



Janine L. Migden-Ostrander
Consumers' Counsel

**MINUTES OF THE
TWO HUNDRED SEVENTYTH MEETING
OF THE CONSUMERS' COUNSEL GOVERNING BOARD
May 28, 2008**

Members Present: Dorothy Leslie
Joe Logan
John Moliterno
Michael Murphy
Jerry Solove

Members Absent: Randy Beane
Gene Krebs
David McCall
Roger Wise

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 March 19, 2008 meeting were approved.

CONSUMERS' COUNSEL REPORT

New employees were introduced:

- Renato Manay – Legal
- Marty Berkowitz – Communications

Ms. Migden-Ostrander thanked the Board for the Resolution that was passed at the last meeting for Linda Johnson. She informed the Board of Linda's passing and that Jim Williams read the Resolution at her Memorial Service.

Ms. Migden-Ostrander briefly discussed a few of the office activities. These cases will be discussed in detail later in the meeting.

With the passage of SB 221 the office will be busy with all of the rulemaking cases that will result.

The performance evaluations for Bruce Weston and Janine Migden-Ostrander will be conducted at the July 16, 2008 Governing Board Meeting.

CASE OUTCOMES – Bruce Weston

Review of Water Rules, PUCO Case No. 07-292

This case was opened by the Commission in March, 2007. Customers should be properly notified of planned outages and flushing of pipes among other things.

The Commission ruled that customer notification must be given 48 hours in advance.

Embarq Request for MTSS Waiver, PUCO Case Nos. 00-1265 and 05-1102

Embarq requested a waiver from certain current PUCO billing rules contained in the Minimum Telephone Service Standards. The Company is seeking to offer a new bill format.

OCC does not oppose the concept of a summary bill provided that consumer protections are in place.

The PUCO approved Embarq's waiver request and clarified that if a new customer does not choose between a detailed or summary bill, a detailed bill would be provided.

Verizon Service Quality Penalty, PUCO Case No. 00-1265 and 07-511

Verizon requested a waiver from the MTSS requirement that out-of-service lines be restored within 24 hours. Verizon did not meet the standard that it had proposed for evaluating its performance; as part of the 2007 settlement between the company and PUCO Staff.

The Commission denied Verizon's waiver request and imposed a \$250,000 penalty for violating the settlement.

Pay Telephone Charges, Case No. 96-1310

The Payphone Association of Ohio asked the PUCO to use a new test to establish the rates they pay to connect payphones to the incumbent telephone companies. The Association believes the rates for independent payphone providers to connect to the network are excessive and a new pricing methodology should be used. OCC intervened to support the Payphone Association because it is in the public interest for there to be payphones available to Ohioans.

The Commission agreed that the rates were too high and a new test should be used. As well, the Commission gave some telephone companies the option to charge payphone providers the AT&T payphone rate.

Dayton Power & Light, Case No. 07-844

Interested parties, including OCC, filed a joint motion to reopen the PUCO's investigation of the financial condition of Dayton Power & Light, claiming that the Commission should scrutinize the impact of DP&L's \$25 million settlement with former executives to ensure customers are not paying

any of that cost. The Commission did not reopen its investigation, indicating it was satisfied that customers were not impacted.

Dominion East Ohio, Case No. 07-125

Dominion East Ohio filed a request to modify its accounting procedures to defer expenses related to the investigation of natural gas service risers. OCC's position is that the base rates paid by residential customers already include natural gas riser costs. The Commission approved Dominion's request to modify its accounting procedures.

Columbia Gas of Ohio, Case No. 07-478

Columbia Gas filed a request to modify accounting procedures related to natural gas risers. OCC's positions included that Columbia should resolve safety problems using a more cost effective method.

Based on the settlement between certain parties, including OCC, Columbia will assume responsibility for future maintenance of hazardous lines and replace risers that are prone to failures over a three-year time period.

Vectren Exit from the Merchant Function, Case No. 07-1285

Vectren filed an application to no longer be responsible for purchasing natural gas for its customers. Vectren, OCC and other stakeholders filed an agreement which stated in part that auctions would occur to help determine natural gas prices. The Commission approved the agreement. Vectren's first auction could be held in early summer and impact customers' rates beginning this fall.

