



Office of the Ohio Consumers' Counsel

MINUTES OF THE OFFICE OF THE OHIO CONSUMERS' COUNSEL GOVERNING BOARD

MARCH 19, 2019

Members Present: Mr. Michael Watkins, Chair
Mr. Stuart Young, Vice-Chair
Mr. Fred Cooke
Ms. Beverlyn Johns
Mr. Roland "Butch" Taylor
Ms. Andra Troyer
Mr. David Wondolowski

Members Absent: Ms. Kelly Moore and Mr. Douglas Moormann

CALL TO ORDER BY CHAIR:

Chair Watkins called the meeting to order at approximately 10:10 A.M. Ms. Hunyadi called the roll.

GUEST SPEAKER DAVE YOST, OHIO ATTORNEY GENERAL:

Consumers' Counsel Bruce Weston introduced Dave Yost, Ohio Attorney General. After Board introductions Mr. Yost offered remarks stating he supports the mission of the OCC and appreciates the cooperative working relationship between the OCC and his office. He stated he appreciates the work of the OCC in advocating for residential consumers of Ohio and looks forward to working together. He also thanked the Board for their service.

MEETING MINUTES:

Chair Watkins asked for a motion to approve the minutes from the January 15, 2019 Board meeting. A motion was made by Ms. Troyer to approve the minutes. The motion was seconded by Mr. Cooke. Ms. Hunyadi called the roll. The January 15, 2019 Board meeting minutes were approved unanimously.

RECOGNITION:

Chief of Staff - Non-Case Services, Monica Hunyadi, introduced new employees Nick Stallard and Merrilee Embs. Mr. Stallard joined the OCC in February 2019 as a Public Affairs Liaison. Nick brings over six years of staff experience in the Ohio House of Representatives where he supported various legislators and committees. There, his work included constituent services, government and media relations, office management, and supporting the legislative process. He also has worked on legislative campaigns. He holds a bachelor's degree in Political Science from The Ohio State University.

Ms. Embs joined the OCC as a Public Affairs Liaison in March 2019. She has more than 20 years of experience in editorial publishing and public relations at AIM Media Midwest and The Greene Medical Foundation-Kettering Health Network. She was involved with managing business operations of multiple daily and weekly publications. She holds a bachelor's degree in Communications from Wright State University.

Mr. Weston recognized Chris Healey, Energy Resource Planning Counsel, as the Employee of the Quarter for the 3rd quarter of 2018. Mr. Healey consistently demonstrates an outstanding commitment to excellence and integrity.

Mr. Weston noted that former PUCO Chair Asim Haque had left the PUCO and Mr. Weston expressed appreciation to Mr. Haque for his service to Ohioans. Mr. Weston wished him well in his future endeavors.

GUEST SPEAKER SAM RANDAZZO, CHAIR-DESIGNATE, PUCO:

Mr. Weston introduced the incoming PUCO chair, Sam Randazzo, and provided an overview of his knowledge and experience.

Mr. Randazzo greeted the Board and said he is looking forward to serving as the chair of the PUCO. Throughout his career, spanning 5 decades, he said he has lobbied and litigated for various stakeholders, advocating for different positions and outcomes. Now he has only one client, the State of Ohio, its citizens and businesses, and said he will work with the best interests of Ohio in his decision making.

Mr. Randazzo discussed the evolution of the PUCO over the years and noted that the creation of the Ohio Consumers' Counsel brought greater continuity from case to case. He included that without the OCC we would have missed a dedicated staff and a better reflection of the residential viewpoint.

Mr. Young asked about power purchase agreements (PPA) and what that looks like for the state moving forward. Using the creation of electric security plans as an example, Mr. Randazzo said the specific part of the process that has drawn the most criticism is where utilities have discretion to make proposals as part of their electric security plan. Things have evolved from administratively determined default generation supply prices to generation supply prices that are now set by the competitive bidding process for customers who do not shop. This is an important step in a market-oriented direction. He continued saying PPA's were designed to restore a level of vertical integration in the electric sector. However, FERC said that, unless there was compelling evidence that power purchase agreements would be a good thing, they would not be permitted due to being viewed as anti-competitive.

PRESENTATION BY DEPUTY CONSUMERS' COUNSEL SAUER:

Mr. Sauer reported to the Board that Chris Healey, Energy Resource Planning Counsel for the OCC, presented an oral argument in the Supreme Court of Ohio. OCC and the PUCO Staff proposed a limit on the amount FirstEnergy customers could be charged for energy efficiency programs. FirstEnergy filed an appeal, claiming that its charges for the programs cannot be limited. A video clip was shown of Mr. Healey's argument.

