

Office of the Ohio Consumers' Counsel: Accomplishments During State Fiscal Year 2010-2011, to Date



This document highlights some of the Office of the Ohio Consumers' Counsel's (OCC) key accomplishments for residential utility customers for the **State Fiscal Year 2010-2011 (July 1, 2009-June 30, 2011), to date.**

Electric Customers

► **Prevailed at Supreme Court of Ohio in three rulings reversing PUCO decisions in American Electric Power's (AEP) Electric Security Plan (ESP) case:** The Office of the Ohio Consumers' Counsel (OCC) won a major victory for AEP customers April 19 when the Supreme Court of Ohio, in a unanimous 7-0 decision, ruled the Public Utilities Commission of Ohio (PUCO) allowed the electric utility to charge unlawful and unreasonable rates.

On three issues that included AEP's perceived risk to provide default electric service to shopping customers, charging retroactive rates and collecting carrying charges on their environmental investments, the Court upheld the OCC's arguments that such charges were improper.

On the issue of AEP's perceived risk to be a backup provider of electricity for shopping customers, the Court upheld arguments by the OCC and Industrial Energy Users that the PUCO erroneously approved \$456 million in costs. The case was returned to the PUCO for re-consideration.

The Court also found the PUCO unlawfully allowed AEP to collect \$63 million in retroactive rate increases after approving the ESP in March 2009. In its decision, the PUCO set AEP's rates at a level that allowed the utility to recover 12 months of revenue in nine months. The OCC prevailed in its arguments but refunds were not ordered because the Court found the laws prohibiting retroactive rates also prohibit any refunds to be given.

The third OCC victory related to the PUCO's erroneous approval of \$330 million in carrying costs for AEP's previous environmental investments. Again, the Court returned the case to the PUCO for further consideration.

The OCC plans to continue working to prevent further collection of the default service risk compensation and carrying charges from customers and will pursue remedies to make customers whole.



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► **Saving Money for American Electric Power's (AEP) Columbus Southern Power and Ohio Power Customers:** The OCC advocated for refunds of up to \$156 million to customers due to the significantly excess earnings of AEP's Columbus Southern Power operating company. The OCC partnered with other groups representing industrial, commercial and low-income clients to advocate for these refunds and was successful in getting refunds for customers. On January 11, 2011, the Public Utilities Commission of Ohio (PUCO) decided the case and ordered Columbus Southern Power to refund approximately \$43 million to customers.

In another case before the Federal Energy Regulatory Commission, the OCC participated in an agreement with AEP which sought to change how transmission costs are allocated among its subsidiaries in Ohio and other states. The OCC believed the new methodology was a more stable way to address winter/summer peak variability. The OCC's advocacy resulted in saving AEP Ohio customers \$26.6 million over the next three years.

In the applications for the establishment of reasonable arrangements between the electric companies and Ormet Primary Aluminum Corporation and Eramet Marietta Inc., the joint efforts of the OCC and its partners saved customers more than \$160 million a year from 2010 to 2018 by advocating to cap the rate discounts offered to Ormet and Eramet at reasonable levels and to limit the amount of lost revenues to be collected from all customers of Columbus Southern and Ohio Power.

► **Saving Money for FirstEnergy Customers:** The OCC reached an agreement with FirstEnergy in its Deferred Distribution Cost Recovery Case providing accelerated payments to FirstEnergy that saved customers \$178 million in avoided interest charges. Also as a result of this agreement, an additional \$2.5 million of shareholder dollars were added to a low-income fuel fund.

► **Advocating for FirstEnergy's All-Electric Residential Customers:** In response to the large public outcry after FirstEnergy removed a previously available discount for all-electric customers, the OCC worked vigorously to protect FirstEnergy's all-electric customers. The OCC worked with legislators, the PUCO staff, members of Citizens for Keeping the All-Electric Promise and other customers to advocate for a permanent, affordable and fair solution for all of FirstEnergy's residential customers. The OCC educated thousands of customers through

local town hall meetings, its customer services division and distribution of educational materials. The OCC is currently litigating this case and anticipates an outcome in the spring of 2011.

► **Saving Money for Duke Energy Customers:** In the Duke Energy Distribution Rate Case, the OCC's advocacy helped achieve a settlement which resulted in a savings of \$30.3 million less than the \$85.6 million Duke had requested.

