



Janine L. Migden-Ostrander
Consumers' Counsel

**MINUTES OF THE
TWO HUNDRED SIXTY-SECOND MEETING
OF THE CONSUMERS' COUNSEL GOVERNING BOARD
July 19, 2006**

Members Present: Randy Bean
Herman Kohlman
Gene Krebs
Dorothy Leslie
Michael Murphy
Jerome Solove, Chairman
John Steinberger

Members Absent: John Moliterno
Mark Totman

Guests: Kent Shimeall, Attorney General's Office

Call to Order

Chairman Solove called the meeting to order at 12:35 p.m.

Approval of Minutes

The minutes of the May 17, 2006 Governing Board Meeting were approved.

Executive Session

Mr. Steinberger made a motion to enter executive session to discuss pending and/or imminent litigation. The motion was seconded by Mr. Murphy and Mrs. Knight called the roll. All members present individually voted in favor of the motion. The board entered executive session at 12:45 p.m. Executive session ended at 1:20 p.m.

Budget Report

Mr. Repuzynsky gave his report on the budget. OCC ended fiscal year 2006 with a lapse of \$784,581. This lapse is a result of prudent spending.

State auditors are performing a fiscal and procedural audit of the office. A copy of the auditor's findings will be distributed to the board members when it becomes available.

Ms. Migden-Ostrander explained how the budget reduction impacted the office. Cuts were made in employee training and employee and consultant hiring.

Mr. Krebs left at 1:45 p.m.

Ohio American Water Tour

Mr. Hines presented a summary of the Ohio American Water rate case. The company is asking for a \$5.1 million increase. This increase would affect 52,000 residential consumers in Ohio alone and represents an overall increase of 17%. The company's acquisition of Citizens Water attributed to the increase.

The general consensus of the Board was that the tour was interesting and informative.

Consumers' Counsel Report

Ms. Migden-Ostrander stated that OCC is preparing for hearings in cases where telephone companies have moved to deregulate their basic local exchange service rates. OCC is focusing a lot of attention in federal cases involving PJM and MISO.

OCC has employees who have gone to training on grant writing. Grants are pursued by other state agencies to fund various activities.

OCC, as part of NASUCA, is submitting a proposal to the US Department of Energy to study renewable portfolio standards.

Ms. Migden-Ostrander participated in the National Energy Efficiency Leadership Group. The Leadership Group has put together a report on recommendations to Commissions to pursue energy efficiency nationwide. This report, which was sponsored by US Department of Energy and the US Environmental Protections Agency, will be released at the NARUC meeting in San Francisco.

The meeting recessed at 2:25 p.m.

The meeting reconvened at 2:40 p.m.

Case Outcomes

Mr. Weston reported on case outcomes. Mr. Weston commented on the AEP decision that was recently decided at the Ohio Supreme Court. Colleen Mooney, who is now retired from the office, wrote the briefs for that appeal, in which the Court reversed a PUCO decision in a case regarding customers' electric service for the years 2006 through 2008. He also mentioned that Ms. Mooney delayed her retirement in order to complete those briefs.

Minimum Natural Gas Service Standards

PUCO Case No. 05-602-GA-ORD

In its May 16 decision, the PUCO stated that it has the authority to adopt minimum standards for the natural gas utilities' service to customers. The PUCO upheld OCC's recommendation that utilities must allow consumers to choose a four-hour window of time when the utilities will show

up for a scheduled service call and upheld the requirement for the utility to conduct at least one actual meter read every 12 months

OCC's positions in the case included to require utilities to issue credits to customers if the utility misses a service appointment and to require utilities to offer alternative bill formats, such as Braille and large print.

Alltel Spin off and Merger Cases

PUCO Case No. 06-809-TP-ACN and 06-810-TP-ACN

Alltel is an Ohio telephone company that operates wireline telephone service for consumers and would like to spin-off its wire line business from its wireless services.

OCC advocated that, under Ohio law, Alltel's plans should be rejected unless there were consumer benefits. OCC also recommended implementing services and programs such as:

- Broadband service in more of its rural service areas
- Customers to have the opportunity to purchase DSL (broadband) service without being required also to sign up and pay for, for Alltel's traditional home telephone service
- Provide grants to establish community technology centers to help bring new technologies, such as broadband, to rural and low-income communities; and,
- Fund grants to expand the reach of community voicemail.

The PUCO approved the separation of Alltel's landline and wireless businesses and the merger of the landline operations with Valor Communications and rejected OCC's recommendations for services and programs to be implemented.

MCI – Collect Calls from State Facilities

PUCO Case No. 05-888-TP-ZTA and 05-889-TP-ZTA

In July 2005, MCI filed an application at the PUCO to begin direct billing family and friends of inmates for collect calls they receive from state facilities. Customers would be required to prepay MCI for this service.

In response to OCC's concerns, MCI eliminated the "bad risk" language that was an undefined part of its proposal and revised the prepayment options to be more flexible for customers. The PUCO approved MCI's proposal, including notification to customers through recorded phone messages. Based upon concerns that OCC expressed in its Application for Rehearing, the PUCO allowed customers two business days to sign up for the new billing method.

