
Annual Report

2013



Office of the Ohio Consumers' Counsel

"Your Residential Utility Consumer Advocate"



Office of the Ohio Consumers' Counsel

"Your Residential Utility Consumer Advocate"

Among OCC's accomplishments for Ohio consumers in 2013 are the following:

- ▶ FirstEnergy's 1.9 million customers benefited from the advocacy of Ohio Consumers' Counsel (OCC) and others in March when the Public Utilities Commission of Ohio (PUCO) limited, to \$10 million, the amount the utility could annually charge customers in "shared savings." (Shared savings is an incentive that the utility seeks to collect from customers when the utility exceeds the state's energy efficiency targets.) (See Page 11)
- ▶ OCC recommended that the PUCO should require FirstEnergy to bid its projected energy efficiency resources into the PJM capacity auction, for the purpose of reducing the price for energy efficiency and capacity that customers ultimately pay. In its decision, the PUCO ordered FirstEnergy to bid 75 percent of its projected energy efficiency savings into the capacity auction. (See Page 11)
- ▶ As a result of competitive auctions that OCC and others support, customers who purchased their natural gas through the standard offer continued to see low prices for natural gas on their bills from Columbia Gas, Dominion East Ohio and Vectren. And in January, the PUCO approved agreements OCC negotiated with Columbia and Dominion that preserved the standard offer for residential customers until at least 2017 (for Columbia customers) and 2016 (for Dominion customers). (See Page 15)
- ▶ In January, OCC reached an agreement with Frontier Communications and the PUCO Staff that brought broadband to an area in Southern Ohio that was not in the telephone utility's immediate plans for broadband deployment. A \$100,000 penalty owed by Frontier for a service quality noncompliance was used to fund that broadband project. The parties reached a similar agreement in November to utilize another \$100,000 penalty owed by Frontier, to fund the deployment of broadband to an unserved area in Ashland County. (See Page 18)
- ▶ OCC advocated to protect customers from paying millions of dollars for FirstEnergy's unreasonable decisions to purchase renewable energy at higher than market prices. In August, the PUCO ordered FirstEnergy to credit its customers \$43.4 million (plus interest). (See Page 12)
- ▶ OCC negotiated a settlement with Duke Energy, the PUCO Staff, and other parties that reduced, by \$37 million (from \$86 million to \$49 million), Duke's request to increase its distribution rates. The settlement, among other things, did not allow Duke to use customers' utility bills as a way to collect costs associated with Cincinnati's streetcar project. (See Page 10)
- ▶ OCC recommended that the PUCO allow residential electric consumers to opt out of having a smart meter in their homes, if they do not want one. In an October decision, the PUCO adopted a rule that provides residential electric consumers with the right to opt-out of having a smart meter installed in their homes. (See Page 12)
- ▶ Customers of two natural gas utilities, Northeast and Orwell, were credited nearly \$1.5 million after the utilities charged unreasonably high prices for natural gas. In a hearing at the PUCO, OCC and the PUCO Staff presented evidence showing that the two utilities had engaged in unreasonable purchasing practices. (See Page 15)
- ▶ OCC negotiated a settlement—with Dayton Power & Light (DP&L), the PUCO Staff, and others—that established DP&L's energy efficiency portfolio for 2013 through 2015. The settlement benefits customers by limiting the amounts that DP&L can charge customers for shared savings and lost revenues, and requires DP&L to bid its energy efficiency resources into the PJM capacity auction which may result in lower energy prices for customers. (See Page 11)

The Office of the Ohio Consumers' Counsel

► Mission

OCC advocates for Ohio's residential utility consumers through representation and education in a variety of forums.

► Vision

Informed consumers able to choose among a variety of affordable, quality utility services with options to control and customize their utility usage.

► Core Values

Justice

We will advocate for what is fair for Ohio's residential utility consumers.

Integrity

We will conduct ourselves in a manner consistent with the highest ethical standards.

