



**MINUTES OF THE
TWO HUNDRED NINETY THIRD MEETING
OF THE OHIO CONSUMERS' COUNSEL GOVERNING BOARD
September 18, 2012**

Members Present: Gene Krebs
Sally Hughes
Joe Logan
Susheela Suguness
Michael Watkins
Fred Yoder
Stuart Young

Members Absent: Jason Clark

Guests: Michael Schuler, Attorney General's Office

CALL TO ORDER

Vice Chairman Krebs called the meeting to order at 9:10 a.m., and welcomed the new members to the Board.

Vice Chairman Krebs asked the Board Members to introduce themselves.

ELECTION OF OFFICERS

Mr. Logan moved to elect Vice Chairman Krebs Chairman of the Governing Board. Mr. Yoder seconded the motion. Mrs. Knight called the roll. The motion passed unanimously.

Chairman Krebs suggested that the Board meet with the Department of Agriculture at a future date.

EMPLOYEE OF THE YEAR

Mr. Weston stated that Patti Mallarnee, Administrative Assistant, was OCC's 2012 Employee of the Year.

APPROVAL OF THE MINUTES

Mr. Logan made a motion to approve the March 20, 2012 meeting minutes. Mr. Yoder seconded the motion. Mrs. Knight called the roll. The motion passed unanimously.

NEW EMPLOYEE INTRODUCTION

New employees were introduced to the Board. They are:

- Robert Dove, Legal Intern
- Adam Okuley, Legal Intern
- John Schroeder, Network Administrator

Chairman Krebs introduced Michael Schuler, Assistant Attorney General, to the new Board Members.

RESOLUTIONS

Chairman Krebs presented for Board approval, resolutions honoring former Members John Moliterno, Harold Cassel, Roger Wise, and Anthony Peto.

Mr. Logan made a motion for the Board to approve the resolutions for Messrs. Moliterno, Cassel, Wise, and Peto. Mr. Young seconded the motion. The motion passed unanimously.

CONSUMERS' COUNSEL REPORT

Major Summer Storms and Electric Reliability in Ohio

Mr. Weston presented information on the effects of this summer's major storms.

The power outages that occurred as a result of the June 29th storm affected more than 4 million customers in eight states.

Mr. Weston stated that, during the outage, utility companies shared information with him regarding the restoration efforts.

The extreme heat combined with prolonged power outages was of great concern to Ohio residents, especially the elderly and those with medical conditions.

Safety tips that consumers should keep in mind are:

- Contact your utility as soon as possible to report an outage and any downed wires.
- Monitor your health and the health of others.
- Stay clear of repair crews.
- Turn off all major appliances and electronics.
- Turn off or unplug all heat producing appliances.
- Use caution to avoid consuming spoiled food.

Safety tips when using a generator include:

- Gas-powered generators should be used in accordance with safety instructions.
- Never use a generator inside a home or garage where there is the danger of poisonous exhaust.
- Disconnect the generator when repair crews are at work in your area, for their protection.

Utilities may file requests with the PUCO for approval to charge customers extra for restoration efforts.

Discussion ensued regarding utilities having reserves available to pay for power outages.

Chairman Krebs suggested for Board review that OCC include power outage statistics by district with information given to the General Assembly.

NEW CASES

Dr. Adams reported the new cases summarized below.

Duke Energy Ohio Electric Distribution Rate Case

Duke Energy Ohio requested PUCO authority to increase distribution rates for electric service. This proposal would increase a typical residential customers' monthly bill by about \$6.50. Duke claims the proposed rate increases are necessary for: distribution system improvements, declining electric sales, and increased operations and maintenance expenses.

Discussion ensued regarding the street car development in Cincinnati.

Duke Energy Ohio Natural Gas Distribution Rate Case

Duke Energy Ohio requested PUCO authority to increase distribution rates for natural gas customers. Residential customers would see an \$8.00 increase in their monthly natural gas bill as result of this proposed increase. According to Duke the increases are needed to pay for: improving its distribution infrastructure, cleaning up two former manufactured gas plant sites, and declining natural gas sales.

The OCC will file expert testimony to advocate for affordable and reliable rates for Duke's residential customers.

Duke Energy Ohio Capacity Charge Case

Duke Energy filed an application with the PUCO to increase its capacity charge. If approved, this request could cost consumers about \$774 million over a three-year period.

The OCC intervened in the case, stating approval of Duke's request would: adversely affect its residential customers; violate numerous provision of the Ohio Revised Code; and, violate a previous settlement with the OCC and others that was approved by the PUCO.

