Bill Ferriot

Introduction and Overview

In 2010, the Office of the Ohio Consumers' Counsel (OCC) was involved in legislative efforts dealing with the telecommunications, water and energy industries. While the 128th General Assembly debated many of these proposals, only one piece of legislation, Substitute Senate Bill 162 (SB 162) that dealt with Ohio's telecommunications industry, was signed into law.

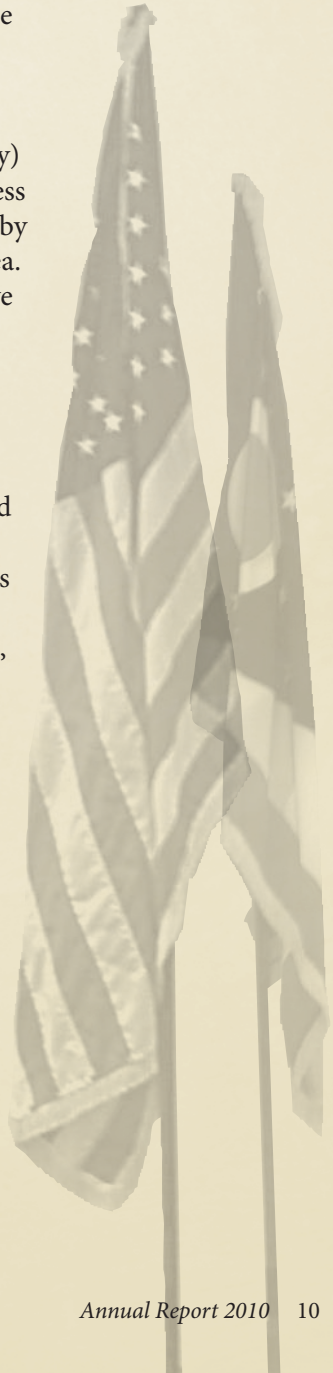
Telecommunications Policy

In June 2010, after nearly 10 months of debate, the Ohio Legislature passed SB 162. Although unable to support the passage of the legislation, the OCC worked with dozens of customer groups and lawmakers throughout the legislative process to make several important improvements. The OCC remains concerned about the possible effects of the new law on customers with basic telephone service, those with bundles and packages of telephone services and low-income Lifeline customers. The new law retains some safeguards for customers with basic local telephone service. However, the protections are much weaker, particularly for customers with bundles or packages of services, than they were for Ohioans before the law was passed.

During the process, the OCC worked with several advocacy organizations in the coalition, Ohioans Protecting Telephone Consumers (OPTC). The coalition argued further deregulation of the industry sought by major telephone companies and other special interest groups should not leave customers with diminished telephone services at higher prices.

The original bill introduced in the Ohio Senate allowed telephone companies to raise their rates for basic telephone service $1.25 per month each year (or $15 annually) in a telephone exchange, regardless of whether service was provided by a competitor anywhere in the area. The OCC's efforts helped improve the bill by requiring telephone companies to show a competing service is available from at least two other telephone providers in any part of a telephone exchange before its basic service rates could be increased. While this still will allow rate increases for customers in some areas of the state where no competing service is available, it was an improvement from the original version of the bill.

The original bill also eliminated or weakened dozens of customer protections previously in place. The OPTC helped improve the bill by ensuring customers with basic local telephone service continued to receive some protections they had before the legislation. However, customers with bundles or packages of telephone services will lose these protections.



Definitions of Telecommunications Terms

Basic telephone service: Landline service that includes unlimited local calling only. Telephone companies must allow customers to have access to the long distance carrier of their choice. Telephone companies also allow customers to purchase other services (such as caller ID, voice mail, etc.) on an individual basis in addition to their basic service.

Bundles and/or packages: Services sold together for a single price. Bundled or packaged services may include, along with local service, combinations of local telephone service features such as caller ID and voice mail, long distance, wireless, cable television, Internet and other services.

Exchange: The geographic area where a traditional telephone company has an obligation to provide local service.

Lifeline: A program that allows income-eligible telephone customers to receive a discount on their telephone service.

Finally, the OPTC's advocacy efforts on behalf of low-income telephone customers froze Lifeline rate increases for one year and created a two-year pilot program for a service that will allow some Ohioans in distress access to a free voice mail service.

A committee of eight members, including a representative from the OCC, was established to review the impact of the new law. This committee will issue its report by Sept. 13, 2014. The OCC will include information received from customers as part of this review.