Excellence

We will produce work that is high quality and we will strive to continuously improve our services.

Communications

We will share information and ideas to contribute to the making of optimal decisions by our colleagues and ourselves.

Respect

We will treat each other, our partners and the public with consideration and appreciation.

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A message from Bruce Weston

Ohio Consumers' Counsel



The vision of the Office of the Ohio Consumers' Counsel (OCC) is to advocate for affordable utility bills and reliable utility services for Ohioans in 4.5 million households. I am pleased to report that the staff of OCC dedicated themselves in 2013 to advocacy for our fellow Ohioans regarding their residential electric, natural gas, telephone and water services.

In 2013, the Consumers' Counsel Governing Board continued its tradition of guidance for OCC's services to consumers, with the leadership of Chair Gene Krebs and with his and the Board members' demonstration of concern through resolutions and engagement on consumer issues. I thank Governing Board Chair Krebs, Vice-Chair Susheela Suguness and the Board members for their guidance and support. I extend best wishes and appreciation to former member (and former Vice-Chair) Joe

Logan who served on the Board with dedication to Ohio consumers and support for OCC staff since 2007.

At the end of 2013, Ohio's residential consumers were paying, on average, higher electric rates than consumers in 32 other states (according to federal data). Ohio can do better for electric consumers. There is a disconnect between low prices in the energy market and Ohioans' higher electric utility bills. This variance can be explained in part because several of Ohio's electric utilities are charging their generation service customers hundreds of millions of dollars above market prices.

Ohioans' electric bills were also at risk from the electric utilities' efforts to change Ohio's 2008 energy law. Utilities sought to profit from energy efficiency at the expense of Ohio consumers and to eliminate the preference for renewable energy produced in Ohio. The General Assembly did not change Ohio's energy law in 2013, and I appreciate the legislators' thoughtful approach to these issues.

On the other hand, Ohio's natural gas utilities provided another good year for Ohioans who chose the utilities' standard offers for their natural gas supply. The favorable prices for the utilities' standard offers were much more in sync with low market prices than those of several of the electric utilities.

Some key OCC accomplishments are listed on the inside front cover, with more details in this Annual Report. OCC continues to return great value to Ohioans for its budget.

I am grateful to the staff of OCC and to Deputy Consumers' Counsel Melissa Yost for their dedicated public service in 2013. I thank the General Assembly and the Administration for the opportunities to discuss utility issues of importance to Ohioans. And I appreciate the other policymakers and stakeholders that OCC worked with on consumer issues throughout the year. We look forward to serving Ohioans in 2014.

A message from Gene Krebs

Governing Board Chairman



On behalf of the Governing Board of the Office of the Ohio Consumers' Counsel (OCC), I present to the Ohio General Assembly our 2013 Annual Report. The Annual Report records OCC's many activities for Ohio's residential utility consumers during the past year.

Governing Board members and the OCC staff again demonstrated their fulfillment of the agency's mission of representing and educating Ohioans regarding their electric, natural gas, telephone, and water services. I appreciate Consumers' Counsel Bruce Weston and Deputy Consumers' Counsel Melissa Yost for their leadership and thank them and the OCC staff for their dedication to serving Ohio's utility consumers.

In 2013, we welcomed Fred Cooke of Shelby and Roland Taylor of Stow to the OCC Governing Board, as appointed by Ohio Attorney General Mike DeWine. I appreciate that the Attorney General also provided for my continued service to residential utility consumers by reappointing me to the Board. We said farewell to Board member and former Vice-Chair Joe Logan, who served on the Board with commitment and concern for Ohio consumers since 2007. The Board elected Susheela Suguness as Vice-Chair.

I thank my colleagues for the Governing Board's active role in providing guidance and support to OCC for consumer protection in 2013. The Board's activities included passage of several resolutions on key consumer issues.

