



**MINUTES OF THE
TWO HUNDRED FIFTY-NINETH MEETING
OF THE CONSUMERS' COUNSEL GOVERNING BOARD
January 18, 2006**

Members Present: Randy Beane
Herman Kohlman
Dorothy Leslie
John Moliterno
Jerome Solove, Chairman
John Steinberger
Mark Totman

Members Absent: Michael Murphy

Guests: Kent Shimeall, Attorney General's Office
Gene Krebs

Call to Order

Chairman Solove called the meeting to order at 9:15 a.m. and welcomed Mr. Beane and Mr. Krebs to the meeting.

Approval of Minutes

The minutes of the November 16, 2005 Governing Board Meeting were approved.

Election of Officers

A motion was made by Mr. Steinberger to re-elect Chairman Solove for another one-year term. This motion was seconded by Mrs. Leslie. Mrs. Knight called the roll with all the Board members present voting in the affirmative and Mr. Beane abstaining.

A motion was made by Mr. Kohlman to elect Mr. Moliterno Vice Chairman of the Governing Board. Mr. Steinberger seconded the motion. Mrs. Knight called the roll with all the Board members present voting in the affirmative and Mr. Beane abstaining.

Chairman Solove expressed his thanks to Mr. Moliterno for offering to serve the Board.

Consumers' Counsel Report

Ms. Migden-Ostrander also welcomed Mr. Beane and Mr. Krebs and congratulated Chairman Solove and Vice Chair Moliterno on their election.

Ms. Migden-Ostrander informed the Board of Linda Johnson's condition and the support shown to her by the OCC staff. The Governing Board signed a get well card that was sent to Ms. Johnson.

Public hearings are taking place on Basic Local Exchange Service (BLES). The Commission has proposed rules that would allow basic service rates to increase by 20% per year resulting in potentially doubling rates in less than five years. Basic service refers to dial tone and caller ID. OCC's position is that any increase should be gradual and only be allowed if there are comparable competitive options.

Ms. Migden-Ostrander reported that OCC's contact information will remain on bills, disconnect notices, and the consumer bill of rights. Twenty organization and individuals including AARP filed comments in support of our contact information remaining on bills and other printed material. Those parties included: Northwest Ohio Aggregation Coalition; Lucas County Board of County Commissioners; the cities of Maumee, Northwood, Oregon, Perrysburg, Sylvania, and Toledo; the Village of Holland; Portage County; the City of Cleveland, the City of Eastlake, the City of Macedonia; the city of Mentor; the City of Strongsville; the City of Twinsburg; the City of University Heights; the Village of Fairport Harbor; Mayfield Village; the Village of Middlefield; the Village of North Kingsville; Sagamore Hollis Township; the Township of Saybrook; AEP Ohio; First Call for Help; Low Income Consumer Advocates (comprised of the Appalachian People's Action Coalition, Community Action Partnership of the Greater Dayton Area, Consumers for Fair Utility rates, Empowerment Center of Greater Cleveland, Neighborhood Environmental Coalition, and Ohio Partners for Affordable Energy); Columbus Literacy Council; Serving Our Seniors; StopOnePlacesHelpIsAvailable, Inc.; WSOS Community Action Commission, Inc.; State Representative Michael J. Skindell; Clifton H. Bailey; Laura Barrett; Barbara A. Brahm; and Lorana M. Kelly. Only the Ohio Telecom Association and later Vectren Energy Delivery of Ohio, Inc. filed in opposition to the retaining OCC's information on customer notices, etc.

Originally, the Commission defined "complaint" as any contact with a utility company. Their revised definition is as follows: any customer/consumer contact when such contact necessitates follow-up by or with the supplier or utility to resolve a point of contention.

Mrs. Leslie asked if we had received the contact data from the PUCO. Ms. Migden-Ostrander responded that we have not received the data but we expect to in the next couple of days.



Mr. Steinberger asked what our options are after the data is received. Ms. Migden-Ostrander responded that after we receive the data our compliance analyst will review it and track trends, with the potential of taking further action on issues as warranted.

