



**MINUTES OF THE
TWO HUNDRED SIXTY-FIRST MEETING
OF THE CONSUMERS' COUNSEL GOVERNING BOARD
May 17, 2006**

Members Present: Herman Kohlman
Gene Krebs
Dorothy Leslie
John Moliterno, Vice Chairman
Michael Murphy
Jerome Solove, Chairman
Mark Totman

Members Absent: Randy Beane
John Steinberger

Guests: Kent Shimeall, Attorney General's Office

Call to Order

Chairman Solove called the meeting to order at 9:06 a.m.

Approval of Minutes

The minutes of the March 15, 2006 Governing Board Meeting were approved with Messrs. Murphy and Totman abstaining.

Consumers' Counsel Report

Ms. Migden-Ostrander introduced our new Legal Intern, Garrett Cravener. She discussed the FirstEnergy Appeal and reported that three more cases have been argued before the Ohio Supreme Court.

On April 26, the Central Ohio Chapter of the Public Relations Society of America (PRSA) honored OCC with two awards. OCC was recognized for its "Stay Connected" video and Maureen Miller was honored with the Tom Poling Practitioner of the Year Award.

Ms. Migden-Ostrander has been elected to the Board of the Midwest Energy Efficiency Alliance (MEEA). The MEEA is a cross section of public and private entities committed to promoting cost-effective energy efficiency.

Tour of Ohio American Water Company Facility

Ohio American Water Company has invited the Governing Board to take a tour of their facility on July 19, 2006. The board has agreed to hold the July 19, 2006 meeting in Marion, Ohio. Details are forthcoming.

Discussion of Policy Positions

Resource Scarcity and Conservation

OCC believes that consumers should be able to decide how to use their energy. Energy efficiency allows consumers to take control of their energy usage. Our role as the advocate can affect change in the wake of an energy crisis and our goal is to ensure that customers are informed of the utility options and have choices available to them.

Energy efficiency can also lower prices. For example a reduction of 1% per year in the total gas demand in the Midwest could result in a reduction in wholesale natural price of 10-20%. Energy efficiency programs have been advocated by OCC with FirstEnergy, Duke and Vectren.

Ms. Migden-Ostrander was asked to participate in the National Energy Efficiency Leadership Group which is basically a "think tank" comprised of individuals across the United States who are working together to create recommendations for the implementation of energy efficiency on a national scale.

The board requested a presentation by Green Building and Affordable Housing. Chairman Solove asked the Staff to develop topics for this presentation and asked that they be distributed to the board in advance of the meeting.

Consumers Services Division Monthly Comparison

Ms. Migden-Ostrander reported that our call volume dropped when utility companies removed our contact information from their bills. Additionally, she stated that a large percentage of the calls we receive are from consumers who do not dispute what they owe but need assistance paying their bills.

The meeting recessed at 10:35 a.m.

The meeting reconvened at 10:45 a.m.

Supreme Court Decision in FirstEnergy RSP

Ms. Bojko reported on the Supreme Court's May 3, 2006 decision that remanded part of our total appeal. The law requires an Option A (a market based standard service offer that has to be offered to customers) and an Option B (an offer to customers, the price of which was determined by some form of competitive bid).

OCC appealed Option A because we did not believe that the price determined was truly market based. The Supreme Court decided to uphold Option A. However, the Supreme Court agreed with OCC and held that the Commission did not allow the competitive bid or Option B to actually be offered to customers which was required by law.

Mrs. Knight will provide the link so that board members can view the Supreme Court argument. For those board members who are not able to view via computer, a CD will be provided.

Case Outcomes

American Electric Power IGCC

Based upon a Commission Order, AEP can proceed with phase one of the project and collect an estimated \$23.7 million in research and pre-construction costs related to the IGCC plant. The PUCO also concluded that AEP should economically justify its construction choices, technology choices, timing, financial structure, which were not fully explained in the application. The Company was directed to address the issue of cost recovery rate issues and eligibility for federal and state funding and tax incentives. AEP was denied automatic approval of charges related to the second and third phases.

Chillicothe Telephone Company

The Company's request to block competitors' ability to interconnect with Chillicothe Telephone was rejected. The PUCO favorably recognized our comments in part of its decision in the case.