In one resolution, the Board supported advocacy by OCC to preserve, for the economic benefit of electric and natural gas consumers, the option of utility standard offers. Also, the Board resolved that price and quality protections should be maintained for consumers subscribing to basic telephone service. And, by resolution, the Board opposed efforts to weaken longstanding Ohio law that protects consumers by limiting utility charges to the current costs of utility service. This resolution was prompted by efforts of utilities to charge customers for the clean-up costs of defunct manufactured gas plants that became operational as long ago as the 1800's.

The Board held one of its meetings on the Yellow Springs dairy farm of Board member Stuart Young. In that setting, rural issues were discussed and several farmers shared with the Board their concerns that some farmers' residential electric service was being changed to commercial service without adequate notice. A representative of the Ohio Farm Bureau Federation also addressed this issue during a presentation to the Board, and I appreciate that the Farm Bureau then developed a policy toward seeking more protection for Ohio farmers regarding changes in their residential electric service.

I, along with my Board colleagues and Consumers' Counsel Weston, express our gratitude to policymakers and stakeholders with whom we worked on utility consumer issues in 2013. We thank the members of the Ohio General Assembly and the Governor's Office for considering our recommendations on these matters affecting Ohioans' utility bills and the reliability of their utility services. I look forward to our continued service to Ohioans in 2014.

Governing Board

About the Governing Board

By statute, the Ohio Attorney General appoints members to the Office of the Ohio Consumers' Counsel Governing Board. The Board consists of nine members, with three members appointed for each of the three organized groups, residential consumers, labor and family farmers. No more than five members of the Board may be from the same political party. Board members are confirmed by the Ohio Senate and serve three-year terms. The Board is responsible for appointing the Consumers' Counsel and Deputy Consumers' Counsel.



Jason D. Clark

Board member, 2012 – 2015
Representing organized labor

Jason Clark serves as the business representative for the members of Millwright Local 1090, a statewide organization that is a division of the United Brotherhood of Carpenters. He previously served in various positions with both the Cincinnati and Dayton AFL-CIO's.



Fred Cooke

Board member, 2013 – 2016
Representing family farmers

Fred Cooke is a 30-year member of the Richland County Farm Bureau and runs a 1200-acre farm in Shelby, Ohio with his son. He also had a 30-year career as an educator teaching agriculture at Greene County Vocational School, Willard High School and Shelby High School in addition to various courses at Southern State College in Wilmington. He is a member of the Hazel Grove Farm Bureau Community Council and the Malabar Farm Foundation.



Sally A. Hughes

Board member, 2011 – 2014
Representing residential consumers

Sally Hughes serves as president and chief executive officer of Caster Connection, Inc., a company she founded. Ms. Hughes currently serves on the Board of the Ohio Chamber of Commerce and is a member of the Entrepreneurs Organization, Women's Presidents Organization, and Women's Business Enterprise National Council. She is on the Board of The Wellington School and the Women's Leadership Network Advisory Council for Otterbein University.



Gene Krebs

Chair, 2012 – 2014
Vice Chair, 2011 – 2012
Board member, 2005 – 2016
Representing residential consumers

Gene Krebs was appointed to the OCC Governing Board in 2005 and has been appointed or reappointed to the Board by both Republican and Democrat Attorneys General. Mr. Krebs spent three years on the Eaton City School Board, eight years in the Ohio House of Representatives, four years as Preble County Commissioner, and five years on the Preble County Planning Commission. He has served on the Joint Committee on High Technology Start-up Business, Sales Tax Holiday Study Committee (Chair), and the Eminent Domain Task Force, all by legislative appointment. Mr. Krebs was appointed by Governor Ted Strickland to serve on Ohio's 21st Century Transportation Task Force and most recently by Governor John Kasich to the Local Government Innovation Council. Currently he is a Senior Fellow with The Center for Community Solutions and is working on their behalf on a series of video interviews of thought leaders, human service advocates and youthful entrepreneurs.

