



Janine L. Migden-Ostrander
Consumers Counsel

**MINUTES OF THE
TWO HUNDRED SIXTY-SEVENTH MEETING
OF THE CONSUMERS' COUNSEL GOVERNING BOARD
November 30, 2007**

Members Present: Randy Bean
Gene Krebs
Dorothy Leslie
Joe Logan
David McCall
John Moliterno
Michael Murphy
Jerry Solove
Roger Wise

Guests: Kent Shimeall, Attorney General's Office

CALL TO ORDER

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

Chairman Solove welcomed and introduced our new Board Members: Joe Logan and David McCall

APPROVAL OF MINUTES

The minutes of the September 12, 2007 meeting were approved.

CONSUMERS' COUNSEL REPORT

Ms. Migden-Ostrander also welcomed the new Board Members and spoke a bit about their background.

New employees were introduced:

- Chris Allwein – Legal
- Daniel Corcoran – Legal
- Beth Gianforearo – Communications

Ms. Migden-Ostrander reported that David Bergmann received the Golden Phone Award from Community Voice Mail.org for his contribution and assistance on a national level with legal

matters regarding the community voice mail issue. Mr. Bergmann also received NASUCA's Outstanding Service Award.

Chairman Solove personally extended his congratulation to Mr. Bergmann and thanked him for his service to OCC and Ohio residential consumers.

Mrs. Leslie congratulated Janine Migden-Ostrander who received the Public Servant of the Year Award from the Ohio Environmental Council for her dedication to energy efficiency issues.

OCC has been asked to participate in the Governor's Broadband Council. Broadband access is an issue that OCC is very concerned about.

Senate Bill 221 unanimously passed the Senate and is now before the House. OCC has very serious concerns regarding the bill as it is now. Ms. Migden-Ostrander outlined for the Board the presentation she gave while presenting her testimony.

OCC's position includes the following recommendations:

- There should be a required comparison between the electric security plan price and the market rate option.
- The baseline of the RSP is too high and results in customers repaying for costs already recovered by the utility.
- Consumers need a fair process with ample time to prepare.
- Customers should not continue paying for the Regulatory Transition Charge (RTC).
- There should be no automatic rate increases.
- We need a prudence standard to assure accountability.
- Subsidies to large customers at the expense of small customers should not be permitted.
- Customers who switch should only pay their electric utility for transmission and distribution. The generation rate should be 100% bypassable.
- No rate increase for infrastructure modernization should be permitted without a full rate case review by the Commission.
- The legislature should establish criteria that the Commission must consider not rendering a decision.

Hundreds of industrial customers operate with side deals that the residential customers must pay for. It is OCC's belief that competition has not worked because charges are not bypassable.

Chairman Solove commended Ms. Migden-Ostrander and asked the Board for their view of OCC's position. The Board unanimously concurred that OCC should continue on its present course.

Mr. Krebs stated that he has never seen a bill that is open to so many different interpretations.

The Board recessed at 10:30 a.m. and reconvened at 10:47 a.m.

CASE OUTCOMES – Bruce Weston

Buzz Telecom Deceptive Marketing Practices, Case No. 06-1443

OCC's investigation into this case revealed a pattern of misleading marketing tactics by Buzz Telecom. The PUCO ordered Buzz to respond to its staff's allegation and indefinitely stop marketing to customers.

OCC believed that the PUCO should halt Buzz Telecom's practices, launch an investigation of the company's practices, and if rules were violated, appropriate penalties should be imposed.

UMCC Inadequate Service Complaint, Case No. 07-546

OCC believed that UMCC violated PUCO rules and failed to provide adequate service by conducting business without a PUCO certificate; engaged in slamming; and failed to include OCC and PUCO contact information on consumer bills. The PUCO's Opinion and Order granted all but one of OCC's allegations and ordered UMCC to pay a \$208,000 fine.

American Electric Power Generation Rate Increase, Case No. 07-63

American Electric Power filed an application to increase generation rates. OCC's position is that the Commission should deny the increase and that the Company failed to prove its determination of environmental compliance expenses was reasonable.

The Commission modified and approved, in part, the generation rate increase.

Duke Energy Remand of Rate Plan Decision, Case No. 03-93

The Supreme Court ordered that Duke Energy's rate plan be remanded to the PUCO based on our appeal of the PUCO's decision. OCC believes that the PUCO set rates without the necessary evidence in the record and that side agreements should be made public. The PUCO's order on remand made no significant changes to its past decisions.