Water Policy

While most areas of Ohio receive water and sewer services through publicly owned and managed utilities, some areas are serviced by private water companies. The rates that these companies may charge their customers are set by the Public Utilities Commission of Ohio (PUCO). The OCC often intervenes in rate cases on behalf of residential customers. Water rate cases can be resource-intensive, requiring a full review of all financial information submitted by a utility. Often, these cases incorporate the services of attorneys, consultants, expert witnesses and utility employees, and include the presentation of studies and other evidence by the company. Under Ohio's current law, a private water or sewer company filing for a rate increase before the PUCO may pass 100 percent of its rate case expenses to its customers through increased rates.

The OCC worked with a bipartisan group of state legislators, including Reps. Jay Goyal, Cheryl Grossman and Marian Harris and Sens. Jim Hughes and David Goodman, to provide evidence that residential customers were paying too much given the number of rate cases filed by water companies. In November 2009, House Bill 344 (HB 344) was introduced in the House of Representatives.

Steve Kennedy, Prairie Township trustee, testifies in support of HB 344 to the House Public Utilities Committee.

Support for House Bill 344 & Senate Bill 228

The village of North Kingsville, cities of Kirtland and Marion, Mid-Ohio Regional Planning Commission (MORPC) and 12 townships passed resolutions declaring their support. The townships included:

Blendon, Clinton, Perry, Prairie, Pleasant, Jackson, Madison, Norwich, Sagamore Hills, Shalersville, Sharon and Truro.

A companion bill, Senate Bill 228 was introduced in February 2010. Both bills sought to limit the impact water rate case expenses can have on residential customers' bills by capping the portion of rate case expenses water companies could recover at 50 percent.

The legislation received overwhelming support from customers and local governments serviced by Ohio's larger private water companies. The village of North Kingsville, cities of Kirtland and Marion, Mid-Ohio Regional Planning Commission (MORPC) and 12 townships passed resolutions declaring their support. The townships included: Blendon, Clinton, Perry, Prairie, Pleasant, Jackson, Madison, Norwich, Sagamore Hills, Shalersville, Sharon and Truro.

HB 344 was approved with bipartisan support by the House of Representatives' Public Utilities Committee, sending the bill to the full chamber for consideration. However, no further action was taken on the measure before the legislative season came to an end at the end of 2010.

Consumers' Counsel Janine L. Migden-Ostrander, right, listens to the concerns of residential customers at HB 344 hearings at the Ohio Statehouse.

Electric Policy

During the 2009-2010 winter heating season, the Office of the Ohio Consumers' Counsel (OCC) received hundreds of complaints from FirstEnergy's all-electric customers about significantly large increases to their monthly electric bills. Changes FirstEnergy made to its rates, including the removal of a long-standing discounted rate for customers who lived in all-electric homes, accounted for the higher bills. *(Please see the Electric section of this report on Page 15 for a detailed summary of the OCC's actions in this matter).*

"FirstEnergy for 40 years made promises about all-electric heating programs. They gave incentives to builders. Now they have a captive audience. They are squeezing the life out of these people."

Sen. Tim Grendell (R), District 18-Chesterland

As Ohio's elected leaders became aware of the problem, political pressure was placed on FirstEnergy as well as the Public Utilities Commission of Ohio (PUCO) to take immediate action providing rate relief for the all-electric customers. Gov. Ted Strickland wrote a letter to the PUCO requiring its immediate attention to the issue.

Sen. Tim Grendell (District 18-Chesterfield) and Sen. Tom Patton (District 24-Strongsville) introduced legislation (Senate Bill 236) to restore the all-electric discount; Sen. Grendell also filed a lawsuit against FirstEnergy; Rep. Matt Lundy (District 57-Lorain), the chairman of the Consumer Protection Committee, held a public committee hearing on the issue; and several state legislators wrote letters to the PUCO and held local public meetings to give their constituents an opportunity to voice their concerns and seek additional information.

The OCC took a comprehensive approach to resolving the all-electric problem by working with local and state officials to advocate for a reasonable solution for the all-electric customers. The OCC participated in numerous town hall meetings, provided legislative testimony and assisted hundreds of individual customers.

By the end of 2010, the all-electric case had not been decided by the PUCO. The OCC is continuing to work with the Citizens for Keeping the All-Electric Promise (CKAP) and others to find a reasonable solution for all of FirstEnergy's residential customers.

OCC Director of Government Affairs Amy Gomberg addresses customers during a public meeting held in Strongsville by legislators, including Rep. Matt Patten (pictured) about FirstEnergy's all-electric rates.