In another case, the OCC's in-house expert testimony was instrumental in achieving a Commission decision that saved Duke customers from paying \$35 million to cover lost generation revenues resulting from decreased energy consumption.

The OCC's advocacy led to a recent PUCO decision which saved Duke's customers an addition \$14 million. On Jan. 11, 2011, the PUCO disallowed about half of Duke's \$28.5 million request to recover the costs related to the 2008 Hurricane Ike windstorm. The PUCO's decision was based on a number of the OCC's recommendations.

► **Saving Money for Dayton Power & Light Customers:** The OCC and other parties negotiated an agreement in a case resolving Dayton Power & Light's proposed Electric Security Plan, which froze the company's current distribution rates until 2012 and attained additional savings amounting to \$309 million over the period 2009 to 2012.¹

► **Developing Cost-Effective Energy Efficiency Programs:** Through a stakeholder process, the OCC assisted in the development of energy efficiency programs administered by Ohio's major electric and gas utilities that will allow customers to save money on their bills. These programs are local, reduce energy imports and put more Ohioans to work.

Additionally, the OCC helped ensure that Ohio's energy law, SB 221 (127th G.A.), was upheld when FirstEnergy submitted out-dated and irrelevant transmission and distribution energy efficiency improvements to meet its 2009 energy efficiency requirement. The PUCO agreed with the OCC's arguments and rejected FirstEnergy's proposal.



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Natural Gas Customers

- ▶ **Encouraging a Competitive Market and Saving Money for Columbia Gas Customers:** The OCC negotiated a settlement with Columbia Gas of Ohio requiring the company to set its gas prices through a wholesale auction. The OCC estimated the savings resulting from the first wholesale auction would range from approximately \$38 million to \$50 million. The OCC has supported competition through a wholesale auction as the most cost-effective way to provide natural gas to residential customers.
- ▶ **Exposing Misleading and False Marketing Information:** The OCC filed a formal complaint against Dominion East Ohio Energy, an independent retail supplier, for distributing a marketing postcard with misleading statements to potential customers. The PUCO staff supported the OCC's position and the parties reached a settlement requiring Dominion East Ohio Energy to forfeit \$50,000 to the State's General Revenue Fund. The company must forfeit an additional \$100,000 if it violates PUCO rules regarding marketing practices during a one-year period.
- ▶ **Holding Gas Marketing Companies Accountable:** In addition to advocating on behalf of Dominion East Ohio Energy's customers, the OCC participated in an agreement involving unfair and deceptive practices used by another gas marketer, Just Energy. After numerous complaints from customers about the company's door-to-door solicitation practices, the OCC agreed with the PUCO staff, the company and others to set conditions on a two-year renewal of Just Energy's certification. The company was required to forfeit \$111,000 to the Ohio General Revenue Fund, commit to further forfeitures if similar complaints are received by the OCC or PUCO, implement stringent training guidelines for its contracted sales staff, and have all of its sales agreements verified by a third party throughout the term of the agreement.
- ▶ **Saving Money for Customers of Dominion East Ohio:** In Dominion East Ohio's application to replace its current Standard Service Offer and Standard Choice Offer rates, the PUCO approved a joint stipulation among the OCC and other parties regarding the terms and conditions of the company's retail and wholesale auctions. As a result, the OCC estimated customer cost savings of approximately \$41.3 million for Dominion's residential customers.

In another case, the OCC joined with the PUCO Staff to argue against the inclusion of some operations and maintenance costs in Dominion East Ohio's application to adjust its rider rates for the pipeline infrastructure replacement program. Subsequently, the PUCO excluded \$6.52 million in costs that would have otherwise been passed on to customers.

- ▶ **Saving Money for Customers of Vectren:** In Vectren Energy Delivery of Ohio's application, an auction was held to replace its current Standard Service Offer (SSO) rates with Standard Choice Offer (SCO) and Default Sales Service (DSS) rates, pursuant to the PUCO-approved joint stipulation among the OCC and other parties about the company's retail and wholesale auctions. As a result of the Jan. 13, 2010 SCO auction, the OCC estimated customer cost savings of approximately \$10.1 million for Vectren's residential customers for the 12 months from April 1, 2010 to March 31, 2011. A subsequent Jan. 18, 2011 auction resulted in further savings for SCO and DSS customers estimated at \$13.6 million for the period from April 1, 2011 to March 31, 2012.
- ▶ **Supporting Low-Income Programs to Assist Ohio's Residential Utility Customers:** The OCC negotiated settlements in several cases resulting in natural gas utilities such as Columbia, Dominion and Vectren providing more than \$4 million for low-income natural gas bill payment assistance programs.

