increase effective July 1, 2005. Mrs. Leslie seconded the motion. The motion was carried unanimously.

Ms. Migden-Ostrander and Mr. Weston each expressed their thanks. Ms. Migden-Ostrander stated she looks forward to a highly productive and successful year on behalf of Ohio's consumers.

TELECOMMUNICATIONS REPORT

Mr. Bergmann reported on the passage of Amended Substitute House Bill 218. This bill allows for deregulation of basic service rates in Ohio.

Key features of the bill include:



- Allows deregulation of basic local exchange service if the PUCO finds there are no barriers to entry and basic service is subject to competition and there are reasonably available alternatives.
- Prevents PUCO from adopting interconnection requirements inconsistent with federal law.
- Requires consideration of regulatory treatment of competing and functionally equivalent services.
- Allows establishment of alternative regulation for telephone companies with fewer than 50,000 access lines.

OCC testified before both the House and Senate Committees. In the process we were able to ensure specific consumer protections which include:

- No barriers to entry
- No exemption from statutes on 9-1-1- and MTSS
- Protection of lifeline programs

SBC/AT&T Merger

OCC raised an issue that would allow proposing conditions for the mergers. We asked the PUCO for clarification and it was granted.

PUCO Proceeding:

- Discussion of merger conditions allowed by Entry June 29
- SBC/AT&T Testimony filed June 1
- OCC testimony, other parties filed July 8 (OCC motion to strike portions of SBC/AT&T testimony filed July 7)
- SBC/AT&T rebuttal testimony due July 29

Verizon/MCI

Companies filed with the PUCO stating that their merger was already approved by operation of law. The PUCO rejected this idea.

PUCO Proceeding:

- Verizon/MCI Application for Rehearing denied June 29
- Verizon/MCI testimony filed July 18
- Intervenor testimony due August 24
- Verizon/MCI rebuttal testimony due September 8

On July 20, 2005 OCC filed NASUCA's reply comments in the intercarrier compensation docket.



In the U.S. Court of Appeals, briefs are due to be filed on the FCC decision that eliminated the unbundled network element platform.

On July 19, 2005 the PUCO issued an order in response to OCC's motion for clarification on the lifeline program. Last year, the FCC made changes to the lifeline program; the changes were implemented this year in Ohio. We asked for two changes, which were essentially granted. We asked that Link-Up use the same 150% of poverty standard as the Lifeline standard for many of the companies; this was granted. We asked that the additional information to re-verify be clarified; the PUCO found that this was a federal issue but strongly urged the companies to specify the information that customers would need.

ENERGY REPORT **Gas & Water**

Vectren Energy Delivery of Ohio

The decision in this case was a great victory for consumers. The PUCO's June 14 Entry results in a refund to consumers of \$9.6 million plus interest. Vectren, in its Application for Rehearing asked the Commission to reconsider approximately \$8.4 million.

Dominion GCR

The Company asked for reconsideration of the park loan and exchange gas transaction. The PUCO issued an order that reversed the March decision resulting in Dominion no longer having to refund customers. Ms. Migden-Ostrander noted a trend of the Commission ruling in favor of consumers in its initial orders and then reversing itself on rehearing.

Electric Report

Cinergy/Duke Merger

Upon OCC's request, a technical conference is scheduled for August 4, 2005. On July 12, 2005 Cinergy and Duke filed with FERC for merger approval.

AEP Power Plant Case

AEP has asked for authority to recover from distribution ratepayers the cost of building a \$1.3 billion IGCC generation power plant. Testimony in this case was filed on July 15. OCC's testimony pertained to the regulatory policy associated with the recovery mechanism and specifics of the power plant itself. A discussion ensued.

Monongahela Power

There has been concern that since Monongahela Power does not have a rate stabilization plan, when it goes to market with a competitive bid, prices will be extremely high. The PUCO has asked Monongahela Power and AEP to discuss the possibility of AEP acquiring through Columbus Southern Power the customers of Monongahela Power. A

report was filed on July 15, 2005, which stated that an agreement has been reached on significant terms and conditions.

COMMUNITY SUPPORT SERVICES REPORT

In May, the Ohio Department of Development filed a notice of intent to file an application for adjustments to the universal service fund riders. The Ohio Department of Development oversees the universal service fund for electric companies.

The procedural schedule for this case is as follows:

Objections and Comments	July 22
Motions to Intervene	July 27
Prehearing Conference	July 28
Direct Testimony	August 5
Evidentiary Hearing	August 18

OCC has intervened and is arguing for a need to audit the program.

Low Income Dialogue Group

A meeting is scheduled for August 4, 2005 with low-income attorneys. On September 7, 2005 a meeting is scheduled with the entire group.