Duke Energy: Accelerated Main Replacement Program

This case resulted in an agreement among Duke, OCC and the PUCO that resolved many of OCC's concerns. The Company will follow an agreed upon process for bidding out gas mains replacement work to contractors. Duke's proposed \$1.00 increase was lowered to .99 cents.

Duke Energy: Agreement Resolving OCC Appeal of the Duke-CG&E Merger to the Ohio Supreme Court

An agreement between OCC and Duke produced consumer benefits. Duke withdrew cases at the PUCO that could have imposed extra charges related to newly built or acquired power plant and Duke will not file the same or similar proposals for a 12-month period. Duke will make available its corporate funds for additional weatherization of low-income households to reduce heating bills.

Extension of Winter Reconnect Program

The PUCO approved the Ohio Department of Development's request and ordered the Winter Reconnect deadline be extended until April 28. OCC supported this.

Consumers who had not already taken advantage of the Winter Reconnect Program were able to stay connected or be reconnected for at most \$175 plus a small reconnection fee, regardless of the amount they owe the company.

Basic Local Exchange Service

The PUCO denied the consumer groups request for broadband commitments by telephone companies. The discovery response time was granted and the review process timeline was lengthened to 120 days.

It was determined that the competitive market test is consistent with statutory rules. Public notice must occur within seven days of telephone companies filing for rate increases with the PUCO.

American Electric Power Reliability

The PUCO Entry divided the matter into two cases. AEP was ordered to respond to potential consequences of its violation of its earlier settlement with the PUCO Staff and also develop a plan to enhance service reliability.

New Cases

New Cases for this period include:

- Ohio American Water Rate Case
- American Electric Power Transmission Cost Recovery Rider
- American Electric Power Storm Cost Rider
- Cincinnati Bell Rate Increase
- Verizon Alternative Regulation Plan

Communication Report

The Community Advisory Panel Meeting was held on May 10 with 150 people in attendance. Ms. Migden-Ostrander spoke on OCC's advocacy efforts, and the state of the utility industry.

Press releases have been issued regarding

- FirstEnergy and DP&L deferrals
- DP&L billing fees
- Partial reversal of FirstEnergy rate plan
- Benefits achieved through resolution of Cinergy/Duke merger case at the Supreme Court
- Vectren Energy efficiency programs
- OCC accomplishments/benefits for residential customers.

Executive Session

Mr. Krebs made a motion to enter executive session to discuss pending and/or imminent litigation and to conduct the performance evaluation for Ms. Migden-Ostrander and Mr.

Weston. Mr. Moliterno seconded the motion and Mrs. Knight called the roll. The motion passed unanimously.

Executive Session convened at 12:00 p.m.

Mr. Moliterno left at 3:50 p.m.

Executive Session ended at 4:00 p.m.

Motion was made to return to open session by Mr. Kohlman seconded by Mr. Murphy. Chairman Solove called the roll. The motion passed unanimously.

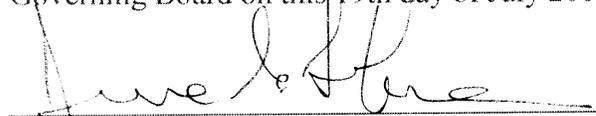
Mrs. Leslie made a motion to increase Ms. Migden-Ostrander salary by 3% for the upcoming fiscal year beginning July 1, 2006. Mr. Krebs seconded the motion. The motion passed unanimously.

Mrs. Leslie made a motion to increase Mr. Weston's salary by 5% for the upcoming fiscal year beginning July 1, 2006. Mr. Kohlman seconded the motion. The motion passed unanimously.

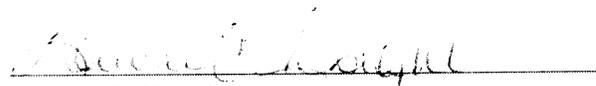
The board members indicated that compensation for the entire staff of Consumers' Counsel should not exceed an average of 3%.

The meeting adjourned at 4:16 p.m.

I verify that the above meeting minutes have been approved and ratified by the OCC Governing Board on this 19th day of July 2006.



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



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