



Office of the Ohio Consumers' Counsel

MINUTES OF THE THREE HUNDRED AND SEVENTY FOURTH MEETING OF THE OHIO CONSUMERS' COUNSEL GOVERNING BOARD March 21, 2017

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

Members Absent: Mr. David Wondolowski and Mr. Fred Yoder. Consumers' Counsel Weston was not in attendance due to a personal matter.

CALL TO ORDER BY CHAIRMAN:

Chairman Krebs called the meeting to order at approximately 9:00 A.M.

NEW BOARD MEMBER:

Chairman Krebs announced the Attorney General's appointment of new Board member David Wondolowski. Mr. Wondolowski is the Executive Secretary and Business Manager of the Cleveland Building and Construction Trades Council. He is also a member of the Greater Cleveland Partnership (GCP), a board member of the GCP's Commission on Economic Inclusion, and an Executive Board member of the GCP's Construction, Diversity and Inclusion Committee.

RECOGNITION OF STAFF:

Deputy Sauer recognized Chris Healey as the Employee of the Quarter for the 4th quarter in 2016. Mr. Healey has served as the lead counsel for all of the electric portfolio cases (involving energy efficiency). He exemplifies the agency's core value of excellence. Next, Monica Hunyadi recognized John Schroeder as the Employee of the Year for 2016. Mr. Schroeder was recognized, among other things, for his dedication to assisting staff with the transition to a new software package. Ms. Hunyadi congratulated John and thanked him for his hard work.

Deputy Sauer congratulated Consumers' Counsel Weston on the fifth anniversary of his appointment as Consumers' Counsel. Deputy Sauer relayed a message from Mr. Weston expressing his gratitude to the Board for giving him the opportunity to serve Ohio consumers. Mr. Weston's message also included recognizing the Board members who have served during the time he has served as Consumers' Counsel.

APPROVAL OF MINUTES:

Chairman Krebs asked for a motion to approve the minutes from the January 10, 2017 Board meeting. A motion was made by Mr. Young to approve the January 10, 2017 Board meeting minutes. The motion was seconded by Mr. Taylor. Ms. Hunyadi called the roll. The minutes were approved unanimously.

LEGISLATIVE NOTEBOOK:

The Chairman stated that the legislative notebook, which was created per the Board's interest, has had more impact than he anticipated. Consumers' Counsel Weston used the notebook as a means of communicating the Consumers' Counsel's perspectives on a variety of regulatory and legislative issues to the Ohio House Public Utilities Committee on March 14, 2017. Mr. Weston's presentation was per an invitation by the Committee Chair to introduce the agency to the Committee. At the Committee hearing, Chair Seitz complimented the notebook and encouraged Committee members to read it. Deputy Sauer thanked Chair Krebs and Board members for guiding the agency in preparation of the notebook.

Chair Krebs stated that the purpose of the notebook was to give legislators context for the things they are being told by utility lobbyists. He stated the Board found net metering to be a surprising revelation and it may be helpful to insert additional information about net metering in the future.

PRESENTATION BY LARRY SAUER, DEPUTY CONSUMERS' COUNSEL:

Case Update:

The Supreme Court of Ohio heard oral arguments on February 28, 2017, in an appeal by OCC and others to protect customers from paying increased charges. Video excerpts from the oral argument were shown to the Board. The appeal relates to a rate case filed in 2012 by Duke Energy. Duke sought PUCO authority to charge customers for costs of environmental investigation and clean-up for two defunct manufactured gas plants. The PUCO approved the collection of \$55.5 million dollars in investigation and remediation costs from consumers. OCC, OMA, Kroger and OPAE appealed the PUCO's decision. The Board passed a Resolution for consumer protection regarding charges for clean-up of manufactured gas plants, on June 4, 2013.

Legislative Updates:

House Bill 114 involves renewable energy mandates, energy efficiency mandates and federal funding for low-income weatherization. On the renewable side, the benchmarks will be voluntary as opposed to being mandatory. The renewable goals will peak at 12.5% in 2026 and the benchmarks end after 2026. There is a 3% cap on costs and all customers can opt out of the renewable charges.

In the bill, the energy efficiency goals would be reduced from 22% to 17% in 2027, and the legislation increases the opportunity for non-residential customers to opt out. OCC continues to advocate for the opportunity for residential customers to opt out as well.

Chairman Krebs asked the Deputy to look into the possibility of a Board Resolution for this issue. Deputy Sauer noted that the OCC advocates for caps on what the utilities can charge consumers for costs and utility profits for these energy efficiency programs.

FirstEnergy is seeking legislation to subsidize its nuclear plants, by asking customers to pay for the environmental attributes of the plants (zero emissions). The estimated cost to consumers would be \$300 million per year. It is understood that all FirstEnergy customers would be charged for this subsidy.