Other activities include:

- Increase education efforts regarding PIPP arrearage crediting process
- Continue movement toward statewide Community Voicemail

In a new development in Ohio regarding Community voicemail, Cleveland has been working with Ohio.net, which is an Internet service provider. Ohio.net has agreed to house a new server for Cleveland community voice mail which will provide more capacity.

FEDERAL TEAM REPORT

Federal Energy Legislation is currently being debated before Congress. Both the House and Senate version have passed.

RESOURCE PLANNING TEAM REPORT

- OCC is working with CG&E's Energy Efficiency Working Group. The group plans to file energy efficiency programs before the Commission by October of this year for programs commencing the first quarter of 2006.

- Midwest Energy Efficiency Alliance (MEEA) is putting forth a natural gas energy efficiency initiative for the Midwest by working with Commissioners and consumer advocates to develop a comprehensive energy efficiency program.
- OCC sponsored testimony supporting House Bill 251, which was introduced by Representative Uecker concerning the efficient use of energy in state facilities.
- OCC sponsored a continuing legal education seminar on "Energy Efficiency: Opportunities and Barriers for Natural Gas and Electric Utilities."
- OCC is participating in a Fuels and Technologies Forum being organized by the Consumer Energy Council of America (CECA) the primary objective is to develop objective quantifiable information for policymakers about the costs and externalities of various fuels.

COMPLIANCE REPORT

Mr. Williams reported that for the period May 1, 2005 – June 30, 2005 the CRC has had the following activities:

15,749 calls reported

- 47% Telecommunication (35% SBC)
- 26% Electric (47% FirstEnergy)
- 25% Natural Gas (39% Columbia Gas of Ohio)
- 2% Other

OUTREACH AND EDUCATION

Ms. Walls-Rominski reported that during the period May and June, 2005 Outreach and Education had:

- 58 Speeches/Presentation
- 19 Train the Trainer
- 26 Shows/Fairs
- 91 Site Visits
- 28,329 Educational Materials Mailed/Delivered to Organizations
- 944 Handbooks
- 13,200 Paycheck stuffers
- 4,500 Paycheck stuffers (Spanish)
- 2,300 Tray Liners
- 1,535 PIPP Crediting Program
- 976 PIPP Electric Arrearage Crediting
- 500 Lifeline Made Easy



COMMUNICATIONS REPORT

Media and Consumer Education Initiatives

This Week publications guest column series: 20 publications distributed to more than 300,000 customers in central Ohio, Delaware and Johnstown.

Public Service Announcements campaign

- Central Ohio radio
- Oldies 107.9

Summer power safety and energy efficiency information

- Top 10 No Cost Cooling Tips
- Summer power outage consumer tips

SBC rate increases media coverage

- Print, radio and television coverage

Web Highlights

- SBC rate increase story and featured link resulted in 183 hits to “Comparing Your Local Telephone Choices” web page
- 191,490 total hits for May and June
- Top five requested pages and where people to:
 - Press release index: Janine’s bio and summer power outage safety
 - Natural gas page: Comparing Your Energy Choices and company information
 - Consumer Question Form: Consumer questions, concerns and feedbacks
 - Telecommunications page: Choosing a local telephone provider
 - Fact Sheet and Publications page: Energy efficiency brochure and energy choice tools

LEGISLATIVE REPORT

Legislative matters have already been discussed. The budget has taken up the majority of the time. The legislature is on recess until August 2. Some legislation that we are currently working on includes unclaimed funds and vegetation management.

Chairman Solove asked if the nature of Mr. Stapleton’s role as Director of Legislative and Government Affairs is what he expected. Mr. Stapleton replied that he anticipated more bills would be introduced. There have been six bills introduced and of those, one has passed.

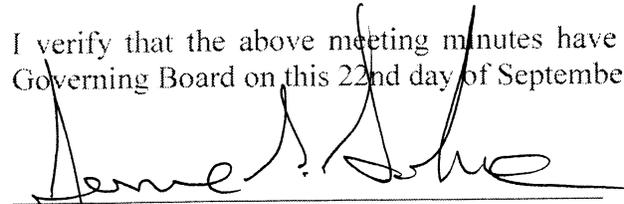
Chairman Solove indicated that the Nominating Committee for public utility commissioners is reviewing its procedures for making recommendations to the Governor. Chairman Solove would like comments from OCC and others including members of the

public regarding incumbent PUCO Commissioners who are seeking another term as well other nominees. OCC has agreed to provide those comments to the Board.

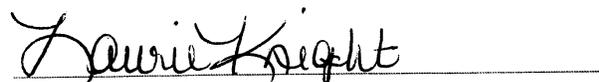
The next meeting is September 21, 2005.

The meeting adjourned at 4:31 p.m.

I verify that the above meeting minutes have been approved and ratified by the OCC Governing Board on this 22nd day of September 2005.



Jerome G. Solove, Chair
Ohio Consumers' Counsel Governing Board



Laurie C. Knight, Secretary
Ohio Consumers' Counsel Governing Board