



**MINUTES OF THE
TWO HUNDRED NINETY FOURTH MEETING
OF THE OHIO CONSUMERS' COUNSEL GOVERNING BOARD
November 20, 2012**

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

Members Absent:

Guests:

CALL TO ORDER

Chairman Krebs called the meeting to order at 9:10 a.m., and welcomed Mr. Clark to the Board.

APPROVAL OF THE MINUTES

Mr. Logan moved to approve the September 18, 2012 meeting minutes. Mr. Young seconded the motion. Mrs. Knight called the roll. The motion passed unanimously.

ELECTION OF OFFICERS

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

Meeting dates for 2013 were discussed. Mr. Logan is not available March 19, 2013 and Mr. Watkins is not available May 21, 2013.

NEW EMPLOYEE INTRODUCTION

Mr. Weston introduced Tad Berger, Assistant Consumers' Counsel, to the Board.

EMPLOYEES OF THE MONTHS

Mr. Weston informed the Board of two employees of the months

- Maureen Grady, June – July
- Kyle Kern, August – September

CONSUMERS' COUNSEL'S REPORT

Mr. Weston addressed questions asked at the September Board Meeting. In the Duke Energy Ohio electric rate case, the proposed increase percentage is 24% or \$86.5 million. In the Duke Energy Ohio natural gas rate case, the proposed increase percentage is 18.09% or \$8.20 per month.

Duke stated the reason for declining sales is economic down turn, reductions in electric load, and customer conservation.

The Duke rate case will have a significant impact on consumers.

FirstEnergy is allowed to collect reasonable costs for energy efficiency. But a PUCO audit was conducted that found the FirstEnergy was paying more for renewable energy than other utilities.

Chairman Krebs encouraged Board Members to bring forth issues they would like discussed.

Discussion ensued regarding OCC working cooperatively with other organizations.

Mr. Watkins asked that the Board Members be provided with a list of bills before the General Assembly.

UPDATE ON RELIABILITY OF ELECTRIC SERVICE

Mr. Williams presented on the recent power outages. The storm on June 29, 2012 caused outages for customers of the following companies, according to the PUCO outage report:

- American Electric Power - 612,196
- Dayton Power & Light - 175,000
- Duke - 171,000
- Ohio Edison - 43,840

Multiple states, including Ohio, were affected by the October 29, 2012 storm (Hurricane Sandy).

Reliability cases have been filed by Dayton Power & Light and American Electric Power.

Outage standards include frequency and duration but do not include major outage events.

Board discussion ensued.

Utilities collect the cost for reliable service from customers.

It is the recommendation of the Board that OCC continue to monitor reliability issues.

THE CHANGING LANDSCAPE OF NATURAL GAS PRICING IN OHIO

Dr. Adams reported that regulated gas rates are based on the estimated gas cost. The gas cost recovery mechanism was commonly used from 1970 to 2000.

Gas choice began with pilot programs by Dominion and Columbia in the late 1990s. The majority of customers received the commodity from the supplier.

The wholesale auction is a market-based rate whereby wholesale and retail suppliers bid to sell natural gas to utilities for resale. The wholesale auction was phased out in 2011.

With the retail auction, retail natural gas suppliers bid for the ability to sell natural gas to customers. Areas of concern include higher tax rate and customer confusion.

The elimination of a standard rate means utilities will no longer purchase natural gas to sell to customers, and consumers will lose a price they can use for comparing other suppliers' offers.

Dominion East Ohio and Columbia Gas of Ohio have settlements under consideration at the PUCO.

OCC seeks to preserve options that will reduce energy costs for consumers.

Board discussion ensued.

The recommendation of the Board is that OCC advocate for default (standard offer) and, ensures that consumers have appropriate tools to make short and long term decisions regarding their natural gas price options. Chairman Krebs encouraged Board Members to take part in the process at the General Assembly.

The Board was in recess from 11:20 a.m. to 11:30 a.m.

PROPOSED CHANGES TO OHIO'S WATER AND SEWER LAWS

Ms. Kurt presented on changes to Ohio's water and sewer laws. OCC testified in the House as an opponent to HB 379. After meetings with legislators and stakeholders a compromise was achieved. OCC's position has shifted from an opponent to an interested party.

OCC has jurisdiction regarding investor-owned water companies.

There is very little if any competition in the water industry. Rates are set by traditional ratemaking whereby companies file an application with Public Utilities Commission of Ohio requesting a rate increase.

Alternative ratemaking with respect to water companies is single-issue ratemaking.

Through a system improvement charge customer bill increases were capped at 3% per year.

Proposed changes to the system improvement charge include an increased cap from 3% to 5% of a customer's bill.

Improvements to HB 379 include a reduced cap to 3% for sewer (current level) and to 4.25% for water and including a 2025 sunset provision.

Ms. Kurt distributed a draft of the Governing Board section of the annual report and asked if Board Members had any changes to their bio.

It is the recommendation of the Board that OCC provide them with a proactive water bill at a future meeting.

Mr. Weston distributed the Fiscal Report by Mr. Repuzynsky.

Chairman Krebs stated that at the January meeting Executive Session will take place to discuss hiring a Deputy Consumers' Counsel/ Legal Director.

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 15th day of January, 2013.



Gene Krebs, Chairman
Ohio Consumers' Counsel Governing Board



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