



Office of the Ohio Consumers' Counsel

**MINUTES OF THE
THREE HUNDRED AND SIXTY-SIXTH MEETING
OF THE OHIO CONSUMERS' COUNSEL GOVERNING BOARD
November 17, 2015**

Members Present: Mr. Gene Krebs, Chair
Mr. Jason Clark
Mr. Frederick Cooke
Ms. Sally Hughes
Ms. Kelly Moore
Mr. Roland Taylor
Mr. Michael A. Watkins, Vice-Chair
Mr. Stuart Young

Members Absent: Mr. Fred Yoder

Guests: Mr. Jeff Jacobson, Strategic Insight Group, Ltd.
Mr. Steve Chriss, Walmart

CALL TO ORDER BY CHAIRMAN:

Chairman Krebs called the meeting to order at 9:03 a.m. Chairman Krebs introduced new Governing Board Member Kelly Moore and gave a brief overview of her background. Ms. Edwards called the roll.

Chairman Krebs reminded Board Members of the ethics training scheduled for today at 1:30 p.m. Chairman Krebs further added that training is also available online. Deputy Consumers' Counsel Larry Sauer provided Board Members with particulars of the training.

RECOGNITION OF STAFF:

Mr. Sauer acknowledged Lisa Davis as Employee of the Quarter for the second quarter. He commended her for work done with the Operations Department and expressed an appreciation for her contribution to the agency. (Ms. Davis was out of the office during the meeting time.)

Mr. Sauer introduced new staff member Jamie Williams to Board Members. He added that Ms. Williams works with the legal department as Case Team Coordinator.

Appreciation was expressed for the service to consumers by three retiring employees. Mr. Sauer announced the retirement of attorney Joe Serio. (Mr. Serio was not available due to attendance at a hearing.) Mr. Sauer noted that Mr. Serio had worked with the agency as an attorney for nearly 30 years. Mr. Sauer described some of the significant utility issues on which Mr. Serio provided representation over the years. Mr. Sauer wished Mr. Serio well in his retirement and future endeavors.

Analytical Department Director Dan Shields announced the retirements of Greg Slone and Beth Hixon. He shared that Mr. Slone was retiring after 5 years of service at OCC. Mr. Shields noted that the consumer work of Mr. Slone, who has a civil engineering degree, included complicated analysis and presentations concerning rates and trends in the utility industry. Mr. Shields extended well wishes to Mr. Slone.

Mr. Shields shared that Ms. Hixon worked on behalf of consumers for nearly 22 years (during two terms of employment at OCC). Ms. Hixon, who has degrees in both Business Administration and Accounting, performed financial policy analysis on complicated utility filings at the state and federal levels, among other responsibilities. Mr. Shields extended congratulations on her retirement. Mr. Weston then expressed an appreciation to the retirees for their work as public servants and wished them well.

Mr. Shields announced that Ross Willis recently joined the agency as a Senior Regulatory Analyst, after retiring from the PUCO with 30 years of service. He also shared that Mr. Willis has degrees in Finance & Management as well as Business Administration. Mr. Willis served in the

Air National Guard for over 27 years. Mr. Willis will focus on various ratemaking issues for consumers.

Later in the meeting (after the presentation by Walmart), Chief of Staff—Non-Case Services Monica Hunyadi introduced Ms. Da’Vaughna Parks to Board Members. Ms. Hunyadi shared that Ms. Parks is currently an Operations contractor for the agency, supporting the Operations and Public Affairs departments with various assignments and projects.

Chairman Krebs extended best wishes to Jeff Clark, who has served as the Assistant Attorney General assigned to assist the Board and agency. And the Chairman commended Mr. Clark on his contributions to the Board. Mr. Clark has been reassigned to new duties within the Ohio Attorney General’s office. Mr. Clark expressed appreciation for his opportunity to work with OCC over the past 3 years. Mr. Clark expressed his appreciation for Chairman Krebs’ wisdom and for the proactive and early consultation attributes of Mr. Weston. Mr. Clark then introduced Ms. Halli Watson from the Ohio Attorney General’s Office as the new Assistant Attorney General for the Board. Mr. Weston thanked Mr. Clark for his services to the Board and the agency.

PRESENTATION ON 2008 ENERGY POLICY LAW – BY MR. JEFF JACOBSON:

Mr. Weston introduced Jeff Jacobson for a presentation to the Board. Mr. Jacobson serves as a consultant on legislative matters, to OCC. He added that Mr. Jacobson served in the Ohio House and Senate from 1992 - 2008. He served four years as Senate President Pro Tempore.