Governing Board



Joe Logan
Vice Chair, 2012 – 2013
Board member, 2007 – 2013
Representing family farmers

Joe Logan served as director of agricultural programs for the Ohio Environmental Council. He is the president of the Ohio Farmers Union and has served on the Board of Directors of the National Farmers Union. He previously served as president of the National Association of Farmer Elected Committees.



Susheela D. Suguness
Vice Chair, 2014
Board member, 2012 – 2015
Representing residential consumers

Susheela Suguness cofounded and served as CEO of Prime Engineering & Architecture, Inc. and was responsible for day-to-day management of all aspects of business operations. She has served on the Board of Women Transportation Seminar (WTS) Columbus, which is dedicated to the professional advancement of women in transportation and has been a Transportation Advisory Board Member with the City of Columbus. She also served as the President of Asian Indian American Business Group (AIABG) of Columbus, Ohio.



Roland "Butch" Taylor
Board member, 2013 – 2016
Representing organized labor

Roland "Butch" Taylor has served as a member of Plumbers & Pipefitters Local 396 since 1992 where he has been the Business Manager since 2010. During his membership with Local 396, Mr. Taylor has also held other positions, including Union President (1995-2000), Executive Board Member (1992-1995) and Business Agent. Mr. Taylor also serves on the Boards of Leadership of the Mahoning Valley, Youngstown/Warren Regional Chamber and Chamber of Commerce. He was honored as the Regional Chamber's Labor Leader of the Year in 2012.



Michael A. Watkins
Board member, 2010 – 2014
Representing organized labor

Michael Watkins has served as a member of the Fraternal Order of Police (FOP), Lima Lodge No. 21 since 1976. He currently is serving his third term as president of FOP Lodge No. 21 after working for 12 years as its secretary. He is currently employed by the Fraternal Order of Police, Ohio Labor Council, Inc. in Columbus as the Administrative Assistant. Mr. Watkins was trustee of the FOP's 6th district from 1993 – 1995 and re-elected to the position, which he has held since 2007.



Fred Yoder
Board member, 2011 – 2014
Representing family farmers

Fred Yoder is the owner and operator of Fred Yoder Farms. He also is a partner and executive vice president with Yoder Ag Services LLC. Mr. Yoder currently serves as an Ohio delegate to the USA Poultry and Egg Export and U.S. Grains Councils; on the Ohio Corn and Wheat Political Action Committee, Wheat Growers Association; Ohio Corn Marketing Boards of Directors; Madison County Farm Bureau Board of Trustees; and as chairman of the Ohio chapter of the 25 by '25 Alliance.



Stuart Young
Board member, 2012 – 2015
Representing family farmers

A third generation dairy farmer, Mr. Young is an owner and manager of Young's Jersey Dairy Inc. in Yellow Springs, Ohio. He previously served as Clark County Farm Bureau President and on the Board of Directors for eight years and has served on the Husted Volunteer Fire Dept. for 32 years.

Senior Management



Consumers' Counsel and Legal Services

The OCC Governing Board appointed Bruce J. Weston to lead the agency as Consumers' Counsel, in March 2012. Mr. Weston has also directed the services of OCC's Legal

Department. The legal staff advocates for Ohio consumers in cases involving public utility rates and service quality.

Mr. Weston brings more than 30 years of experience in public utilities law to OCC. He is committed to protecting the interests of Ohio residential utility consumers. His priorities for OCC include advocating for reasonable rates, competitive choices, and reliable service for Ohioans.

Prior to joining OCC for a second time in October 2004, Mr. Weston was in private law practice. He served as legal counsel for clients in cases involving utility rates, service quality, industry restructuring and competition.

Mr. Weston received his bachelor's degree in business administration from the University of Cincinnati. He began his career at OCC in 1978 as a law clerk. After earning his law degree from The Ohio State University College of Law in 1980, he began a 12-year tenure as an attorney for the agency. Mr. Weston served as the chairman of the Public Utilities Law Committee of the Ohio State Bar Association for two years ending in June 2012.



