



Office of the Ohio Consumers' Counsel

MINUTES OF THE THREE HUNDRED AND SEVENTY FIFTH MEETING OF THE OHIO CONSUMERS' COUNSEL GOVERNING BOARD July 18, 2017

Members Present: Mr. Gene Krebs, Chair
Mr. Michael Watkins, Vice-Chair
Mr. Fred Cooke
Ms. Sally Hughes
Mr. Roland Taylor
Mr. David Wondolowski
Mr. Fred Yoder
Mr. Stuart Young

Members Absent: Ms. Kelly Moore

CALL TO ORDER BY CHAIRMAN:

Chairman Krebs called the meeting to order at approximately 9:05A.M.

RECOGNITION OF STAFF:

Monica Hunyadi introduced new Public Affairs intern Jacob Weber. Jacob is currently a student at Ohio State University. Ms. Hunyadi also welcomed Jennie Long as Aide to Consumers' Counsel Weston. Jennie brings many years of government experience, including service at the Ohio Constitutional Modernization Commission, Ohio Judicial Conference, and Job and Family Services Directors' Association.

Consumers' Counsel Weston recognized Molly McGuire as the Employee of the Quarter for the 1st quarter of 2017. Molly serves as the Public Affairs Coordinator for OCC. She interacts with members of the media and works on public affairs matters including documents for consumer education and legislation.

RESOLUTIONS:

Chair Krebs shared that Ms. Sally Hughes and Mr. Fred Yoder have requested that the Attorney General not consider their names for reappointment to the Board, after each served two terms on the Board.

A resolution honoring Ms. Hughes was presented. Ms. Hughes served on the Board from 2011-2017 as a representative of residential consumers. A motion was made by Vice-Chair Watkins to approve

the resolution. Mr. Young seconded the motion. Ms. Hunyadi called the roll. The resolution was approved unanimously.

Chair Krebs presented a resolution in honor of Mr. Fred Yoder. Mr. Yoder served from 2011-2017 as a representative of family farmers. A motion was made by Mr. Cooke to approve the resolution. The motion was seconded by Mr. Wondolowski. Ms. Hunyadi called the roll. The motion was approved by all members except Mr. Yoder who abstained.

Consumers' Counsel Weston expressed his appreciation to Ms. Hughes and Mr. Yoder for their efforts for Ohio consumers.

Chair Krebs shared that Michael Smalz of the Ohio Poverty Law Center recently retired. A resolution was presented in honor of Mr. Smalz and his partnership with the Ohio Consumers' Counsel on various issues affecting Ohio's residential utility consumers. A motion was made by Mr. Watkins to approve the resolution. The motion was seconded by Mr. Yoder. Ms. Hunyadi called the roll. The motion was approved unanimously.

RESIGNATION:

Chair Krebs announced his resignation from the Board, effective later that day, as he intends to run for public office in 2018. He thanked Attorney General Mike DeWine and he shared his appreciation for the opportunity to work on important issues affecting Ohioans, during his twelve years on the Board.

Chair Krebs has served on the Board since December 19, 2005. He shared that he has learned a lot and is confident that the Board will continue to do great work under Vice-Chair Watkins and his colleagues. He commended Consumers' Counsel Weston for his dedication to pursuing the best interests of the consumer at all points in time.

Chair Krebs is pleased that during his service the efforts of the OCC and other stakeholders in cases at the PUCO, The Ohio Supreme Court and federal forums have saved approximately \$800 million for Ohio consumers, and those efforts are projected to save an additional \$4.8 billion for consumers during the next nine years.

He stated the next issue to face the Board will be the relentless technological changes for the electric utility industry and consumers.

Consumers' Counsel Weston expressed that he has been blessed to work for a Chair and a Board of public servants whose fundamental instruction to him is to do the right thing. He thanked Chair Krebs.

Mr. Yoder said there have been significant changes from the start of his service on the Board. He appreciates that the Chair has allowed members to be passionate about the issues for helping consumers. He thinks the Board is in better shape politically than it's been in many years. He thanked Chair Krebs for leaving the Board in better shape than it was in when he started. He also thanked Consumers' Counsel Weston for leading the Board and giving them the positive reputation they currently have.