Mr. Weston invited Mr. Jacobson to give background information on the 2008 Ohio energy law (known as Senate Bill 221). Mr. Jacobson shared with the Board his insights about the energy law and what can be learned from it. He shared that Senate Bill 3, passed in 1999, set the course for deregulation. After a series of events surrounding deregulation, it was later discussed in 2007 to pursue re-regulation.

Mr. Jacobson explained three lessons that can be learned from the experience of Senate Bill 221:

1. Legislators often see one outcome to the exclusion of all others. He stated that it seemed electric prices would go up. It did not seem that they may go down. Legislators also thought the market was inefficient and there wasn't anything better -- making the process less likely to be questioned.
2. Mr. Jacobson referred to the process as "utilities playing chess and legislators playing checkers."
3. He noted that lacking above all was legislative expertise to understand and know the problems that were unanticipated. He added that not knowing what the bill included was also problematic.

Mr. Jacobson commended Consumers' Counsel Weston on establishing relationships with legislators and building understanding, appreciation and alliances. Chairman Krebs commended Mr. Jacobson for his contribution to the agency and for his excellent dissertation. Chairman Krebs affirmed Mr. Jacobson's comments and added that Mr. Weston has "calmed a lot of waters across the street" in his mannerism, presentation, demeanor, knowledge and also in a variety of charts all of which is very helpful.

ELECTION OF VICE-CHAIR:

Chairman Krebs asked for the wishes of the Board in electing a Vice-Chair. Mr. Young offered a statement proposing the nomination of Mr. Watkins. Mr. Young then made a motion that Mr. Watkins be elected as Vice-Chair to the Consumers' Counsel's Governing Board. The motion was seconded by Ms. Hughes. Chairman Krebs opened the floor for other nominations. There were no additional nominations. Ms. Edwards called the roll. The Board voted unanimously to elect Mr. Watkins as Vice-Chair, with Mr. Watkins abstaining. Mr. Weston congratulated Mr. Watkins on election as Vice-Chair to the Consumers' Counsel Governing Board.

APPROVAL OF MINUTES:

Chairman Krebs invited a Motion to approve the minutes of the Board meeting on September 16, 2015. Vice-Chair Watkins made a motion to approve the minutes. The motion was seconded by Mr. Clark. Ms. Edwards called the roll and the minutes were approved unanimously.

PRESENTATION ON WALMART – BY STEVE CHRISS:

Mr. Weston introduced Steve Chriss, Senior Manager of Energy Regulatory Analysis for Walmart Stores, Inc., to make a presentation. Mr. Weston shared that Mr. Chriss' responsibilities involve the management of Walmart's interventions in utility rate-related proceedings in addition to tracking and managing Walmart's regulatory and legislative cost exposure. Mr. Chriss formerly worked as an Economist and Senior Utility Analyst for the Oregon Public Utility Commission.

Mr. Chriss talked briefly about Walmart's energy footprint in Ohio. He shared with Board Members that Walmart has 174 retail units and 5 distribution centers in Ohio. The majority of facilities are served by AEP, FirstEnergy, Duke Energy, and Dayton Power & Light. Overall, the facilities consume approximately 750,000 mwh/annually.

Chairman Krebs followed-up with a thorough explanation of the political culture of Ohio and how it works with utilities. Mr. Chriss described Walmart's sustainability goals. He stated them as 1) being supplied 100 percent by renewable energy, 2) to create zero waste, and 3) to sell products that sustain people and the environment.

Mr. Chriss presented information on Walmart's renewable energy and energy efficiency goals. He stated that Walmart was committed to a significant increase in its production or procurement of renewable energy by 2020. Secondly, he stated that Walmart was committed to accelerating

energy efficiency by reducing the kWh/square foot of energy intensity required to power Walmart buildings, by 2020.

He noted Walmart's concerns regarding the complexity of rate riders in FirstEnergy, AEP and Duke cases. Additional concerns involved the charges Ohio customers pay for generation costs and the breadth of costs paid by customers through the process of electric security plans. Mr. Chriss then opened the floor for questions.

Mr. Cooke asked about renewables and if going green was a trend. Further dialogue involved the trends of going green and wind turbines. Mr. Chriss extended thanks and concluded his presentation.

BREAK

PRESENTATION ON ELECTRIC REVIEWS – BY GREG SLONE:

Mr. Slone provided a follow-up on electricity statistics and data presented during the past year. Mr. Slone presented information about Ohio's electric utility rates – noting AEP with the highest rates and Duke with the lowest during 2014. He added that the calculations were based on a monthly average and kWh.

Mr. Slone also spoke about Ohio being ranked as 33rd on the chart showing average residential electric rates, meaning consumers in 32 states pay lower rates than in Ohio. He also noted the incremental price changes for consumers in restructured states from 2008-2014, showing the greatest rate increases are in Ohio. Mr. Weston noted that, during a recent time period, Ohio consumers of AEP were paying the most among AEP customers in all of the states where AEP provides electric service. Further discussions ensued regarded Ohio being ranked 33rd.

