



**MINUTES OF THE  
TWO HUNDRED SEVENTY-NINTH MEETING  
OF THE CONSUMERS' COUNSEL GOVERNING BOARD  
March 16, 2010**

Members Present: Gene Krebs  
Dorothy Leslie  
Joe Logan  
David McCall  
John Moliterno  
Jerome Solove

Members Absent: Karen Osterfeld  
Anthony Peto  
Roger Wise

**CALL TO ORDER**

Chairman Solove called the meeting to order at 9:10 a.m.

**APPROVAL OF THE MINUTES**

The minutes from the January 19, 2010 meeting were approved.

**CONSUMERS' COUNSEL REPORT**

Ms. Migden-Ostrander is presenting testimony to the Legislature on HB 276. Mr. Weston gave the Consumers' Counsel Report in her absence.

Mr. Weston introduced new employees:

- Gina Brigner, Administrative Assistant in the Analytical Department
- Lindsey Lewis, Assistant Director in Operations

Mr. Weston introduced OCC's Employees of the month and spoke briefly about each one:

- Rusty Russell, January
- Chris Verich, February

Ms. Migden-Ostrander was asked to participate in the Smart Grid Consumer Collaborative. This is a group of interested stakeholders whose mission is to address consumer concerns in order to make the smart grid process work.

As part of the NASUCA Executive Committee, Ms. Migden-Ostrander has become active in NASUCA and federal issues that impact customers.

The Directors and Ms. Migden-Ostrander met to discuss internal resource allocations given the volume of resource planning cases. As a result, personnel have been added to assist in our efforts. With SB 221 well underway, OCC has become involved with numerous rider proceedings involving hundreds of millions of dollars.

OCC is reviewing the FirstEnergy merger with Allegheny. In addition, FirstEnergy is moving from MISO to PJM and OCC is reviewing the impacts associated with this move. In particular, OCC is concerned about the costs to ratepayers as FirstEnergy will still have to honor its obligation to MISO.

Mr. Weston asked the Board if they would be interested in a presentation on shale deposits. The Board responded that yes they would be interested in such a presentation.

#### **CASE OUTCOMES**

##### **FirstEnergy Request for Approval of Administrator Agreements and Statements of Work, PUCO Case No. 09-553-EL-EEC**

The Commission issued an Entry on Rehearing that reversed its earlier decision. The Commission noted that the process, as outlined by the administrators, will ensure a full opportunity to review the energy savings calculations provided by the administrators.

##### **Joint Application of Frontier and Verizon for Approval of a Change in Control, PUCO Case No. 09-0454-TP-ACO**

The Consumers' Counsel sought a commitment that the merged company will make broadband service available to 90% of residential customers in its Ohio service areas within three years. Within five years, all residents should have broadband access through the merged company.

The Consumers' Counsel, Frontier, Verizon and the Commission Staff entered into a stipulated agreement, which provided among other things, that by December 31, 2013 85% of the households within the Verizon Ohio territory will be able to access broadband service provided by Frontier North, at speeds of at least 1MB per second download.

The Commission approved the Stipulation without modification.

Discussion ensued regarding the merger.

The Board recessed at 10:25 a.m. and reconvened at 10:40 a.m.

## **NEW CASES**

### **AEP Application to Establish Environmental Investment Carry Cost Riders, PUCO Case No. 10-155-EL-RDR**

In AEP's Electric Security Plan the Commission authorized the Companies to recover the incremental capital carrying costs associated with environmental investments made during the ESP period. The Commission, in its Entry on Rehearing required the Companies to file an application to request recovery of the actual environmental investment.

## **NEW RESOURCE PLANNING CASE SUMMARIES**

Mr. Adams reported on the number of cases that have come about as a result of Senate Bill 221. They include:

- 293 Renewable Certification Cases
- 370 Mercantile Opt-Out and Other Cases
- 6 Energy Efficiency/Peak Demand Response Portfolio Cases
- 1 Technical Reference Manual Case
- 6 Alternative Energy Compliance Cases
- 3 Market Based Standby Rates Cases
- 4 Smart Grid Cases
- Forecast/Integrated Resource Planning (IRP) Cases
- Other items and future cases consist of energy efficiency and cost recovery cases and energy efficiency peak demand reduction collaboratives.

## **COMMUNICATIONS REPORT**

Ms. Gianforcaro reported on the activities of the Communications Department during January and February.

OCC prepared fourteen news releases related to cases that were reported on earlier today; one guest column related to telephone legislation; and letters to the editor related to OCC's response to FirstEnergy's all-electric rate issue.

Outreach and Education participated in two in-district meetings related to telephone legislation in Parma and New Philadelphia, Ohio; 64 speeches; 6 train the trainer; 68 site visits; 64 contacts for telephone legislation; and 2,300 educational materials were mailed to organizations.

One new fact sheet was prepared related to the Ohio American Water Proposed Rate Increase and the February edition of the Consumers' Corner.

OCC's website had 13,504 visitors in January and February. The Government Affairs Section of the website has been updated.

### **CONSUMER SERVICES DIVISION**

Ms. Durban reported on the activities of the Consumer Services Division for this period. CSD observed an 11% decrease in the calls answered by Investigators compared to the same time last year. The decrease could possibly be attributed to consumers contacting the OCC by email, letters and voice mail.

Analysis of call data shows that 57% of calls involved the electric industry; 18% involved natural gas; 16% involved telecommunications and 2% involved water. The remaining calls were non-jurisdictional in nature.

### **STAFF PRESENTATION**

Mr. Ibrahim made a presentation to the Board on the impact of the current economic situation on public utilities in both the short and long term. Mr. Ibrahim stated in part that utilities operate using a business model that is volumetric meaning that their ability to realize their financial target is dependent on the volume of units they sell.

The recession and climate change policies affect both performance and outlook. Also, the recession impacts utilities directly through reduced revenues and indirectly through liquidity pressures.

Points of strength for utilities include:

- Reasonable average credit rating
- Limited default record
- Generally sound financial balance sheets with conservative debt structures
- Strong link to local government that may prove helpful in times of stress
- Still a favorite low risk investment medium in many portfolios.

Ms. Migden-Ostrander returned and reported that the telecom bill passed out of committee and is going to the floor at 1:30 p.m. There are some improvements included in the bill and they are:

- Community voice mail paid for by the utility;
- Warm line requirement meaning that all residential customers would receive 911 service for 14 days following a disconnection from service;
- Expansion of consumer protection for basic service customers;
- Inclusion of process for abandonment of carrier of last resort obligations;
- Clarification of new technology jurisdiction for both OCC and PUCO;
- Lifeline.

Mr. Logan made a motion to enter into Executive Session to discuss pending litigation, Mr. McCall seconded the motion and Ms. Migden-Ostrander called the roll. The motion passed unanimously.

The Board entered Executive Session at 12:05 p.m.



Mr. McCall left the meeting at 12:35 p.m.

Executive Session ended at 12:55 p.m.

Mr. Moliterno left the meeting at 1:00 p.m.

**STAFF PRESENTATION cont.**

Mr. Adams continued with the presentation by reviewing with the Board the charts that were prepared that compare the S&P 500 and the Dow Jones Utility Average Index.

Discussion ensued regarding the utility's profits during the recession.

Mr. Krebs commented that today's presentation was exactly what he was looking for.

A notice will be sent to Board Members regarding the next meeting with OCC Economists.

With no further business, the meeting adjourned at 1:45 p.m.

I verify that the above meeting minutes have been approved and ratified by the OCC Governing Board on this 18th day of May, 2010.

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

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