



Janine L. Migden-Ostrander  
Consumers' Counsel

**MINUTES OF THE  
TWO HUNDRED SIXTY-FOURTH MEETING  
OF THE CONSUMERS' COUNSEL GOVERNING BOARD  
March 21, 2007**

**Members Present:** Gene Krebs  
Dorothy Leslie  
Jerry Solove  
John Steinberger  
Mark Totman  
Roger Wise

**Members Absent:** Randy Bean  
John Moliterno  
Michael Murphy

**Guests:** Kent Shimeall, Attorney General's Office

**Call to Order**

Chairman Solove called the meeting to order at 9:10 a.m.

**Approval of Minutes**

The minutes of the January 17, 2007 meetings were approved.

**Consumers' Counsel Report**

Paul Centolella was appointed by the Governor to replace Commissioner Jones. His term begins April 11<sup>th</sup>. OCC Staff remains busy due to increased case load. We are currently looking to hire additional staff. Beth Hixon and Mike Haugh have testified in the Duke Remand Case. Other case involvement includes: COH exit case and AT&T release from basic local exchange regulation.

**NEW CASES – Aster Adams**

**AEP 2007 Additional Generation Increases, Case No. 07-63**

AEP filed an application for a 2.7% increase for Columbus Southern Power ("CSP") and 0.9% for Ohio Power ("OP"). Under their PUCO approved RSP, AEP's generation rates are allowed to automatically increase 3% for CSP and 7% for OP each year, 2006-2008.

OCC intervened asking the PUCO to suspend the interim implementation of the proposed increases.

**FirstEnergy Companies Application for Approval of a Rider for the Collection of RTO Costs and Transmission and Ancillary Service Costs, Case No. 07-128**

This case was opened to consider adjustment applications for transmission and ancillary service costs requiring continued review and reconciliation. The companies propose to review MISO transmission and ancillary services charged pursuant to cost recovery riders to be adjusted semi-annually.

**DEO Application for the Deferral of Expenses Related to the Investigation of Gas Service Risers, Case No. 07-125**

The Company filed an application requesting permission to defer costs it has incurred retroactive to the date the expenses were incurred. The Company claimed that the appropriate level of recovery of those deferrals will be addressed in its next rate case. DEO also requested recovery of carrying charges on the deferral balance; current rates would not be affected.

OCC intervened claiming that customers have already paid the expenses that DEO seeks to recover.

**Columbia Gas of Ohio Application for the Deferral of Expenses Related to the Investigation of Gas Service Risers, Case No. 07-237**

Columbia filed an application for the deferral of expenses related to the investigation of gas service risers similar to Dominion. The Company estimates a minimum of six months to complete its riser survey at an estimated cost of up to \$8 million.

**AT&T & Qwest Application for Copy Charges**

The IRS announced it will provide refunds of the federal excise tax paid by consumers on their interstate long distance telephone bills for the period March 2003 – July 2006. This decision is the result of court actions around the country that invalidated the tax. Qwest filed an application to introduce a \$5.00 duplicate bill charge for bills older than six months. After discussion with OCC the Company filed a new application which removed the charge from the application regarding residential customers. AT&T Communications of Ohio, Inc. and TCG Ohio Inc., both AT&T Ohio affiliates filed similar applications on January 19, 2007, that would apply to business customers. AT&T Ohio also filed an application on January 22, 2007, that would apply to both residential and business customers.

**Aqua Ohio Application for Authority to Assess a System Improvement Charge, Case No. 06-1470**

Aqua Ohio filed an application for a system improvement charge to recover costs associated with infrastructure improvements. For example, the costs include replacement of existing water mains, services and hydrants and associated depreciation expenses. OCC's recommendation is to reduce Aqua's revenue requirement to \$320,448 to be paid only by customers in the affected areas.

**CASE OUTCOMES – Bruce Weston**

**Review of Minimum Telephone Service Standards, Case No. 05-1102**

OCC's position in this case is that the proposed rules reduce consumer protections by: increasing the amount of time before credits are given to customers for service outages; weakening rules that prohibit telephone companies from marketing services until a customer's concern is addressed; allowing the disconnection of customers' local service if any part of the monthly bill is unpaid; and eliminating a priority repair list for customers with medical conditions among others. The Commission maintained some of the important safeguards for which OCC advocated.

**AT&T Ohio Lifeline Waiver PUCO, Case No. 02-3069**

The Company wanted authority to sell additional service features to lifeline customers beyond call waiting without having to verify health or safety needs. OCC opposed AT&T's lifeline waiver and proposed an alternative. If the Commission granted a waiver, OCC recommended allowing lifeline customers to be able to purchase call waiting and caller ID without verifying a health or safety need and that the company be required to track and provide data during the trial period on disconnection information, account balances for past due amounts, and lifeline enrollment.

The Commission denied AT&T's waiver but granted a limited waiver that included OCC's suggestions on data tracking and allowing lifeline customers to purchase limited additional features including caller ID and certain discounted and limited bundle packages. Discussion ensued regarding the potential for customers to sign up for services they cannot afford.

**Ohio American Water Rate Increase, Case No. 06-433**

Ohio American Water filed an application to increase rates 14.31% for its traditional service territory. Traditional territories include Ashtabula, Lawrence, Marion, Morrow, Pike, Preble, Richland and Seneca counties. A 21.96% increase for Franklin and Portage counties, formally part of Citizens Utilities, was also requested.