APPROVAL OF MINUTES:

Chairman Krebs asked for a motion to approve the minutes from the May 9, 2017 Board meeting. A motion was made by Mr. Young to approve the May 9, 2017 Board meeting minutes. The motion was seconded by Mr. Cooke. Ms. Hunyadi called the roll. The minutes were approved unanimously.

PRESENTATION BY JACK FRECH:

Deputy Consumers' Counsel Sauer introduced Jack Frech as the first presenter, per the Board's interest. Mr. Frech has been a tireless advocate against poverty since he began his career as a Welfare Case Worker for Trumbull and Athens counties in 1973. In 1981, he became the Director of Athens County Job and Family Services and he retired after 33 years of service in 2014. Mr. Frech's primary focus was and continues to be raising the level of public assistance benefits. Mr. Frech has written numerous editorials and has been published in nearly every major newspaper in Ohio.

Mr. Frech thanked the Board for their invitation and their public service. Mr. Frech stated that poor families are worse off now than when he started his advocacy in 1973. This is due to the changing economy and the consequence of intentional policy. Mr. Frech noted that it is much harder to get on Welfare than many realize.

Families are now doubling or tripling up in housing. These families are hungry. They are dependent on food pantries and soup kitchens. There are now food pantries in many school districts so that students may take food home because children are coming to school hungry.

The average payment for those on cash assistance today is about \$200 a month per person. The average family size for those on cash assistance is less than two. Even with food stamps, the assistance is only going to bring those families up to half of the poverty level. 25% (1.4 million) of the people receiving food stamps in Ohio right now have no cash income at all.

Mr. Frech was a member of the taskforce that set up the PIPP program, for assisting consumers in need. Also, the PIPP program allowed utilities to collect bad debt that was more than a year old without filing a rate case. Mr. Frech's issue with the program was that families were still incurring massive amounts of debt to the utility companies.

Mr. Frech shared his appreciation for what OCC does to keep utility rates low for all consumers.

Mr. Young commented that it seems like the policies are preventing people from progressing out of the benefits system. Chair Krebs stated that he was referring to the “benefit cliff.” Mr. Frech agreed that the policies are working against those they are intended to help.

Mr. Wondolowski shared the barriers present in Cleveland and said there is work to be done for low-income residents. Mr. Frech added that the days of getting a job with an IQ of 70 or below is tough. IQ of 72-75 is considered functional. Jobs mining coal, cutting down trees, running a punch press are gone. There are many who don’t have a place to sleep or a stable environment to grow and develop.

Vice-Chair Watkins asked if those applying for Welfare in Ohio are evaluated on their job outlook. If so, are they guided or trained in a way that will assist them? Mr. Frech responded they are evaluated on what their work experience has been, what their aptitudes are and what barriers keep them from getting training. Most of the metropolitan areas have set up industrial sized warehouse operations where they send people for work assignments. Theoretically they are receiving training at that assignment, but it’s typically next to nothing. Chairman Krebs thanked Mrs. Hughes for the idea of having a speaker on this subject.

Chair Krebs thanked Mr. Frech for his presentation.

The Chairman called for a brief break.

PRESENTATION BY JIM WILLIAMS:

Consumers’ Counsel Weston introduced OCC Analytical staff member Jim Williams. Jim has developed expertise in assisting Ohio’s low-income consumers. There have been recent issues with technology and disconnection of service.

There is a relatively new practice in Ohio where electric service is being disconnected remotely. Electric utilities are deploying smart meters that provide the capability for remote disconnection of consumers. These meters fit into a general category of meters known as advanced meter and infrastructure. They provide two-way communication between the utility and the customers’ home.

There are financial incentives for the utility companies to deploy this new technology because they are able to avoid the expense of having employees who go to customer homes to read the meters or to physically disconnect service at the customer’s meter. The remote disconnections have presented a challenge to longstanding consumer protection that is codified within PUCO rules where personal notice must be provided to the consumer at the time the service was being disconnected. The personal notice provides several consumer protections. It provides a last chance for customers to make

payment to avoid loss of service, allows customers to avoid an expensive process to reconnect service that has been disconnected and provides the opportunity to communicate any health or safety issues that might be occurring at the home. Utilities have proposed other methods of disconnection notice, but none of these other methods are as protective for consumers as the personal notice provided on the day of disconnection.