Duke Energy Review of Rate Plan Riders, Case No. 05-724

Duke filed an application for review of the fuel and purchased power rider and an application to begin an audit of the system reliability tracker. OCC's position is that only costs that are

reviewed and determined appropriate should be approved. An example of this would be that the annual adjustment component should not include construction work in progress since the component was not subject to an audit.

The Commission approved the Stipulation including payments by customers for construction work in progress.

OCC Contact Information on Utility Materials, Case No. 07-1042

OCC's complaint-handling authority was restored in the June 2007 Budget Bill. OCC believed that the PUCO Staff's proposal should be revised to inform customers of our ability to handle complaints and the PUCO agreed in its ruling. Our call volume has increased since the complaint-handling authority was restored.

Review of Telephone Retail Service Rules, Case No. 06-1345

In June 2007 the PUCO issued its revised retail service rules. These rules among other things state that companies no longer have to file tariffs at the PUCO for certain services. The Commission later agreed with an OCC position and revised the notice template for customer notice to include language regarding customer agreements and the importance for customers to make a careful review of prices, terms and conditions in agreements for services.

NEW CASES – Aster Adams

Dominion East Ohio Distribution Rate Case, Case No. 07-829

The Company filed an application to increase its distribution rates by approximately \$75 million or 7.1% for its entire service territory. In addition the Company proposed adjustments to its gross receipts tax rider.

Vectren Energy, Case No. 07-1080

Vectren submitted a pre-filing notice of its intent to file for an increase in its gas distribution rates by approximately \$29 million.

American Electric Power, Case No. 07-63

The PUCO issued a decision related to generation rate increases in effect during 2007. AEP estimates this will result in a monthly bill increase of \$1.83 for CSP customers and \$0.46 for OP customers using an average of 1,000 kwh per month. Under the PUCO-approved RSP those companies are allowed automatic generation increases.

American Electric Power Additional Generation Increases, Case No. 07-1191

The Company filed for an increase to its generation rates to go into effect in February 2008. AEP proposed to charge customers an additional \$2.9 million through a rider that increased customers' bills by a percentage of base generation rates.

American Electric Power Additional Transmission Cost Recovery Rider, Case No. 07-1156

The Company filed its annual application to update transmission cost recovery rider. Ohio Power customers would see a 31% increase over the current transmission rate level while CSP customers would see a 68% increase over the current rate level.

Dayton Power & Light Company's Economic Development Rider, Case No. 07-1079

The Company filed an application to implement a new rider associated with economic development and withdrew the current partners in business plan rider. The proposed plan would be available to non-residential secondary or primary service distribution customers for one year. The incentive payment will be 50% of the distribution demand charges paid by the customer for one year. The company proposed to defer incentive payments and seek to recover deferred amounts through future rate proceedings.

Ohio American Water, Case No. 07-1112

The requested rate increase will be for water service in all of its districts as well as for sewer service in its Franklin County district. The Company is seeking an overall increase of 11.95% for water and 36.6% for sewer.

Aqua Ohio, Case No. 07-564

The Commission released its report on November 16, 2007. The company's application requested a \$3.2 million or 26.6% increase based on an 8.75% rate of return.

COMMUNICATIONS REPORT – Beth Gianforcaro

There were fourteen news releases issued since the last Governing Board Meeting. Highlights include:

- Reaction to Senate's passage of energy policy legislation
- Calls for a review and hearing on FirstEnergy fuel charge
- Proposal of energy bill amendments: residential customer protections and safeguards
- Arguments against power plant charges at the Supreme Court of Ohio
- Proposed amendments to natural gas legislation promoting energy efficiency and increased consumer safeguards
- Staying connected with heating sources easier with variety of assistance programs
- OCC advocates for victims of Buzz Telecom's marketing practices
- Windstream increases prices for some local telephone features
- David Bergmann receiving two national awards
- Janine Migden-Ostrander 2007 Public Servant of the Year from Ohio Environmental Council
- OCC to once again resolve utility complaints starting October 1

The upgrade has begun to OCC webpage which will allow greater efficiency in updating information and greater accessibility for those with disabilities.

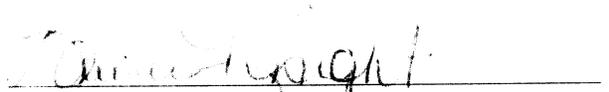
Chairman Solove announced that resolutions were passed for former Board Members, Mr. Steinberger and Mr. Totman and he expressed his gratitude for this service to the OCC.

The meeting adjourned at 12:10 p.m.

I verify that the above meeting minutes have been approved and ratified by the OCC Governing Board on this 16th day of January 2008.



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



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