Deputy Sauer discussed the talk surrounding re-regulation or re-restructuring of generation for electric utilities. These efforts are generally being led by AEP, DP&L and Duke who are said to be drafting a legislative proposal. It appears they want to restructure the industry to allow the electric utilities to again own generation. Deputy Sauer stated that he thinks AEP is talking primarily about renewable energy. There has been some reporting on this by Utility Dive and Columbus Business First. Deputy Sauer stated it seems from the news reports that the bill may appear sometime in the third quarter of 2017.

There was a hearing on the issue of submetering of utility services, held in the Public Utilities Committee of the Columbus City Council, on March 16, 2017. Representative Duffey provided testimony explaining the problems caused by resellers and the harm they cause consumers. Representative Duffey focused on the legislative efforts he has attempted in the past four years without success, and he encouraged Columbus City Council to act. Andrew Garver (OCC staff) provided testimony explaining to the City Council Committee the need for consumer protection. And he explained what OCC has done at the PUCO and at the General Assembly on this consumer issue. Mr. Garver noted in his testimony that there has been a Board Resolution on this issue.

NOPEC recently issued a report by Ohio State University and Cleveland State University researchers regarding electricity competition in Ohio. The report concluded that competition has outperformed traditional monopoly regulation for the benefit of consumers. According to the report, during 2011 to

2015, customers on the utilities' standard service offers saved almost \$12 billion. It is projected in the report that during 2016 to 2020 customers on the standard service offer would again save approximately \$12 billion.

It is important for consumers that the standard offer be preserved.

The budget bill (H.B. 49) includes some language for the PUCO to study and implement grid upgrades. Deputy Sauer stated that the distributive energy resources including battery storage could include utility investment on the customer side of the meter. Investments and services on the customer side of the electric meter are not traditionally made by utilities, and it would be a significant reach for there to be regulatory authority over investments on the customer side of the meter.

The Chairman asked if that is why the PUCO is conducting a study. Deputy Sauer replied that based on what the budget language states and what the PUCO is doing, they would appear to be on parallel paths.

The PUCO has an initiative named "PowerForward" for considering the future of the electric grid. Chair Krebs asked what the process is. And who will be in the room when the PUCO looks at this issue. Deputy Sauer stated that from his understanding there are three phases in the PowerForward roll-out with three-day sessions in each of the phases. The PUCO will have panel discussions. For the first phase, OCC has been invited to participate in one of the panel discussions on April 20th. It is unclear at this point whether the PUCO will issue a report or conduct a rule-making.

The Chairman said that what he finds intriguing about this is that apparently PUCO is doing this, but they are also asking for the authority to do this. He said to make sure the process for this allows the resident to have a voice.

OCC Budget Update:

In 2015, during the last budget process, OCC proposed a change to its enabling statute so as to allow the agency the opportunity to assist consumers who call with utility-related complaints. Consumers' Counsel Weston again proposed this change when he testified, on February 16, 2017, before a House Finance Subcommittee regarding the next biennial budget.

Mr. Young stated that he read Consumers' Counsel Weston's testimony, and he thought he did a nice job of explaining the request.

Ms. Hunyadi explained that OCC receives about 2,000 calls per month from consumers. These consumers are calling the number that was placed on their bills. It is not a number that the OCC promotes. The calls are routed to a message explaining that statutorily OCC is not permitted to assist

consumers who call with complaints. The message directs consumers to the PUCO if the consumer has a complaint.

OCC's current budget level was reduced by \$100,000 annually in the Administration's proposal for the next budget biennium. Regarding the current budget year, OCC's expenditures to date are at 71% of the total budget.

The Chairman called for a brief break.

Chairman Krebs next indicated that the Board would enter a brief Executive Session, upon a motion. Vice-Chair Watkins moved for the Board to enter Executive Session to consider the employment and compensation of two public employees. Mr. Young seconded the motion. Ms. Hunyadi called the roll. The roll-call vote on the motion to enter Executive Session was as follows: Chairman Krebs – yes, Vice-Chair Watkins – yes, Mr. Cooke – yes, Ms. Hughes – yes, Ms. Moore – yes, Mr. Taylor – yes, and Mr. Young – yes. Mr. Wondolowski and Mr. Yoder were not present.

After Executive Session a motion was made by Mr. Watkins to adjourn the meeting. The motion was seconded by Ms. Moore. Ms. Hunyadi called the roll and the motion was adopted unanimously.

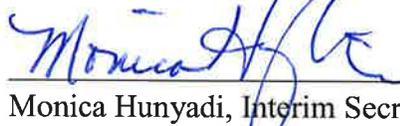
The meeting adjourned at 10:50AM.

I verify that the above meeting minutes have been approved and ratified by the Consumers' Counsel Governing Board on May 9, 2017.



Gene Krebs, Chairman

Ohio Consumers' Counsel Governing Board



Monica Hunyadi, Interim Secretary
Ohio Consumers' Counsel Governing Board