Mr. Williams spoke about the concerns OCC has regarding the remote disconnections. One of the concerns is that AEP and Duke have the highest disconnection rates as percentage of total customers compared to other utilities in the state. The smart grid programs increase the cost of utility service which leads to concerns about the overall affordability of electric service, and puts more customers at risk for disconnection.

The ability to remotely disconnect service makes the disconnection process more cost-effective. However, there are costs associated with credit and collection activities built into customers' rates. There are also cost-based reconnection charges customers must pay to get their electric service turned back on after disconnection, that include costs for the utility to physically come to the home to disconnect and reconnect service. The fees charged to consumers have not been adjusted to reflect the lower cost associated with electronic disconnections.

Vice-Chair Watkins asked if the PUCO was going to consider reducing the reconnection fees to recognize the efficiencies of remote disconnection. Mr. Williams stated that he thinks the fees will need to be adjusted at some point in time, but those rate proceedings could be a lengthy process.

Mr. Cooke asked whether the percent of disconnections varies with the seasons. Jim said generally that is the case. The PUCO issues a Winter Reconnection Order every year which implements protections intended to assist customers avoid disconnection or to get their service restored during Ohio's winter months.

Chair Krebs thanked Mr. Williams for his presentation.

PRESENTATION BY DEPUTY SAUER:

There was a recent Supreme Court decision in the Duke case about charges to consumers for the clean-up of defunct manufactured gas plants. Duke asked for the opportunity to recover costs from customers in 2012 for investigating and remediating environmental hazards from two defunct manufactured gas plants. While that case was pending at the PUCO, the industry also tried to include in the then pending state Budget Bill language to charge consumers for these costs without the used or useful standard being applied. The Board passed a resolution in June 2013 in opposition to that legislative request. That provision of the Bill passed, but the Governor ultimately vetoed it.

In November 2013, the PUCO granted Duke authority to collect the clean-up costs from consumers, about \$55.5 million. In March 2014, OCC and others filed an appeal of that decision. In February 2017, there was an oral argument. The Supreme Court upheld the PUCO's decision on June 29, 2017.

REPORT BY CONSUMERS' COUNSEL WESTON:

Efforts have been made since 2015 to change one sentence in state law where OCC was prohibited from assisting Ohioans who call with utility service complaints. For most of OCC's existence, the agency had assisted consumers who called. This language passed both the House and the Senate in the 2017 Budget Bill and is now law. OCC can once again assist consumers who call the agency with telephone complaints. Consumers' Counsel commended the General Assembly for allowing OCC the opportunity to serve Ohioans in this way.

The Consumers' Counsel commended Ms. Hunyadi and Deputy Sauer for their work in the budget process.

The new state budget for the agency is \$100,000 less than OCC's current budget. OCC is a Non-General Revenue Fund agency. OCC is funded through assessments on companies that are subject to PUCO regulation. Also, under the new state Budget Bill, up to two percent of budgets from certain Non-GRF agencies can be transferred by state government to the General Revenue Fund. Two percent of OCC's budget is approximately \$112,000.

Consumers' Counsel Weston shared a resolution previously passed by the Board stating that there should be more consumer protections in the practice of submetering (reselling of utility service). Submeterers are not regulated like a public utility so consumers do not have those protections and they are not subject to competition. With the Board's guidance and OCC's concern for consumers, OCC began making recommendations years ago on a number of bills for consumer protections. The PUCO has been investigating this subject for approximately a year and a half. The PUCO issued an order which provides certain limits on the rates that can be charged. Submeterers could be deemed public utilities if they charge more than what the utilities charge. OCC will be working with that process to look for more opportunities for consumer protections.

There are also two legislative bills pending on submetering. There is a bill pending in the House that is very favorable to consumers. That bill would give the PUCO the authority to create rules to protect submetered customers. Also, there is a Senate Bill pending that focuses on establishing limits for what resellers can charge consumers. OCC is looking forward to working with the Senate bill sponsor to increase the level of protection for consumers in the bill.