Deputy Consumers' Counsel

Melissa Yost was appointed the Deputy Consumers' Counsel by the OCC Governing Board on January 15, 2013. As the Deputy Consumers' Counsel, Ms. Yost is available to perform the duties of the Ohio Consumers' Counsel,

Bruce Weston, during any times of his unavailability. As Deputy, she is part of OCC's senior management team.

Prior to joining OCC, Ms. Yost served as an assistant attorney general for five years with the Office of the Attorney General, in the Environmental Enforcement section. Ms. Yost received her Juris Doctor with cum laude distinction from Capital University Law School and her bachelor's degree in natural resources development from The Ohio State University.



Analytical

Aster Rutibabalira Adams was director of the Analytical Department until March 2013. The department provides advice and recommendations for OCC's consumer positions on technical and policy issues related to public utility services.



Beth Hixon was interim director of the Analytical Department. Ms. Hixon serves as the leader of the OCC's electric team, managing staff members and provides oversight and coordination of the OCC's activities on energy issues. She received a bachelor's degree in business administration from Ohio University.



Operations

Charles Repuzynsky is director of the Operations Department. His area of responsibilities includes finance, budgeting, strategic planning, human resources, and information and technology for supporting OCC's consumer advocacy.

Prior to joining OCC, Mr. Repuzynsky served as the chief financial officer for the Ohio Historical Society, a non-profit quasi-government organization. He holds a bachelor's degree in business administration with a major in accounting from The Ohio State University.



Public Affairs

Amy Kurt was the director of the Public Affairs Department, leading OCC's outreach and education, communications, and legislative activities for Ohio consumers until May 2013.

Electric

Overview

As 2013 came to an end, Ohioans paid electricity prices that were higher, on average, than residential electricity prices in 32 other states, according to data from the U.S. Energy Information Administration.

Fourteen years ago, the Ohio General Assembly enacted Senate Bill 3, which placed Ohio on a transition from regulated to market-based electric generation pricing. Unfortunately, many Ohioans in 2013 did not benefit from the historically low market prices for electricity, because several electric utilities continued to charge above-market prices for electricity.

In October, the Office of the Ohio Consumers' Counsel (OCC) testified before the House Policy and Legislative Oversight Committee, in response to the Committee's invitation. OCC addressed the Committee's topic of affordable electricity for Ohioans.

OCC participated in many electric cases in 2013, both at the Public Utilities Commission of Ohio (PUCO) and before the Ohio Supreme Court. One of OCC's core values is "justice" in the regulatory process for Ohio consumers, to advocate for what is fair for consumers. There were billions of dollars at stake for electric consumers in utility proposals for higher rates.

OCC appeals to the Ohio Supreme Court, regarding AEP's charges to customers

In May 2013, OCC (and others) asked the Ohio Supreme Court to protect consumers by disallowing American Electric Power's (AEP) rate increases that were approved in a 2012 PUCO decision. AEP proposed the rate increases as part of its electric security plan for 2012 through 2015. At issue in the appeal are approximately \$508 million in retail stability rider charges and \$647 million in capacity costs. The rate increases affect 1.2 million AEP residential customers.

AEP sought and was granted a retail stability charge for customers to compensate it for profits it could lose due to competition from retail suppliers. The utility also requested that these suppliers pay "capacity" charges based on AEP's claimed costs to maintain sufficient generating capacity within its territory. AEP's proposed capacity charges were much higher than the market price of capacity.

In its 2012 decision, the PUCO gave competitive suppliers the benefit of paying AEP the market price for capacity, which was much lower than AEP's claimed cost of capacity. This benefit for suppliers was at the

expense of AEP's customers who would pay AEP in the future for the costs that AEP claimed it was not recovering in the market price for capacity.

All of AEP's customers, including those not served by competitive generation suppliers, will pay to reimburse AEP for the discount in capacity prices it is giving to suppliers for their own payments to AEP. OCC's position is that many customers (those who buy electricity from AEP and not from an alternative supplier) will have to pay capacity costs twice and that is unlawful.