Securitization Overview

Ohio's securitization bill, House Bill 364, was signed into law in December 2011.

Securitization permits electric utilities to finance high-interest debt at a lower interest rate, using bonds backed by the utilities' customers. OCC worked with legislators to include a requirement in HB 364 that there be a measurable savings for consumers.

FirstEnergy and American Electric Power have filed securitization cases with the PUCO.

In May 2012, FirstEnergy asked the PUCO for authority to securitize up to \$555 million. OCC filed comments in the case advocating for increased cost savings for consumers.

In July 2012, Ohio Power (AEP Ohio) requested PUCO approval to finance about \$313 million through securitized bonds.

OCC is reviewing the proposal to ensure that Ohio Power's costs are reasonable and customers see measurable benefits.

CASE SUMMARIES

Mr. Weston reported cases summarized below.

FirstEnergy Electric Security Plan

The OCC opposed the proposal because it: lacked due process, unnecessarily increased customers' bills; and excluded certain revenues from the review of the utility's earnings. The Commission approved FirstEnergy's proposal.

AEP Electric Security Plan

AEP filed an electric security plan to set the price for its electric generation rates in 2011. The plan was modified and approved by the Commission.

After the Commission overturned its previous decision and reverted back to the December 2011 rates, AEP modified and resubmitted its plan, which resulted in hundreds of millions of dollars in new rate increases.

The Commission allowed AEP to charge customers for potential losses due to competition. Rate increases are somewhat capped at 12% through May 2015 and generation rates will be set through a competitive bidding process beginning June 2015.

AEP Capacity Charges

Capacity is the availability of power plants to provide power to customers. Electric utilities collect charges for capacity from competitive electric suppliers.

OCC's position in this case was that AEP should only be allowed to charge competitive retail suppliers the market rate for capacity and customers should not have to pay for AEP's transition to a deregulated market.

The Commission allowed AEP: to set its capacity price at a higher than market rate; to charge competitors the lower market rate and to collect the difference from customers at 11% interest.

Aqua and Ohio American Water Cases

The Commission allowed the merger of Aqua and Ohio American Water Company. The merged company, Aqua Ohio Water, serves approximately 137,000 water and 6,500 sewer customers. As part of the merger agreement, the water company agreed to lower its requested rate increase by about \$2 million or 9%.

Natural Gas Auction Cases

Mr. Weston mentioned that auction cases have been extremely successful for consumers. Due to auction results Columbia customers will save almost \$30 per year and Dominion East Ohio customers will save almost \$40 per year.

PUBLIC AFFAIRS

Ms. Kurt reported that House Bill 487 (Mid-Biennium Budget Review) and Senate Bill 315 (Energy) were signed into law. Senate Bill 271 (Telephone) and House Bill 379 (Water) are under consideration.

Consumers are concerned that the passage of Senate Bill 271 may among other things; leave some without access to reliable or affordable telephone options.

Ms. Kurt stated that Senate Bill 271 is too much too soon. Approximately 70% of Ohioans still use a landline and 92% of Ohio adults 65 years or older, as of 2011, lived in a household with landline service.

Electric and Natural Gas Customer Choice

Ms. Kurt provided a brief overview of electric and natural gas customer choice. Consumers' have the choice to purchase their natural gas or electricity from retail energy suppliers. Consumers that choose to shop for their energy supply will continue to be served by their current utility for the delivery of their energy.

There are important points to remember: choice programs are voluntary; keep a copy of your contract; know your contract's expiration date and early termination fee; you will still receive a bill from your current utility; and savings are not guaranteed.

OPERATIONS REPORT

Mr. Repuzynsky reported that House Bill 487 maintained OCC's FY 2012 level of funding of \$5,641,093 for FY 2013.

OCC is presently interviewing for attorneys and for an Administration Manager in the Operations department. We will soon be interviewing for two regulatory analysts.

The Board recessed at 12:00 p.m.

The Board reconvened at 12:15 p.m.


The Board discussed hiring a Legal Director and Deputy Consumers' Counsel. Further discussion about hiring a Legal Director/Deputy Consumers' Counsel will take place at the November 20, 2012 Board meeting.

Chairman Krebs stated that he wants the position filled by Mr. Weston's first anniversary.


During the November meeting the Board will discuss a retreat in early 2013, the 2013 meeting schedule, and OCC's involvement with regard to utility power outages.

With no further business the meeting adjourned at 12:30 p.m.

I verify that the above meeting minutes have been approved and ratified by the OCC Governing Board on this 20th day of November, 2012.



Gene Krebs, Chairman
Ohio Consumers' Counsel Governing Board



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