18 years after Ohio's 1999 deregulation law for electric competition, we are still seeing utility support for legislation and regulatory actions that require consumers to subsidize electric service.

There are bills pending in the House and Senate to subsidize FirstEnergy's nuclear power plants. FirstEnergy is supporting that legislation by describing the nuclear plants as a resource that has favorable environmental qualities.

OCC estimates that the nuclear subsidy would cost a typical consumer a little over \$1,000 over a 16-year period. The market has moved toward more efficient natural gas generation power plants. OCC is recommending that the General Assembly favor competitive markets for power plants. OCC believes a competitive power plant market can help to reduce Ohioans' electric bills.

There are bills in the House and Senate supported by utilities that would require customers to subsidize power plants that the utilities own through OVEC (Ohio Valley Electric Corporation). The OVEC plants are 60-year old power plants. These plants were originally dedicated to the uranium enrichment facility in Ohio. OCC is recommending to the General Assembly that they avoid making Ohioans subsidize these plants.

There is House Bill 247, supported by OCC and others, that would eliminate the electric security plans enacted in the 2008 law. The electric security plans are the source of "riders" and most subsidy proposals from utilities. These security plans do not serve the interests of Ohio's change to competitive markets under the 1999 law.

Mr. Young asked if these utility electric security plans included the power purchase agreements (PPAs). Consumers' Counsel Weston answered that the PPAs were proposed under electric security plans. Mr. Yoder asked if there was anything that could be done regarding the utility's distribution costs. Consumers' Counsel Weston stated that OCC is doing something to protect consumers with the support of House Bill 247. Electric security plans allow the PUCO to set rates that are for distribution and generation services. Utilities do not file many traditional rate cases to have distribution rates set, as they prefer to file electric security plans.

Chairman Krebs said that the Board would then consider entering a brief Executive Session. Vice-Chair Watkins moved for the Board to enter Executive Session to consider the employment and compensation of two public employees. Mr. Wondolowski seconded the motion. Ms. Hunyadi called the roll. The motion was as follows: Chairman Krebs - yes, Vice-Chair Watkins - yes, Mr. Cooke - yes, Ms. Hughes - yes, Mr. Taylor - yes, Mr. Wondolowski - yes, Mr. Yoder - yes, and Mr. Young - yes.

After Executive Session a motion was made by Mr. Wondolowski to increase the salary of Deputy Consumers' Counsel Sauer by 3.5%. Chair Krebs asked if it would be agreeable for Ms. Hunyadi to round-up that percentage to the appropriate dollar amount. Mr. Wondolowski stated yes. The motion was seconded by Mr. Yoder. Ms. Hunyadi called the roll. The motion was approved unanimously.

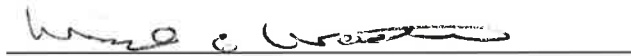
The Board next had a discussion about Consumers' Counsel Weston's salary. Salaries of other high-level officials in government were discussed comparatively, and it was discussed that the Board had approved an increase last year. Mr. Cooke commented that other agencies' salaries do not limit the Board from increasing salaries. With the Board's discussion in mind, it was decided that the Consumers' Counsel's salary would remain the same. Consumers' Counsel Weston noted it is a privilege to serve the Board and the public. And Mr. Weston noted that he does not seek a salary increase. He thanked the Board for allowing him to serve.

At this, his last Board meeting, Chair Krebs expressed his appreciation for the opportunity to serve as Chairman. The Board applauded Chair Krebs.

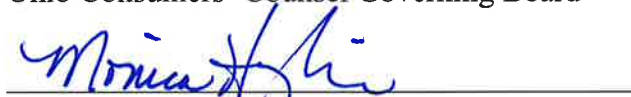
Mr. Watkins made a motion to adjourn the meeting. The motion was seconded by Mr. Yoder. Ms. Hunyadi called the roll.

The meeting adjourned at approximately 11:50 AM.

I verify that the above meeting minutes have been approved and ratified by the Consumers' Counsel Governing Board on September 12, 2017.



Michael Watkins, Chair
Ohio Consumers' Counsel Governing Board



Monica Hunyadi, Interim Secretary
Ohio Consumers' Counsel Governing Board