Water Customers

- ▶ **Reducing Water Rate Increases for Ohio American Water (OAW) Customers:** The OCC helped achieve significant improvements for customers through the reduction in OAW's proposed revenue increase from 23.4 percent overall to 7.12 percent. The OCC successfully convinced the PUCO to direct OAW to respond to water quality complaints in a timely fashion.
- ▶ **Reducing Water Rate Increases for Aqua Ohio Customers:** The OCC helped negotiate settlements in rate cases with the Lake Erie and Masury Divisions of Aqua, reducing proposed rate increases. As part of the Masury agreement, the OCC negotiated a commitment from Aqua to contribute \$5,000 to help low-income customers.

Additionally, after receiving multiple complaints from Aqua customers, the OCC asked the PUCO to fine Aqua for failing to resolve billing issues that affected thousands of residential customers throughout its service territory.



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The PUCO ordered its staff to complete an investigation that upheld the OCC's concerns and resulted in Aqua being ordered to pay a \$132,000 forfeiture to the General Revenue Fund and an additional \$25,000 to help low-income customers pay their water bills.

Telecommunications Customers

- ▶ **Bringing Broadband to Rural Ohio:** As a condition for its participation, the OCC negotiated an agreement with Frontier Communications that resulted in a commitment from Frontier to deploy broadband facilities in 85 percent of its territory (located in southeast Ohio) acquired as part of a merger with Verizon Communications. The broadband deployment is to be completed by 2013. This will foster economic development and competition.
 - ▶ **Seeking Telephone Customer Protections and Affordable Rates:** The OCC provided leadership in working with more than 60 other customer, senior and low-income advocacy groups to negotiate changes in landmark legislation that would further deregulate the telecommunications industry in Ohio. Through their joint efforts, the OCC successfully restored some customer protections for Ohioans with basic local telephone service and temporarily protected Lifeline customers from annual rate increases permitted by the legislation. A two-year pilot voicemail program for low-income customers without access to telephone service was also established at the suggestion of the group. The OCC will participate in an eight-member select committee to review the impact of the legislation.
- ## Outreach, Education and Consumer Services
- ▶ The OCC's Customer Services Division assists individual customers through a toll-free hotline addressing complaints, questions and concerns regarding their utility services. The Consumer Services Division responds to 3,500 to 5,500 customer contacts per month. These interactions include complaint handling, assisting customers facing service disconnection and customer education.
 - ▶ The OCC provides customers with up-to-date information about their utilities, including changes in rates and services, new opportunities for switching to competitive providers and how to protect themselves against telephone scams.
 - ▶ During the past biennium, the OCC's outreach and education staff participated in more than 2,600 events with nearly 90,000 customers in attendance. These events include speeches, training programs for Ohio's social service providers and community visits. At these events and through other methods, the OCC distributed approximately 500,000 pieces of educational materials to utility customers.
 - ▶ The OCC's Communications staff also responded to media inquiries, issued news releases about key utility customer issues and issued its popular Consumers' Corner newsletter to nearly 100,000 subscribers 12 times during the past biennium. The agency also educated customers with fact sheets and other publications.
 - ▶ The OCC's web page consistently receives positive feedback from users for its ease of use and content. During the past two years, approximately 123,000 unique visitors (76 percent of them new to the page) used the OCC's website for information.
 - ▶ In each of Ohio's five regions, the OCC has a well-established Consumer Advisory Panel whose members provide insight and feedback to the agency about issues of particular concern or interest to residential utility customers in their region. The OCC is fortunate to have this key connection to Ohioans via these dedicated professionals.

Endnotes:

1. Although the PUCO issued its order in this case on June 24, 2009, the new tariffs and rates became effective June 30, 2009 and remain in place for this fiscal biennium and beyond.



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