AT&T Basic Local Service Alternative Regulation, Case No. 07-1312

AT&T filed an application to operate under alternative regulation rules for its basic local telephone service in 11 exchanges. OCC's position was that the Company failed the competitive tests that are required before authority for rate increases is granted.

AT&T was denied the ability to raise rates for basic local service in 7 of the 11 exchanges it requested because the company failed to meet the competitive tests.

Ohio Telecom Association Request for MTSS Waiver, Case Nos. 00-1265 and 05-1102

Ohio Telecom Association filed a request for its members to receive a permanent waiver from the service termination rule under the MTSS. OCC argued that the Commission should deny OTA's waiver request because such a waiver would undermine the consumer protections in the MTSS. The Commission ruled that the waiver process is not a substitute for rulemaking. The Commission granted a limited waiver for telephone companies until January 9, 2009.

Aqua Ohio Rate Case, Case No. 07-564

Aqua filed an application for a rate increase for its Lake Erie Division. Profits made from the sale of utility assets should go towards infrastructure improvements. An agreement was reached between OCC, Aqua Ohio and the PUCO staff, and the Commission approved the parties stipulated agreement in its entirety.

The Board recessed at 10:40 a.m. and reconvened at 11:00 a.m.

Responses to Board Requests

Pursuant to Board requests, Aster Adams gave a presentation on generation costs. Mr. Adams briefly reviewed with the Board a comparison of power plant technologies.

Senate Bill 221 Update

Ms. Migden-Ostrander gave a brief overview of Senate Bill 221. The Ohio House and Senate passed Amended Substitute Senate Bill 221 in April, 2008. The new policy will affect rates beginning January 1, 2009. OCC has concerns that aspects of SB 221 could lead to automatic rate increases without the appropriate level of scrutiny. The PUCO rules will be critical on this point.

Included in the energy policy is an alternative energy standard that will account for 25% of electricity supplied by 2025 of which half must come from renewable energy. An energy efficiency standard of a 25.5% reduction in demand by 2025 was also including in the legislation adopting OCC's recommendation.

The Board recessed for lunch at 12:30 p.m. and reconvened at 12:50 p.m.

Mr. Logan left at 1:00 p.m.

COMMUNICATIONS REPORT

Ms. Gianforcaro reported that since the last Governing Board meeting there have been 11 news releases issued. OCC's 2007 Annual Report was released April 1, 2008.

Letters were sent to Ohio American Water customers encouraging them to attend the public hearings.

Outreach and Education activities included: Health Fairs, Earth Day at the Columbus and Toledo Zoo, and MORPC Clean Air Fair.

Since March 19, 2008 there were 10,448 visitors to our web page; 78.7% of them were new to our site.

POVERTY REPORT

Beth Gianforcaro and Jim Williams reported on Poverty in Ohio. Ohio wages lag behind the national average by more than \$3,400 annually. Ohio consumers pay an average of \$2,450 in utility costs a year. Nearly half of Ohio's 4.5 million households earn less than \$44,532 a year.

Programs such as Percentage of Income Payment Plan (PIPP), Home Energy Assistance Program (HEAP), and Low Income Home Energy Assistance Program (LIHEAP) are available to consumers who meet the income requirements.



LEGISLATIVE REPORT

Ohio's economic stimulus package is a five-year plan to spend \$1.57 billion dollars to create jobs in Ohio. This package is broken down as follows:

- New and Emerging Industries \$300 million
- Infrastructure/Preservation \$1.02 billion
- Clean Ohio Fund Revitalization \$200 million
- Work Force \$250 million

There are elements of the \$1.57 billion that has not been approved.

OPERATIONS REPORT

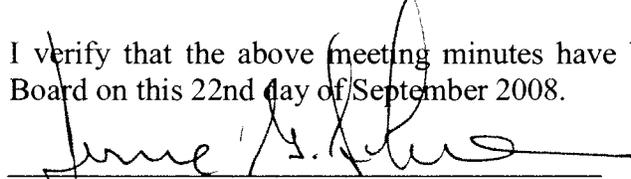
The auditors will be conducting their routine fiscal audit of our agency.

The interview process continues for vacant positions.

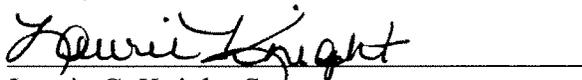
There were 254 non jurisdictional calls for the month of April.

There being no other business, the meeting adjourned at 2:10 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