Proposed Legislation on Operation of Boards

Mr. Stapleton reported on House Bill 441. House Bill 441 would change the open meetings law to say that public board members can be considered in attendance if the person is there and present, attending by video conference or audio conference. By statute, OCC's board members are required to attend in person.

Representative Evans' intent when he drafted this legislation was to make this a voluntary issue. OCC's by-laws supersede this legislation.

Chairman Solove asked Mr. Shimeall if he had any comment. Mr. Shimeall commented that should our board choose to support this legislation, it does not have to take advantage of the new provisions. Mr. Shimeall stated that the board members at this juncture should first direct their discussion as to whether they wanted to comment on the legislation, and only if they desired to comment, to determine what stance they wished to take as a board, in that order.

Discussion ensued. The consensus of the board was to remain neutral with respect to the legislation. A majority of the board members stated that they do not favor OCC Governing Board members attending by teleconference.

Mr. Stapleton stated that he sensed from his meeting with Representative Evans that he would prefer OCC to remain silent.

Discussion of Policy Positions

OCC Testimony on the Status of Deregulation

Ms. Migden-Ostrander reported that she testified last week before the House Public Utilities and Energy Committee on the status of electric restructuring along with Lieutenant Governor Bruce Johnson (acting in his role as the Director of the Department of Development) and Chairman Schriber. All three are in agreement that competition should be given more of a chance.

Ms. Migden-Ostrander stated that she believes that the reason competition has not succeeded is because of difficulties in creating a competitive wholesale market; and rate structure that left little room for competitive suppliers to provide a competitive product.

A lengthy discussion ensued.

It was further reported that prior to SB 3, companies were required to file Integrated Resource Plans which set forth the utility company's best efforts at documenting the growth in demand in its service territory and its plan for meeting that demand. Without

this information, it is difficult for consumers or regulators to know whether there is adequate capacity and whether new generation is necessary.

The meeting recessed at 10:00 a.m.

The meeting reconvened at 10:20 a.m.

Cases

Case Outcomes

Sprint/Nextel Merger Spin-off

Sprint Nextel Corp. and LTD Holding Company filed a joint application seeking approval of a transfer of ownership of United Telephone Company of Ohio, Sprint Long Distance, Inc., and United Telephone of Indiana from Sprint Nextel to LTD Holding Company.

OCC's Position is:

- Ensure there are benefits to consumers;
- Ensure that residential consumers are protected from any adverse impacts;
- Ensure that rates are reasonable and services are adequate; and
- Public hearings take place.

The PUCO approved the spin-off.

ODOD Universal Service Fund

The Ohio Department of Development requested a \$3 million increase for the electric Percentage of Income Payment Plan Rider.

OCC requested ODOD implement a review process in the form of an audit of the PIPP account to ensure that utility companies were properly funding the PIPP program.

ODOD agreed to perform an audit of the PIPP funding program and is in the process of completing a request for proposal to hire an independent auditor.

OCC will have access to the RFP and the results of the audit.

CG&E/Duke Merger

OCC advocated that residential customer rates be protected from future increases that could result from a proposed transfer of power plants from a Duke affiliate to CG&E.

OCC recommended that customers receive \$85 million as a fair share of the merger's stated costs savings.

OCC argued that a reduction in electric reliability should trigger an independent audit.



The PUCO's decision fails to protect customers from the possibility of future rate increases and customers will not receive a fair share of the merger's cost savings.

CG&E Distribution Rate Increase

CG&E requested an increase in distribution rates of 30% or \$78 million over today's electric distribution rates. Also requested is a capital investment rider which would have added millions to customers' bills, and the ability to charge customers building new homes for power line extension.

OCC opposed the magnitude of the rate increase. Distribution rates account for one-third of a customer's bill.

OCC and nine other parties agreed to a settlement that will reduce the proposed rate increase by approximately 33% or \$26 million. CG&E withdrew its request for the Capital Investment Rider and its request to charge customers for line extensions.

