Office of the
Ohio Consumers' Counsel
*Residential Utility Consumer Advocate*

# Consumers' Corner

A bi-monthly publication of the Office of the Ohio Consumers' Counsel

May/June 2010

# OCC to PUCO: All-electric discounts for FirstEnergy customers should be restored

Discounted rates for more than 100,000 FirstEnergy customers living in all-electric homes should be restored, the Office of the Ohio Consumers' Counsel (OCC) told the Public Utilities Commission of Ohio (PUCO). In a Feb. 25 filing, the state's residential consumer utility advocate said hundreds of customers had complained about large increases in electric bills despite using less energy than they had the previous year.

The OCC requested temporary restoration of the discounts for each all-electric customer served by FirstEnergy's three Ohio companies—Toledo Edison, Ohio Edison and Cleveland Electric Illuminating Co.—regardless of when they moved into the all-electric home. Also, the OCC asked the PUCO to conduct an investigation of FirstEnergy's business practices. The OCC heard allegations from customers that they were promised permanent discounted rates and claims from homebuilders that they were given financial incentives to construct all-electric homes.

On March 3, the PUCO ordered FirstEnergy to file new temporary rates for some all-electric customers that would match what customers were charged on Dec. 31, 2008.

The Commission also instructed its staff to investigate and file a report within 90 days regarding the appropriate long-term rates for FirstEnergy's all-electric customers.

The ruling left some questions unanswered. On March 8, the OCC filed a request with the PUCO seeking to clarify whether all-electric customers in the FirstEnergy service territories would receive the restored discounts regardless of when they took residence in their homes. The OCC also asked whether the staff investigation would include the issues it had originally raised in its Feb. 25 filing.

In response to the PUCO, FirstEnergy filed new discounted rates on March 17 for certain all-electric customers in all three of its service areas.

*(continued on page 3)*

# Telephone deregulation bills strip most consumer protections, particularly for those with bundled services; Final draft bill still being considered

Recently passed telephone deregulation legislation will remove years of protections from residential customers, particularly those with bundled packages of services, according to the Office of the Ohio Consumers' Counsel (OCC).

Months of complicated discussions between the OCC, senior, low-income and other consumer advocacy groups and members of the Ohio House of Representatives ended with the passage of Substitute House Bill 276 on March 17. The Ohio Senate passed a similar bill in December. The House legislation has been sent to the Senate for consideration.

The House, as a result of the efforts of the OCC and others, restored several important protections for residential customers with basic stand-alone service that were removed by Amended Substitute Senate Bill 162. One example is the House bill requires a reasonable effort must be made to repair outages within 24 hours of being reported and sets a three-day deadline to restore service. Automatic credits also are provided for basic service customers if an outage is not repaired within 72 hours.

**The impact of the legislation to deregulate local telephone service includes:**

- Allowing telephone companies to increase monthly rates by $15 a year;
- Creating two classes of telephone consumers – those with basic local service who receive some minimum safeguards, and those with a bundle or package of services who receive little to no consumer protection; and
- A lack of sufficient funding to market the Lifeline program to eligible consumers.

Unfortunately, the majority of Ohio's telephone consumers, those with bundled services, were left with few of the consumer protections they have had since the development of the Minimum Telephone Service Standards in 1977. There is no time limit, for example, to complete repairs for customers with bundled services nor are they guaranteed a credit.

In addition, HB 276 includes a provision that will keep 9-1-1 emergency service for all customers, regardless of their level of service, up to 14 days after a disconnection. The House bill also requires automatic enrollment of eligible consumers into the Lifeline program, which was not included in the Senate bill.

Both bills allow telephone companies to increase the monthly price of basic local service by $1.25 (up to $15 a year). The House bill exempted low-income Lifeline customers from increases until Jan. 1, 2012. The Senate bill did not.

It is unclear which elements of the House and Senate bills will be included in the final draft of the legislation. The OCC and the groups it has worked with will continue to advocate for the restoration of consumer protections for all of Ohio's residential consumers.

*By Marty Berkowitz*

# Good News: Columbia wholesale auction results in lower prices for consumers

Reduced demand and an ample storage supply resulted in natural gas prices that have remained relatively low for Columbia Gas customers during the past winter. The Office of the Ohio Consumers' Counsel (OCC) expects this trend to continue in the near future following a wholesale auction the utility held in February.

At the auction, where a new pricing structure was established to replace Columbia's gas cost recovery (GCR) system, seven independent suppliers placed bids for portions of the utility's supply of natural gas. The lowest bid, 19.3 cents per hundred cubic feet (Ccf) of natural gas, is now added to the monthly wholesale price listed on the New York Mercantile Exchange.

Beginning in April, Columbia customers who do not purchase their supply from an independent natural gas supplier saw the Standard Service Offer in place of the GCR on their monthly bills. Based on a two-year average of natural gas costs, the added amount, called the Retail Price Adjustment, is about 60 cents lower than the adder to the GCR had been. This may result in an estimated annual savings of about $50 for each of Columbia's residential customers.

