



Office of the
Ohio Consumers' Counsel
Residential Utility Consumer Advocate

**TESTIMONY BEFORE
THE SENATE ENERGY AND PUBLIC UTILITIES
COMMITTEE**

SB 236

Submitted by:
Janine L. Migden-Ostrander
Consumers' Counsel

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**TESTIMONY OF
JANINE L. MIGDEN-OSTRANDER
BEFORE THE
SENATE ENERGY AND PUBLIC UTILITIES COMMITTEE**

Good evening Chairman Widener, Vice Chairman Schaffer, Ranking Minority Member Miller and members of the committee. I am Janine Migden-Ostrander, the Ohio Consumers' Counsel. The Office of the Ohio Consumers' Counsel (OCC) is the statutory representative of Ohio's 4.5 million residential utility households. I would like to thank you for the opportunity to testify in support of restoring a discounted rate to FirstEnergy's all-electric customers.

For decades, FirstEnergy customers have paid among the highest electric rates in Ohio. Today we are focusing on one group of FirstEnergy's residential customers, those who live in all-electric homes. The OCC has heard from hundreds of FirstEnergy consumers who are concerned about their increasing monthly electric bill – especially during these tough economic times. In this testimony I will outline the most recent efforts that my office has employed to help FirstEnergy's all-electric customers and the steps that we intend to take in the future. I would like to thank Senator Patton and Senator Grendell for their multi-faceted efforts to resolve this issue by introducing this legislation, helping activate the public through public meetings, assisting our efforts at the PUCO with letters, and bringing this issue up through the courts. I would also like to thank the various state Representatives, including Representatives Lundy, Fende, Newcomb, Schneider, and Patten who have also been actively addressing this issue. This complicated issue deserves time and attention, and I appreciate the opportunity to testify to the committee on this topic.

In short, our office is presently analyzing this issue in an open case at the PUCO (Case No. 10-0176-EL-ATA). Over the past few months, we have filed numerous pleadings in our efforts to protect consumers from unaffordable rates and have sought to discover information on the all-electric rates, including information on the business and marketing practices of FirstEnergy related to these rates. We are reviewing documents provided through discovery to give us a deeper understanding of these issues, and have recently hired on an outside consulting firm from

Ohio to help us determine an appropriate long-term solution, which very well may include this legislation.

Ever since the OCC recognized the severity of the rate increase that FirstEnergy's all-electric customers experienced this past winter, our office has done everything in our power to seek relief for these customers. We have intervened in the case at the PUCO and filed numerous pleadings urging the PUCO to restore the all-electric discount on a temporary basis and investigate long-term solutions. We have filed subsequent pleadings asking the PUCO to extend the discounted rates to all of FirstEnergy's all-electric customers, and requested that the PUCO investigate the promises made to FirstEnergy's all-electric customers. We have urged that the PUCO take those promises into consideration when determining a long-term solution.

In February, we asked the PUCO to order its staff to investigate the business and marketing practices of FirstEnergy related to the all-electric rates. We also asked that the PUCO extend the discount to water heating customers of FirstEnergy. The PUCO has to date declined to do either. Yesterday we reaffirmed the need for this investigation and requested the discount be extended to water heating customers in another pleading filed at the PUCO, in hopes that the PUCO will reconsider.

Additionally, the Governor has weighed in on this debate with the PUCO and we have worked with numerous legislators concerned about their constituents. The timeline below provides a perspective of the sequence of events over the past several months regarding this issue.

Chart 1.

Sequence of Events Regarding the Modifications to FirstEnergy's All-Electric Rates:

Date	Activity
Jan-2009	Ohio Edison (OE) and Toledo Edison (TE) eliminated discounted rates for distribution charges and replaced with a smaller distribution credit.
May-2009	Cleveland Electric Illuminating (CEI) eliminated discounted rates for distribution charges and replaced with a smaller distribution credit.
Jun-2009	Discounted generation charges eliminated for customers of FirstEnergy and replaced with a smaller credit.