OCC's positions included that Ohio American Water must solve its problems with poor water quality and inadequate service; the Commission should reduce the profit that the Company proposes to earn as a penalty for poor water quality; and local public hearings should be held in order for consumers to voice their opinion on the issues directly affecting them.

The Commission held local hearings for public testimony, and the parties signed an agreement to remedy problems with water quality and service. The company's proposed rate increase was reduced and a plan was established to resolve water quality issues; financial penalties will be assessed if the problems are not solved.

Mr. Krebs left at 10:45 a.m.

**AT&T Act of God Waiver Request, Case No. 00-1265**

The Company requested a waiver of the rules that require telephone companies to give credits to customers who are without service more than 24 hours. OCC's position is that the Company's request should be denied and AT&T should provide credits to customers. The Commission granted a limited waiver for the five exchanges, which means some credits will not be given to customers for service outages, but other customers will receive credits that otherwise would not have occurred if AT&T's request had been granted.

**FirstEnergy Transmission Costs, Case No. 04-1932 and 07-128**

FirstEnergy filed to revise a transmission rider to include revenue sufficiency guarantee ("RSG") charges. RSG charges are based on the difference between the amount of load a generator bids into the MISO day ahead electricity market and the actual load it must produce the following day.

OCC's initial position was that FirstEnergy should not be allowed to collect the RSG costs from consumers' where the costs were not contained in the Company's original tariff which lists FERC approved charges to be passed on to customers.

An agreement was reached whereby RSG charges could be collected through a rider; the PUCO Staff and OCC would be able to review the RSG charges in FirstEnergy's filing; and DSM commitments from a November 2005 agreement with OCC related to the Company's fuel costs would be restored.

The meeting recessed at 10:50 a.m.

The meeting reconvened at 11:20 a.m.

**Dominion East Ohio Management Performance Audit, Case No. 05-219**

An agreement among Dominion East Ohio, Interstate Gas Supply, Industrial Energy Users-Ohio, and PUCO staff setting all the issues in the case was filed July 2006.

OCC questioned natural gas purchases, involving "straddle" transmission, involving Dominion and its affiliate, because we believe they were unreasonable for Ohio consumers; OCC also believes that the Company's revenue from park, loan and exchange transactions should be shared with consumers.

The Commission issued an Opinion and Order approving the settlement agreement between certain parties other than OCC. Discussion took place regarding straddle transactions and the audit process. Chairman Solove asked if the OCC believed that the PUCO should have pursued a more extensive audit; Ms. Migden-Ostrander and Mr. Weston replied yes. Mr. Weston stated that OCC believes we have proved that the transactions exist and we have proved that the results of these transactions are higher prices for Ohio consumers. Further discussion took place and Ms. Migden-Ostrander cautioned the Board that continued discussion on this topic should be done in Executive Session.

Mr. Krebs returned at 11:40 a.m.

**COMMUNICATIONS REPORT – Maureen Miller**

Ms. Miller distributed Outreach and Education Events along with a Fact Sheet on water softening. Ms. Miller further explained the uses for the digital voice recorder. The Communications Department uses the device to create digital sound bites for our website and record interviews that can be emailed to radio stations. Chairman Solove asked how the voice recorder worked in relation to recording the meeting. Mrs. Knight explained that recorded files are downloaded and stored on her computer and she and Ms. Migden-Ostrander confirmed that the device is capable of recording those that are speaking at the meeting.

Media Relations

OCC issued eight new releases on a variety of topics including: the one time long distance tax refund, natural gas riser leaks, and telephone service rules and agreement in the Ohio American Water case.

Outreach & Education

Outreach and Education participated in 55 events related to National Consumer Protection Week. This year's theme is Read Up, Reach Out – Be an Informed Consumer. In addition O&E will participate in Earth Day at the Columbus Zoo, April 21 and the Ohio Energy Projects bookmark contest and Youth Energy Celebration May 15. The annual Community Advisory Panel meeting will be held Tuesday, May 15 at Veterans Memorial.

**EXECUTIVE SESSION**

Mr. Krebs made a motion to enter executive session to discuss pending and/or imminent litigation. The motion was seconded by Mr. Wise and Mrs. Knight called the roll. Executive Session began at 12:30 p.m.

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

The Governing Board returned to open session at 1:50 p.m.

Ms. Miller introduced Pam Learman who gave a presentation on Low Income Assistance programs entitled "Stay Connected." This presentation gave an overview of the HEAP, Lifeline, and PIPP programs.

**LEGISLATIVE REPORT – Dennis Stapleton**

Mr. Stapleton reported that meetings have been scheduled for the House, Senate and Energy Committees. There has been no legislation introduced through committees.

**BUDGET – Chuck Repuzynsky**

The Governor's budget recommends appropriations of \$8.4 million in FY 2008-09. This is a 9.4% increase compared with the FY 2007. This will allow us to recover half the funds OCC lost in the last biennium when its budget was cut by approximately 16%.

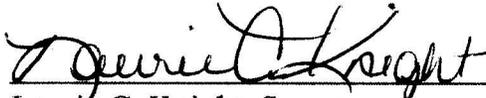
The meeting adjourned at 3:05 p.m.

I verify that the above meeting minutes have been approved and ratified by the OCC Governing Board on this 16th day of May 2007.



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



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