In its appeal, OCC asserted that the PUCO's decision violates Ohio law. OCC asked the Court to return the case to the PUCO for correction. A decision from the Court was pending at the end of the year.

AEP, Case Nos. 11-0346-EL-SSO et al., Sup. Ct. 2013-0521; 10-2929-EL-UNC, Sup. Ct. 2012-2098, Sup. Ct. 2013-228

OCC and others ask PUCO to dismiss Duke's request to charge customers \$729 million for electric capacity

In October 2012, OCC and other parties (including businesses, associations, and the City of Cincinnati)

asked the PUCO to reject Duke Energy's (Duke) request to collect \$729 million from its electric customers in capacity charges. Duke's proposal would cost residential customers an additional \$150 to \$200 per year for three years. Duke claimed it needed the money to protect its economic viability.

In 2013, OCC presented the testimony of experts, to provide the PUCO with evidence against the charges. Also, OCC recommended that the PUCO dismiss Duke's request because it violated a settlement agreement that OCC, the PUCO Staff, Duke and others signed in 2011. The settlement, which the PUCO approved, allowed Duke to charge customers \$330 million for a "rate stabilization charge," in exchange for Duke's agreement to set generation prices through competitive auctions. The auction, for 2012, reduced residential customers' electricity bills by about 17 percent.

Duke's new capacity charge request would change the bargain that it, OCC and others struck in 2011, and add \$729 million to the \$330 million it is already charging customers. Also, Duke's request, for customers to pay an additional \$729 million, was seeking a regulatory guarantee that was inconsistent with Ohio's policy of competitive electricity markets.

In a February 2014 decision, the PUCO agreed with OCC and others that Duke's request should be denied.

Duke, Case No. 12-2400-EL-UNC

OCC seeks to protect Dayton-area electric customers from DP&L's above-market rates

At a time when the market price of electricity remained at historic lows, Dayton Power and Light's (DP&L) 455,000 electric customers have been required to pay nearly \$375 million in higher rates following the PUCO's September 4 decision and September 6 correction in the utility's electric security plan case. DP&L's electric security plan will cost customers at least \$250 million more than market prices.

The PUCO-approved plan allows DP&L to collect from customers, through a "service stability rider," \$330 million during the next three years (January 2014 through December 2016) to ensure DP&L's "economic

viability," plus an additional \$45.8 million in 2017. During the same period, DP&L will be allowed to gradually restructure its pricing for electric generation, blending its current generation rates with 10 percent of market prices for 2014, 40 percent of market prices for 2015 and 70 percent of market prices for 2016 through May 2017. After that, DP&L's generation prices will be fully based on the market. OCC had recommended a quicker transition to market-based pricing so that DP&L's customers could benefit now from the low electricity prices in the market.

The September 4 Order required DP&L's transition to market-based rates by the end of 2016. The original Order allowed DP&L to collect \$220 million in stability charges during 2014 and 2015 and an additional \$92 million for which the utility would have to reapply in 2016. However, the corrected Order allowed DP&L to collect \$110 million annually through 2016 with an additional \$45.8 million through May 2017. The original Order stated that the Electric Security Plan term would end December 31, 2016. The corrected Order extended the term through May 31, 2017.

In October, OCC asked the PUCO to reconsider its decision. OCC pointed out that the Ohio General Assembly gave electric utilities, in the 1999 law, only five years (2001 - 2005) to be at fully competitive pricing for the generation service provided to customers. The 2013 PUCO decision will extend that transition for DP&L by over a decade, at a time when customers should be benefiting from the low market price for electricity. OCC also stated that DP&L's "service stability rider" is contrary to Ohio law that prohibits subsidies for generation service.

A decision on OCC's request for rehearing was pending at the end of 2013.

DP&L, Case No. 12-0426-EL-SSO et al.