"The auction results are good news for consumers," Consumers' Counsel Janine Migden-Ostrander said. "Recently, we've seen wholesale auctions produce savings for consumers that have been lower than what the GCR or most retailers have been able to offer."

Columbia is still responsible for the delivery of natural gas, pipeline repair, meter-reading and other customer service issues. Consumers purchasing natural gas from an independent supplier or as part of a municipal aggregation were not affected by the change.

The 19.3 cents per Ccf adder will be in effect until March 2011. Another auction will be held next February to set a new retail price adjustment.

*By Marty Berkowitz*

# Stimulus funds available to help trim energy bills

Ohio has been granted $267 million in federal stimulus money to weatherize homes across the state through the Home Weatherization Assistance Program (HWAP). Initial reports have shown Ohio weatherized nearly 7,000 homes in the second half of 2009 making it No. 1 for weatherization in the United States, according to the U.S. Department of Energy.

HWAP helps low-income families reduce their heating and cooling bills by making their homes more energy efficient. The program provides a variety of services to income-eligible families, such as furnace tune-ups and inspections, and insulation of attics, walls and floors.

## *Ohio weatherized most homes in U.S. in 2009*

The program is available to households with an annual income at or below 200 percent of the federal poverty guidelines. A family of four under the current guidelines is eligible for the program with an income level at or below $44,100. Applications can be obtained from local community action agencies.

A properly weatherized home can help reduce a household's natural gas heating consumption by 32 percent, according to the U.S. Department of Energy. Additionally, weatherization creates an average savings of $350 per year.

The Ohio Department of Development (ODOD), which administers the program, expects to weatherize 32,000 homes with stimulus funds by spring 2012. For more information about the HWAP program, contact ODOD at 1-800-282-0880 or call the OCC toll-free hotline at 1-877-PICKOCC (1-877-742-5622) for assistance.

*By Anthony Rodriguez*

Linda Walls Rominski

## Utility Questions? The OCC can help...

Have your ever had a question about your utility service or difficulty resolving a complaint? If you are billed for a service you did not order, experience a delay in obtaining service, encounter a meter reading problem, have difficulty contacting a utility or need assistance with other questions or concerns, OCC representatives are here to help.

**Call the Office of the Ohio Consumers' Counsel's (OCC) toll-free hotline for assistance:**

**Toll-Free 1-877-PICKOCC (1-877-742-5622)**

***8 a.m. to 5 p.m. - Monday through Friday***

### *Vectren correction*

*A story in the March/April 2010 edition of the Consumers' Corner about the cost of natural gas for customers of Vectren Energy Delivery of Ohio included two errors.*

*Customers who continue purchasing their natural gas supply directly from the utility will see a 34 percent decrease in their bills beginning April 1. The change is the result of Vectren's first retail auction. The auction bid should have read 15.5 cents per hundred cubic feet (Ccf) of natural gas. This rate is added to the monthly market price of natural gas. The former price should have read 23.5 cents per Ccf.*

# OCC disagrees with FirstEnergy proposal for new rates; requests and gets public hearings

The Office of the Ohio Consumers' Counsel and other advocates of the Ohio Consumer and Environmental Advocates (OCEA) refused to join an agreement that proposes to increase significantly the distribution rates for customers. FirstEnergy, the staff of the Public Utilities Commission of Ohio (PUCO) and others agreed to the proposal.

Paul E. Kostyu

FirstEnergy wants the PUCO to decide, by May 5, its second electric security plan. The proposed rate plan, filed March 23, would establish a wholesale competitive bid process to determine the generation rates charged to customers from June 2011 to May 2014. FirstEnergy has made numerous other requests – some that could result in charges that would increase monthly bills. (At the time of publication, the impact on monthly bill was not available.) One of the largest requests would give FirstEnergy the ability to adjust rates quarterly to collect up to $390 million in distribution charges from customers over two and a half years.

"Consumers have faced several increases in recent years and cannot withstand any more from FirstEnergy," Consumers' Counsel Janine Migden-Ostrander said. "Customers would be better served by FirstEnergy separating the generation and distribution requests and addressing them on their own merits. This way, there can be more accountability for what FirstEnergy has requested and a better opportunity to fully review its costs."

Ohio law provides the PUCO with up to a 275-day review process for the proposed electric security plan, which also allows interested parties significant time to review the electric utility's request. Based on the schedule set by the PUCO March 24, it has seemingly followed the timeline requested by FirstEnergy to have a decision made in May. FirstEnergy filed testimony March 31 and testimony from PUCO staff and other parties was expected April 13. An evidentiary hearing in Columbus began April 20. Consumers had the opportunity to comment about FirstEnergy's electric security plan at eight public hearings held in April in Akron, Toledo, Cleveland, Garfield Heights, Austintown, North Ridgeville, Springfield and Kirtland.