Champaign Telephone Company Elective Alternative Regulation Plan

PUCO Case No. 06-651-TP-ALT

On May 3, 2006, Champaign Telephone Company applied for approval of an elective alternative regulation plan that would allow it to raise prices for customers' telephone services other than basic service.

OCC commented to the PUCO that the company's proposal is not in the public interest and that there is an absence of competition or reasonably available alternatives for the residential

consumers in Champaign's service territory. OCC also expressed concern that the Company had not made clear that it would provide the increased Lifeline telephone assistance required by the PUCO for low-income consumers.

Champaign was granted its elective alternative regulation plan effective June 23, 2006. The company will be able to increase the prices that consumers pay for most non-basic telephone features but basic local telephone service will be capped at current levels.

Verizon Elective Alternative Regulation Plan

PUCO Case No. 06-700-TP-ALT

On May 12, 2006, Verizon filed for approval of an elective alternative regulation plan. OCC's position includes that due to changes in the law, the PUCO needed to consider certain new standards before it could adopt elective alternative regulation for a telephone company. OCC also presented to the PUCO information that the company's service territory has few competitive options for customers that the company's lifeline program is not sufficient and that service quality issues need to be addressed.

Dominion Ending Sales of Natural Gas

PUCO Case No. 05-474-GA-ATA

Dominion no longer wants to provide the regulated function of procuring natural gas to sell to customers, and instead proposed that the PUCO adopt an auction process for procuring the gas. OCC advocated for implementation of a reasonable competitive bidding process and that there be continued PUCO regulatory oversight of the company's actions related to the distribution of natural gas.

The PUCO approved Phase 1 of the company's proposal that will enable the Company to continue delivering natural gas to its customers with other companies (marketers) being the competitive providers of the gas. The PUCO reserved the right to end Phase 1 at any time if the program is deemed unsuccessful.

American Electric Power Transmission Rider

PUCO Case No. 06-273-EL-UNC

In December 2005, the PUCO approved AEP's request for a Transmission Cost Recovery Rider. OCC's position was that this application is in violation of Ohio law which requires specific filing requirements that were not followed. In addition, OCC's position was that not all of the costs included in the Company's proposed transmission rider should be recovered from customers. Only costs approved by FERC should be allowed.

Dayton Power & Light Storm Cost Rider

PUCO Case No. 05-1090- EL-ATA

OCC's positions included is that DP&L's filing is for a rate increase that the process under Ohio law for rate increases was not followed. The PUCO's decision allows DP&L to collect \$8.6 million from customers over two years.

Chillicothe Telephone – Rural Exemption from Competition

PUCO Case No. 05-1298-TP-UNC

Chillicothe Telephone filed a request to continue its status as a rural telephone company, making it exempt from a federal requirement that it open its system to competitors.

The PUCO declared that Chillicothe could not use its rural provider status to deny access to competitors. The PUCO agreed with OCC's position that Chillicothe's use of elective alternative regulation for rates had a premise that there was competition, and this premise that customers have competitive choices supports there being arrangements for the entry of Cinergy Communications to provide a choice for customers in Chillicothe's service area.

New Cases

Mr. Adams's report on new cases focused on federal proceedings. Mr. Adams stated that NASUCA intervened in the FCC proceeding that would approve the merger between AT&T and SBC and Verizon and MCI. NASUCA's position is that the merger conditions were not met.

OCC has participated along with other NASUCA members in the debate over proposed legislation to amend the Telecommunications Act of 1996. We oppose attempts to preempt state consumer protection laws as they relate to wireless and internet protocol service.

The goal of the Reliability Pricing Model (RPM) is to encourage the construction of new generation in economically-constrained energy markets where they are needed in PJM. OCC does not agree that the current construct will accomplish that goal.

NASUCA's arguments against the proposed RPM are based on claims by PJM that consumer advocates believe are not supported by facts. Advocates believe that FERC erred in finding that PJM has demonstrated that its current capacity adequacy construct is not just and reasonable and that FERC erred in determining that elements of RPM are just and reasonable, without a proper analysis and by failing to consider more targeted local capacity market approaches with the current construct.

Communications Report

Ms. Miller reported on the activities of the Communications Department. News releases have been issued on the following topics:

- Dominion East Ohio's plan to no longer sell natural gas to consumers
- Alltel merger with Valor Communications
- Verizon's ability to increase prices on commonly used services
- AT&T's proposal to reduce consumer safeguards
- Unintended telephone charges
- OCC's reaction to Ohio Supreme Court ruling on the AEP rate stabilization plan

Meetings are being scheduled with local city officials to inform them of our services and to discuss the issues that are important to them.



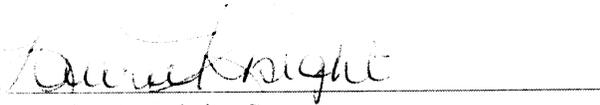
OCC will again this year have a booth at the Ohio State Fair in the Marketplace Building. The Fair runs from August 2 to 13.

The meeting adjourned at 3:45 p.m.

I verify that the above meeting minutes have been approved and ratified by the OCC Governing Board on this 20th day of September 2006.



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



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