\$7 million in significantly excessive earnings are returned to AEP customers

In October, the PUCO issued an Order ruling that AEP customers are entitled to a refund of \$6.9 million due to the significantly excessive earnings its Columbus Southern Power subsidiary had reported for 2010.

In the case, Columbus Southern Power had a profit of \$234 million during 2010, or a 17.9 percent return on its shareholders' equity. The calculation was part of the significantly excessive earnings test mandated by the state's 2008 energy law. Utility customers pay for an electric utility's profits.

OCC asked the PUCO to reconsider its decision, requesting that an additional \$17.3 million in significantly excessive earnings be returned to customers. The PUCO denied OCC's request. OCC also recommended that customers should receive the benefit of \$20 million, through a reduction to AEP's claimed storm costs in another case. The PUCO determined that the request for customers to receive the benefit of the \$20 million will be considered in other cases.

During 2013, the Ohio Senate Public Utilities Committee considered changes to the 2008 law, focusing on revisions to the energy efficiency and renewable energy provisions. In testimony before the Senate Committee, OCC recommended a change in the law to require refunds to customers when an electric utility's charges result in "excessive" earnings. The 2008 law allows electric utilities to keep excessive profits and only give customers a refund of profits that are "significantly excessive."

AEP, Case No. 11-4571-EL-UNC et al.

OCC recommends reducing AEP's request to charge \$55 million to customers for 2012 storm costs

In December, 12 months after asking the PUCO for permission to charge its 1.5 million customers \$61.8 million to cover its repair costs for several large storms, AEP signed a settlement with the PUCO Staff and a number of non-residential parties.

The parties to the settlement asked the PUCO to allow AEP to charge customers most of its original request, or \$54.9 million, plus carrying charges. OCC opposed the settlement, and recommended that the PUCO greatly limit what AEP can charge to its customers.

OCC presented expert testimony proposing that the PUCO limit, to \$23.6 million, what AEP can charge customers. OCC's witness testified that the "economic loss to customers in all likelihood significantly exceeded the amount it cost Ohio Power (AEP) to restore service many times over."

Many AEP customers who had endured long outages already have incurred expenses such as the loss of refrigerated food due to spoilage and, for some, the need to find alternative lodging due to the extreme heat without air conditioning. OCC asked the PUCO to schedule local public hearings where customers in five of the most affected areas could conveniently give testimony to the PUCO. OCC's request was denied.

The PUCO held a hearing in January 2014, and later will reach a decision on how much money AEP can charge customers for its storm costs.

AEP, Case No. 12-3255-EL-RDR

Cincinnati-area electric customers spared responsibility for streetcar costs in Duke case

An April settlement agreement signed by OCC, the PUCO Staff, Duke Energy and other parties significantly reduced the potential impact of Duke's proposed rate increase for 610,000 residential customers of Duke's electric distribution service.

In 2012, Duke proposed an \$86 million increase to its distribution charges that all customers pay for delivery of electricity. Distribution charges also include infrastructure maintenance and other customer service functions.

OCC's advocacy, working with others, resulted in a 43 percent reduction to Duke's original proposal, from \$86 million to \$49 million, and also provided additional consumer benefits and protections.

Part of the agreement removed Duke's proposal to use customers' utility bills as a way to charge residents for costs associated with Cincinnati's streetcar project.

Duke also agreed to not charge customers for major storm costs incurred during 2012. And Duke withdrew its request for a "storm tracker" mechanism to charge customers for future storm repairs as part of future electric distribution rates. In regard to funds available to some customers, Duke's shareholders will annually provide \$350,000 to assist low-income customers with utility bill payments. Additionally, Duke agreed to work

with customers who own property that Duke uses (not located along roadways) and potentially compensate some customers for a use that benefits other customers.

Duke, Case No. 12-1682-EL-AIR et al.