Consumers who wish to comment on the proposal may write to the PUCO at:

**Public Utilities Commission of Ohio**
**Docketing Division**
**RE: Case No. 10-388-EL-SSO**
**180 E. Broad Street, 13th Floor**
**Columbus, Ohio 43215-3793**

*NOTE: Be sure to include your name and the case number on the letter.*

*By Anthony Rodriguez*

## OCC to PUCO: Restore all-electric discounts for FirstEnergy customers *(continued from page 1)*

- Toledo Edison customers received an additional residential generation credit of 1.8 cents per kilowatt hour (kWh) on all usage of more than 2,000 kWh per month during the winter heating season. Customers in electrically heated apartments will receive a credit of 3.1 cents per kWh on their usage up to 2,000 kWh per month.
- Ohio Edison customers received an additional generation credit of 3.9 cents per kWh on monthly usage above 1,250 kWh during the winter season.
- Cleveland Electric Illuminating Co. customers received an additional generation credit of 4.2 cents per kWh for all monthly usage during the winter months.

The credits became effective March 17, the date they were filed with the PUCO.

On April 15, the PUCO responded to the OCC's request for clarification of its March 3 order by requiring FirstEnergy to file new rates reflecting discounts to residential customers who had previously received them as well those who purchased homes that previously qualified for discounts. The new rates became effective when they were filed. The PUCO also extended its deadline for completion of its staff's investigation and stated that the temporary rates will remain in effect through at least the next winter heating season.

*By Marty Berkowitz*

### Here's What You're Saying:

"I am disturbed that my electric rates have increases so dramatically. … My wife and I are both on a fixed income and cannot make adjustments for this increase."

*Ronald Okleson*
*Parma*

"20 percent is way too high. I am retired and phasing the rest [of the rate increase] in over the next eight years would send me to the poor farm. It is not right to raise the rates on small business. …I want my all electric rate reinstated. They have breached their contracts to over 100,000 customers. They should be ashamed."

*Kathleen Spore*
*Conneaut*

"Do not make me subsidize the all-electric home owners. I am tired of bailing out … all-electric home owners [and] the Wall Street banks."

*James Olah*
*Mentor*

"If it wasn't correct for the discount to be discontinued, then our money should be refunded that we lost in the discount. Furthermore, the utility should be required to stand behind the discount for as long as the home is all electric."

*Kim Bender*
*Port Clinton*

"People like myself have to make decisions between paying the electric bill, turning the heat down to 52 degrees and watching my child shiver in the cold and putting food on the table. Other all electric homeowners are feeling the same amount of pain and we need relief."

*Edward Gembarski*
*Chagrin Falls*

"I think Ohio Edison has a lot of explaining to do to their customers on why their rates continue to rise for all electric homes."

*Dennis Gerwig*
*Ashland*

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# Office of the Ohio Consumers' Counsel

*Residential Utility Consumer Advocate*

## May/June 2010


*Consumers' Corner* is the free bi-monthly newsletter of the Office of the Ohio Consumers' Counsel, the residential utility consumer advocate serving as a resource for consumers who have questions or would like more information about the services provided by their electric, natural gas, telephone and water companies.


**Janine Migden-Ostrander,** Consumers' Counsel

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## Request a speaker for your organization!

The OCC can speak to your group about consumer protection issues, telephone services, natural gas choice and an overview of OCC. We also can tailor utility topics to fit your needs.

**Name** _____

**Organization** _____

**Topic of interest** _____

**Address** _____

**City** _____ **State** _____ **Zip** _____

**County** _____ **Phone number** _____

If you would like a specific date, please indicate and we will confirm your request. Number of participants _____

(We speak to groups of 30 or more after 6:30 p.m.)

*The OCC will treat this information as confidential and will not provide it to others without your consent unless required to do so pursuant to Ohio law.*

**Cut out this form and mail it to:**
Attn: Outreach and Education
**Office of the Ohio Consumers' Counsel**
**10 W. Broad St., 18th Floor**
**Columbus, OH 43215-3485**
Or call toll free 1-877-PICKOCC (742-5622) and press option 4
or fax this form to: (614) 466-9475


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## May is Older Americans Month! — Age Strong! Live Long!

**May is Older Americans Month**—a tradition dating to 1963 to honor the legacies and ongoing contributions of older Americans and to support them as they enter the next stage in life. The Office of the Ohio Consumers' Counsel (OCC) is joining organizations throughout Ohio to celebrate this month with special activities and events.

The OCC is participating in more than 50 events across the state to honor the achievements of Ohio seniors. Senior centers are hosting fairs, shows and awards luncheons. The OCC is providing speakers about utility topics at many senior centers and staffing display tables at many of the fairs. Most of these events are free and open to the public. Join us at one of the events in your area to learn about managing your utility bills, making your home more energy efficient and to ask questions about changes on your utility bills.

**To find out about events in your area, visit: http://www.pickocc.org/events/older_ams.shtml**