Mr. Sauer then discussed the 2017 federal tax cuts and the rate cuts that should result for consumers. Rate cuts for the tax cuts continues to be a chief initiative of the OCC by having those benefits returned to consumers as quickly as possible. Plans submitted by AEP, Columbia Gas, and Ohio Gas have been approved by the PUCO. The Duke electric case is pending before the PUCO. OCC and others signed a settlement in January resolving FirstEnergy's tax cut/rate cut case. There are still some other cases pending but we estimate there is \$2.8 billion to be returned to all customers resulting from the tax cuts, with \$1.7 billion for residential customers.

Mr. Sauer provided an update on the FirstEnergy Solutions (FES) bankruptcy case. FES has proposed a resolution to its bankruptcy case that OCC (and other parties) have concerns about. One concern is whether there will be enough funds to cover the cost of power plant decommissioning for the coal and nuclear plants. Another concern involves whether FES has adequately addressed the contingency of appeals (including OCC's appeal) to the Sixth Circuit Court of Appeals. The appellate court could overturn the bankruptcy court's decision to allow FES to reject its OVEC contract for paying the costs of two coal plants. Rejection of the contract could shift nearly \$268 million to other OVEC owners (some being Ohio electric utilities). Other owners likely would seek to pass those additional coal plant costs to their customers. Finally, OCC has concerns that the proposed FES notice to customers would be confusing to customers. OCC is negotiating with FES to change the notice to make it more understandable for consumers.

PRESENTATION BY CONSUMERS' COUNSEL BRUCE WESTON:

Mr. Weston provided information about the 1982 law that created the PUCO Nominating Council. OCC's experience over the years is that there are not many or enough consumer representatives appointed to the PUCO. As of April 2019, three of the five current commissioners (who regulate utilities) have represented utilities in their careers. OCC would like to see a more balanced commission and believes this should be achieved through legislation. Legislative changes OCC would like to see include: more transparency; one dedicated seat for a consumer representative and have OCC recommend to the Governor the candidates for the one seat; limit to one person the utility representatives on the nominating council; and expand qualifications for commissioner to include social sciences in addition to natural and physical sciences.

Mr. Weston told the Board that legislation will be introduced, possibly in the budget bill, seeking a bailout for nuclear plants. OCC continues to recommend competitive markets and oppose subsidies (at public expense) for power plants. Mr. Weston shared a story from the Philadelphia Inquirer describing

a Pennsylvania legislative proposal from companies including FirstEnergy (which also operates in Pennsylvania) for the public to subsidize nuclear plants. This is similar to what FirstEnergy is seeking in Ohio. Mr. Weston suggested Board members may want to talk with legislators about the issue of a potential bailout, or subsidies, for various types of power plants in the context of consumer protection.

Mr. Weston said that he will present OCC's budget testimony in the House and the Senate soon. Mr. Cooke and Ms. Johns indicated their support for an increase to the OCC budget. Mr. Moormann's prior support for an increase was noted.

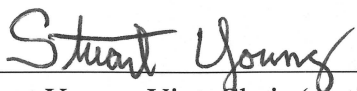
PRESENTATION BY OCC VICE-CHAIR STUART YOUNG:

Mr. Young recapped his service on the PUCO Nominating Council, filling in for OCC Chair Watkins. He described the process of reviewing applications and selecting applicants to be interviewed. During the first round in January there were 23 applicants, nine of whom were interviewed. During the second round in March there were fewer applicants although some of the same people from the first round applied. Mr. Young said that, for the future, he thinks the list of four names recommended to the governor should be good for one year. He noted that the nominating council reconvened to recommend another four names to the governor (to fill a second seat on the commission), within just two months after the first vacant seat was filled. Mr. Young shared his view that the time spent with the commissioner applicants during the nominating council interview process is too short.

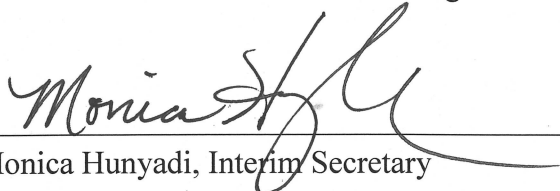
Mr. Taylor made a motion to adjourn the meeting. It was seconded by Mr. Young. Ms. Hunyadi called the roll. The motion was unanimously approved.

The meeting adjourned at approximately 12:10 P.M.

I verify that the above meeting minutes have been approved and ratified by the Consumers' Counsel Governing Board on May 21, 2019.



Stuart Young, Vice-Chair (Acting Chair)
Ohio Consumers' Counsel Governing Board



Monica Hunyadi, Interim Secretary
Ohio Consumers' Counsel Governing Board