



Janine L. Migden-Ostrander
Consumers' Counsel

**MINUTES OF THE
TWO HUNDRED SEVENTY-FIRST MEETING
OF THE CONSUMERS' COUNSEL GOVERNING BOARD
July 16, 2008**

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

Members Absent: Randy Beane
David McCall

CALL TO ORDER

Chairman Solove called the meeting to order at 9:11 a.m.

CONSUMERS' COUNSEL REPORT

New employee was introduced:
Fred Laugh – Legal

Ms. Migden-Ostrander announced that Dennis Stapleton is leaving OCC effective Friday, July 18. Mr. Stapleton thanked them for the opportunity to serve Ohio's consumers.

Ms. Migden-Ostrander reported that she was reappointed to the MEEA Board. MEEA is an organization that promotes energy efficiency.

OCC continues to be busy. There are numerous rulemaking cases including, PUCO's disconnect rules and electric service standards. A coalition has been formed with respect to the electric rulemaking and we are working with them in an effort to form a unified front. Rate cases have been filed Dominion, Vectren, Columbia Gas of Ohio and Duke. On August 1 Electric Security Plans are due to be filed by electric utility companies.

The rules that are established during this process will be in affect for next five years. The Joint Committee on Agency Rule Review's primary function is to review proposed new, amended and rescinded rules.

Rulemaking cases cannot be appealed to the Supreme Court. They go instead to the Joint Committee on Agency Rule Review.

CASE OUTCOMES

Duke Energy Natural Gas Base Rate Case, PUCO Case No. 07-589

OCC believes that Duke's proposed rate increase is unreasonable and should be rejected. Customer rates should not increase due to lower sales volumes and incentive compensation to employees, among other things.

A settlement was reached in this case whereby Duke's proposed annual revenue increase is reduced from \$34.1 million to \$18.2 million. The Commission approved the agreement among the parties, but rejected OCC's proposals concerning rate design. OCC believes that increasing the flat rate charge and decreasing the volumetric charge prevents customers who conserve from realizing all the potential savings and has low-income, low-use customers subsidizing high-income, large use customers. A lengthy discussion ensued regarding the company's volumetric charge and the base rate portion of the customers' bill.

Doylestown Telephone Company, PUCO Case No. 08-117

Doylestown requested a permanent waiver of PUCO's required access charge reduction for small telephone companies that "edge out". Edging out is when a small telephone company begins to compete in adjacent large telephone company's exchanges.

OCC's position is that Embarq's claim that Doylestown should increase its basic local service rates to fund lowering Doylestown access charges be rejected. A better solution would be for Embarq to lower its basic local rates in the adjacent exchanges to be more competitive with Doylestown's rates.

Dominion East Ohio, PUCO Case No. 07-1224

Dominion filed an application to begin phase two of exiting the merchant function. This process began in 2006 with the first auction to supply natural gas to customers who had not selected an alternative supplier.

It is OCC's view that consumers could continue to benefit from a wholesale auction process to determine Dominion's rates paid by customers who have not switched to an alternative supplier. A full exit of the merchant function should not be approved.

AT&T Basic Local Service Alternative Regulation, PUCO Case No. 08-107

AT&T filed an application to operate under alternative regulation rules for its basic local telephone service in eight exchanges.

It is OCC's belief that AT&T failed to show that basic local service is competitive, that reasonably available alternatives exist, that no barriers to competition exist, and that alternative regulation is in the public interest.

AT&T may raise rates for basic local service in seven of the eight exchanges it requested.

Review of Gas Cost Recovery Rules, PUCO Case No. 08-178

The PUCO issued an entry indicating that its staff recommends no changes to the Gas Cost Recovery rules. These are rules for natural gas companies to collect from customers the cost of the gas that they sell to them.

It is OCC's position that the rules should be changed to ensure that customers receive interest on commodity related refunds. The PUCO rejected several of the OCC's recommendations, but did place information about how the GCR rate is calculated in the rules, and inserted language to ensure that the GCR rules supersede inconsistent tariffs of the natural gas utilities.

Columbia Gas Financial Audit, PUCO Case No. 07-221

In January 2008 Auditor Deloitte & Touche filed a financial audit of Columbia Gas and the GCR mechanism. The audit covered the time period May 1, 2006 through October 26, 2007. In May 2008 Columbia, OCC, and PUCO staff filed a joint stipulation. The PUCO approved the stipulation.

The Board recessed at 10:25 a.m. and reconvened at 10:45 a.m.

Mr. Krebs arrived at 10:30 a.m.

Mr. Moliterno made a motion to enter Executive Session to conduct the performance evaluations for the Consumers' Counsel and the Deputy Consumers Counsel. Mr. Krebs seconded the motion and Mrs. Knight called roll. The motion passed unanimously.

Executive Session began at 10:46 a.m.

Executive Session ended at 1:10 p.m.

Mr. Krebs left at 11:15 a.m.