Jan-2010	Thousands of FirstEnergy all-electric customers complained of sudden and dramatic increases to their bills.
Feb-2010	Gov. Strickland issues letter to PUCO asking them to work with FirstEnergy to mitigate bill impacts.
Feb-2010	House Consumer Affairs and Economic Protection Committee took public testimony from consumers and local officials about bill increases.
Feb-2010	Various state legislators held local town hall meetings. Hundreds of consumers complained of high bills and stated that they had been promised that discounted rates would be permanent.
Feb-25 2010	OCC requested the PUCO, under its emergency powers, to temporarily restore discounted rates for each all-electric customer in FirstEnergy territories and investigate customer allegations of promised permanent discounts.
Mar-3, 2010	The PUCO ordered FirstEnergy to restore all-electric rates to Dec. 2008 levels and directed its Staff to begin a 90-day investigation aimed at a long-term solution
Mar-8, 2010	OCC asked PUCO to clarify which customers would receive discounts to ensure all of FirstEnergy's all-electric customers were eligible to receive the discount including water heating customers. OCC also asked that the PUCO direct its Staff to investigate the business and marketing practices of FirstEnergy related to all electric rates.
Mar-31, 2010	OCC asked PUCO to require FirstEnergy to file new rates temporarily restoring discounts for customers not covered by original order.
Apr-8, 2010	Gov. Strickland asks that discounted rates include each all-electric customer.
Apr-15, 2010	PUCO issues second order extending discounts through 2011 winter heating season. Discounts will be provided to all-electric customers who had previously received them, as well as those who purchased homes that previously qualified for them. The PUCO declined to extend the discount to water heating customers. The PUCO also refused to direct their Staff to investigate the business and marketing practices of FirstEnergy. PUCO also extended the deadline for the PUCO Staff investigation indefinitely.
May -14, 2010	FE asks the Commission to allow them to collect carrying charges on the costs they are deferring as a result of the discount deferrals. FE estimates that the discount as extended by the PUCO will cost \$80 million per year without carrying costs. FE also supported the Commission decision to not investigate the marketing practices in the present proceeding, suggesting that parties should instead be forced to file a complaint at the PUCO. OCC will be addressing FirstEnergy's claims in an upcoming pleading at the PUCO.
May-17, 2010	OCC again asked the PUCO to conduct an investigation on the promises made by FirstEnergy regarding the all-electric rates. OCC also requested that the Commission to extend the discount to FirstEnergy water heating customers.
May-18, 2010	Senate Energy and Public Utilities Committee holds hearings on Senate Bill 236.

Going Forward: Finding a Long-Term Solution for FirstEnergy's Residential Customers

In addition to efforts our office has made at the PUCO thus far, the OCC is also taking several other steps to help FirstEnergy's residential consumers.

First, we have recently been approved by the controlling board to hire a consultant to assist our efforts in this case. The consulting firm Yankel and Associates from Bay Village, Ohio, will be reviewing the rate designs and assisting the OCC in responding to PUCO staff recommendations as well as assisting in the development of appropriate long-term solutions for all of FirstEnergy's residential consumers.,

Second, our office has a strong commitment to energy efficiency, as the least cost energy resource, and as an opportunity to reduce the energy burden in the all-electric homes. While we understand that many of the more recent homes were built with the best available energy efficient technologies, it is possible that older all-electric homes may opportunities to become more energy efficient. Therefore, we are in the process of hiring an energy auditor able to conduct energy audits on a series of all-electric homes. We are collecting information from all-electric homeowners across FirstEnergy's service territory to find out if there are similarities among homes in which energy efficiency measures can be deployed to help reduce usage and thereby the size of customer bills. We will use the information collected on these audits to help further educate all-electric homeowners about energy efficiency opportunities, as well as, to help guide FirstEnergy's energy efficiency programs as mandated by SB 221 (127th G.A.).

Lastly, the OCC's call center continues to receive phone calls and emails from consumers who are struggling to pay their electric bills. Our representatives are helping customers get onto payment plans and budget plans that fit their needs.

Conclusion

Chairman Widener and members of this committee, in closing, I would like to thank you for your interest in this important matter. My staff and I look forward to working with you and to assisting the customers of FirstEnergy and all investor-owned utilities in finding ways of mitigating their utility costs and developing workable solutions for reducing their utility bills into the future.