Mr. Weston provided a brief explanation of what deregulation means and referenced articles about deregulation, including from Crain's Cleveland Business. Chairman Krebs thanked Mr. Slone for his presentation and wished him well for his retirement. Mr. Weston expressed appreciation for Mr. Slone and others for their understanding of complex Ohio regulations.

PRESENTATION ON ENERGY MANDATE STUDY – BY KYLE KERN:

OCC attorney Kyle Kern provided a follow-up to Mr. Cooke's request for information about recommendations in the recent Energy Mandates Study Committee report (in the Ohio General Assembly). Ms. Kern shared that the Study Committee report was issued on September 30, 2015. She outlined the five recommendations that were presented in the report:

1. To extend the S.B. 310 freeze indefinitely.
2. To provide an expedited process at the PUCO to review new portfolio plans.
3. To broadly expand what the law allows for counting energy efficiency.
4. To switch from an energy mandate to an energy incentive.
5. To declare that the General Assembly retains statutory authority with respect to energy policy.

Ms. Kern noted that the Minority Party Members of the Study Committee separately issued their own report recommendations. Chairman Krebs said the report gives light to how the General Assembly thinks about this issue. Board Members commented further with regard to the state of the electricity utility industry and its rates in Ohio.

Chairman Krebs talked about the economic revitalization of Ohio being uneven. He asked was the current electric situation good for consumers. If good, how? If bad, how? Mr. Young stated that "you can't put a dollar figure on what this is adding to the price per kWh." He referenced

the typical bill cost for alternative energy riders and for energy efficiency. He also said he would be interested in alternatives for the environment, but recognize there is a cost per kWh. Further discussion occurred regarding the former Zimmer Nuclear power plant charges. Chairman Krebs also asked for discussion if consumers were sharing in the risks and not the benefits. Further discussion occurred regarding the high costs of electricity in Ohio.

Ms. Hughes inquired if other states had consumer advocates and about OCC's relationship with them. Mr. Weston explained the agency's relationship with consumer advocates through the national association, the National Association of State Utility Consumer Advocates (NASUCA) (which was partly founded in Columbus during the time of the first Consumers' Counsel). Chairman Krebs stated that further dialogue would continue with NASUCA to see what insights they may have on this issue and report back to the full board at the January meeting.

PRESENTATION ON CASE MATTERS – BY LARRY SAUER:

Mr. Sauer reported that OCC found itself in the middle of litigation between shareholders and Gas Natural. In this regard, on November 13th, three small gas utilities (Northeast, Orwell & Brainard) filed a legal action in Franklin County court to ask that OCC be instructed to not provide public records to one of the litigants. [Note: those filing the legal action later dismissed the filing.] Secondly, the agency has been involved in litigation with FirstEnergy and AEP regarding the power purchase agreements.

REPORT OF THE CONSUMERS' COUNSEL – BY BRUCE WESTON:

Mr. Weston talked briefly about the Utility Tangible Personal Property Tax. The electric utilities seek to have this tax (that is currently paid by deregulated power plant owners) changed to a new tax on electric utilities (meaning consumers would pay dollar for dollar on their electric bills). On June 30, 2015, when the Governor signed the state budget, he vetoed the part of the law that included this tax. We have heard in recent weeks that the electric utilities are reviving their

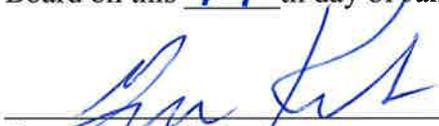
efforts to obtain this change in tax law. OCC is recommending to the General Assembly that they avoid imposing this new tax on Ohio consumers.

CLOSING COMMENTS – BY CHAIRMAN KREBS:

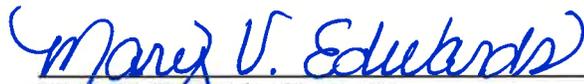
Chairman Krebs invited a Motion to approve the meeting dates set for calendar year 2016. Mr. Clark made a motion to approve the dates. The motion was seconded by Mr. Watkins. Ms. Edwards called the roll and the dates were approved unanimously. Chairman Krebs informed Board Members that an official notice would be sent regarding the future meetings. He also reminded them that the January meeting would begin at 10:00 a.m.

With no further business the meeting adjourned at 12:04 p.m.

I verify that the above meeting minutes have been approved and ratified by the OCC Governing Board on this 19 th day of January, 2016.



Gene Krebs, Chairman
Ohio Consumers' Counsel Governing Board



Mary V. Edwards, Secretary
Ohio Consumers' Counsel Governing Board