NEW CASES

Mr. Adams summarized the new cases since the last Governing Board Meeting. Cases have been filed by the following companies: Duke, Dayton Power & Light, Ohio Department of Development, Vectren and AT&T Ohio. Cases have also been filed in the SB 221 Rulemakings, Telephone Rules, Rate Case Rules and PUCO PIPP Disconnect Rules.

Duke Energy Ohio, PUCO Case No. 08-709

The Company is requesting an \$86 million rate increase or 5.5% on total electric revenues effective in the second quarter of 2009.

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DP&L Bill Format, PUCO Case No. 08-651

Dayton Power & Light filed an application to revise the format for the monthly bills that are sent to residential electric customers in southwest Ohio.

Ohio Department of Development 2009 USF Riders, Case No. 08-658

The Ohio Department of Development filed its Notice of Intent to file an application to adjust the current Universal Service Fund riders for each of the electric distribution utilities effective January 1, 2009.

SB 221 Rulemakings, PUCO Case No. 08-771

Based upon the amended language of Section 4928.14 Revised Code, electric utilities are required to provide consumers with a standard service offer consisting of either a market rate offer or an electric security plan. The standard service offer will serve as the electric utility's default standard service offer. Electric utilities may apply simultaneously under both options; however, at a minimum, the first standard service offer application must include an application for an electric security plan.

Vectren Deferral Accounting, PUCO Case No. 08-632

Vectren filed an application seeking approval for continued accounting authority to defer differences between actual base revenues and Commission approved base revenues.

Columbia Gas DSM, Case No. 08-833

Columbia proposed a residential and commercial demand side management program for calendar years 2009-2011. OCC filed a letter in support of the application. The additional DSM programs will cost \$24.9 million over the three years for a total company effort of \$41.4 million with the warm choice weatherization funding included.

TP Cases, PUCO Case No. 08-539

The Commission issued an Entry on May 7, 2008 seeking comments on the PUCO Staff's proposed changes to certain rules applicable to telephone companies in OAC Chapter 4901-1-3. AT&T Ohio and the Ohio Telecom Association filed comments on the proposed changes calling on the Commission to change or eliminate several of the rules because the rules are applicable only to incumbent LECs and not to other carriers that provide service in Ohio.

AT&T Basic Local Exchange Service Alternative Regulation 5, PUCO Case No. 08-594

AT&T filed an application for basic service alternative regulation for the Mantu, Olmsted Falls, Philo, Pitchin and Tremont City Exchanges.

Standard Filing Requirements for Rate Increases, PUCO Case No. 08-558

Rev. Code Section 119.032 requires all state agencies every five years conduct a review of each of its rules to determine whether to continue their rules and determine whether to continue their rules without change, amend their rules, or rescind their rules. This rulemaking is for the purpose of reviewing the rules that govern rate cases.

PUCO PIPP Disconnect Rules, PUCO Case No. 08-732

On June 25, 2008, the PUCO issued for comment proposed amendments to a number of its rules governing the terms and conditions under which Ohio's residential consumers can establish and maintain service with utilities regulated by the Commission.

COMMUNICATION REPORT

Ms. Gianforcaro reported on the activities of the Communications Department. Since the last Governing Board Meeting there have been 10 news releases issued concerning the electric, gas, telephone and water cases that were mentioned earlier.

OCC has launched an advertising campaign. The goal of this campaign is to educate and inform consumers about utility issues; provide quality information that is timely, accurate, complete, understandable and relevant; and increase participation in programs and services.

Outreach and Education activities include: CAP meetings, Senior Month events in Mentor, Cleveland Metro Parks Zoo, and Area Office on Aging in Sylvania and Byesville; Festival Latino in Columbus and Women and Money in St. Clairsville.

Since May 28, 2008 there have been 9,342 visitors to our web page; 78% of them were new to our site.

OPERATION REPORT

Mr. Repuzynsky reported that OCC ended this fiscal year under budget due to spending controls put in place by Governor Strickland.

Since the last Governing Board Meeting OCC received 147 non-jurisdictional calls.

Mr. Moliterno made a motion that the Consumers' Counsel receives a 3.5% increase effective June 22, 2008. Mr. Logan seconded the motion. The motion passed unanimously.

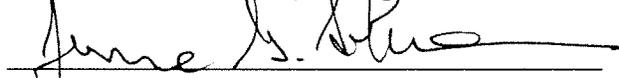
Mr. Moliterno made a motion that the Deputy Consumers' Counsel receives a 3.5% increase effective June 22, 2008. Mr. Logan seconded the motion and the motion passed unanimously.

On behalf of the Board Chairman Solove praised Ms. Migden-Ostrander and Mr. Weston and expressed his appreciation to them as well as the entire OCC Staff for the work they do for Ohio's residential consumers.

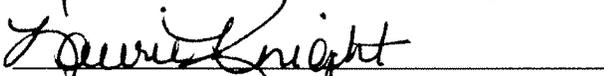
With no further business the meeting adjourned at 2:45 p.m.



I verify that the above meeting minutes have been approved and ratified by the OCC Governing Board on this 22nd day of September 2008.



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



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