DP&L Rate Increase

OCC had originally reached a settlement for DP&L's rate plan to go into effect in 2006. The company then changed the terms of the agreement without the signatures of the parties to the original agreement. The original rate plan allowed a maximum 11% increase over three years (2006-2008) if DP&L could show that certain costs had increased. The 5% generation rate discount would continue through 2008 and an additional 2.5% generation rate discount would apply through 2008 for those customers purchasing from DP&L.

The 2.5% reduction that was not in DPL's application will be applied and customers will benefit from it beginning 1/1/06. The PUCO approved a new settlement, which OCC opposed, that extends a rate plan for two years under higher rates. OCC estimates that customers will pay \$20 million more under the new agreement.

AEP and DP&L Waivers on Notification of Disconnection

American Electric Power requested a waiver on the 10-day requirement to notify customers in person (by hand-delivery) of a potential disconnection. The company argued that mailing the disconnection notices was sufficient. OCC opposed the request stating there was no valid basis for waiving the requirement. The PUCO denied AEP's request.

Dayton Power & Light Company however, offered an alternative notification through an additional telephone call of a potential disconnection. OCC believed the alternative was acceptable in that the additional call met and exceeded the notification requirement. The PUCO granted DP&L's waiver request.



New Cases

Dominion East Ohio and Columbia Gas filed to request an increase in their Percentage of Income Payment Plan (PIPP) Rider. More than 1.3 million Columbia customers and 1.1 million Dominion customers will be affected by this increase. The effective dates for the increases are February 1, 2006 for Columbia customers, and February 7, 2006 for Dominion customers. OCC intervened in this case on December 20, 2005.

On November 28, 2005 Vectren Energy Delivery of Ohio filed an application for a \$2.3 million Conservation Rider. The company has requested approval of a tariff to recover expenses incurred as a result of conservation efforts. OCC filed a Motion to Intervene and Motion to Establish Procedural Process on December 14, 2005.

On December 14, 2005 the PUCO issued an Entry in the Commission's response to provision of the Federal Energy Policy Act of 2005 regarding net metering, smart metering and demand response, cogeneration and power production purchase and sale requirements, and interconnection. This Entry responds to provision contained in the Energy Policy Act of 2005. Comments are due by February 3, 2006

On December 22, 2005 an Application for Approval of the Transfer of Control of Alltel Ohio, Inc., and Western Reserve Telephone Company and the Transfer of Alltel Communications Inc.'s long distance customers. On January 6, 2006 OCC filed motions for full suspension, to establish procedures, and for hearing.

Communications Report

2006 marks the 30 year anniversary of the agency. OCC's Anniversary Tour – 12 cities in 12 months has begun. Some of the scheduled events include:

- Media breakfast
- Ohio Farmers Union
- Ohio Retired Teachers Association
- Lima Rotary Club
- Community Advisory Panel ("CAP") Meeting
- Media opportunities – editorial board meetings

During the scheduled events, Ms. Migden-Ostrander will discuss the inception of the office, why this agency is needed and what her vision is for the future of the OCC.

Ms. Miller will provide the Governing Board with a schedule of events should someone wish to attend.

The Stay Connected Video is a visual communication intended to provide consumers' with information concerning PIPP, HEAP and Lifeline. The video details documents needed to apply for these programs as well as income guidelines.



The Board recessed for lunch at 12:20 p.m. The Board viewed the Stay Connected Video.

Mr. Totman left the meeting at 12:50 p.m.

The Board reconvened at 1:10 p.m.

Presentation by Ohio American Water Company

Mr. David Little gave the Board a presentation on Ohio American Water Company focusing primarily on infrastructure improvements and water quality.

Ms. Migden-Ostrander thanked Mr. Little for the presentation.

The meeting adjourned at 2:15 p.m.

I verify that the above meeting minutes have been approved and ratified by the OCC Governing Board on this 15th day of March 2006.



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



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