Protections achieved for Northern Ohioans in FirstEnergy energy efficiency case

The work of OCC and other parties yielded significant benefits for electric consumers in March when the PUCO approved FirstEnergy's energy efficiency plan, for 2013 through 2015.

OCC and others asked the PUCO to limit the amount FirstEnergy could collect from customers when it exceeded its legal obligation to provide a percentage of its generation through energy efficiency. These charges are called "shared savings." The PUCO limited to \$10 million the amount the utility could annually charge customers (for a total of \$30 million during the three-year period).

In addition, the PUCO required FirstEnergy to bid 75 percent of its projected energy efficiency resources into the PJM Interconnection capacity auction. OCC and others had recommended that the PUCO require FirstEnergy to bid its entire projected energy efficiency savings into the auction, but the PUCO's Order was still a positive result for consumers.

The PJM auction is held to ensure a sufficient supply of electricity is available during peak periods. The utility's bidding of projected energy efficiency into the capacity auction can lead to an auction result of lower capacity prices. Also, the result of bidding energy efficiency into the auction includes payments to utilities that could be used to defray the cost to consumers of the energy efficiency programs. Eventually, these cost savings will benefit residential customers in the form of lower electric bills.

In its request for the PUCO to reconsider the decision, FirstEnergy was successful in seeking permission to keep (and not give to customers) approximately \$1.6 million (20 percent) of the payments it receives from PJM for energy efficiency program savings that were bid into the

capacity auction. These savings could have been used to benefit customers by decreasing the costs of energy efficiency programs.

OCC asked the PUCO to reconsider its July decision. A decision is expected in 2014.

FirstEnergy, Case No. 12-2190-EL-POR et al.

OCC and others agree on DP&L's energy efficiency plans for 2013-2015

In December, the PUCO approved a settlement among OCC, the PUCO Staff, DP&L and a number of environmental and industrial organizations, for DP&L's energy efficiency programs for 2013 through 2015. The settlement provided benefits to customers and limited some of the costs that DP&L had proposed in its application for customers to pay.

OCC filed testimony in October, recommending that the PUCO approve the agreement because it limits what customers will pay for shared savings and lost revenues and ensures the benefit of bidding energy efficiency into the PJM auction.

The settlement allows DP&L to charge its customers for its "shared savings" (see summary of FirstEnergy Case No. 12-2190-EL-POR), but with a \$4.5 million annual cap on what customers could be charged. In addition, the parties agreed to limit the amount DP&L could collect from customers for "lost revenues" (money the utility does not collect because of electricity savings resulting from energy efficiency).

DP&L agreed to extend through 2015 a \$72 million cap on lost revenues that was originally established in a 2008 electric security plan case. Also, these revenues cannot be collected without PUCO approval after December 31, 2015.

DP&L also agreed to bid 75 percent of its energy efficiency resources into each PJM capacity auction held throughout the duration of the portfolio plan. The settlement also provides assistance for low-income customers.

DP&L, Case No. 13-833-EL-POR

FirstEnergy ordered to credit \$43.4 million in renewable energy overcharges to customers

The Ohio energy law signed in 2008 requires that electric utilities purchase a portion of their generation supply from renewable energy sources. By law, utilities are able to recover the costs of these purchases from their customers if the purchases were prudent.

OCC presented testimony in March recommending a substantial disallowance of FirstEnergy's imprudently purchased renewable energy, that customers should not have to pay. OCC's expert testified that the amounts FirstEnergy paid for non-solar renewable energy credits were "unprecedented anywhere or any time in the country."

In its August Order, the PUCO found that FirstEnergy had overcharged its 2.1 million customers for certain renewable energy credits purchased in 2010 to be supplied in 2011. The PUCO ordered FirstEnergy to credit its customers \$43.4 million (plus interest).

OCC agreed that the PUCO appropriately disallowed FirstEnergy's imprudent renewable energy credit purchases in one transaction. But OCC requested that the PUCO reconsider its decisions allowing other high-priced purchases to be charged to customers. OCC recommended that customers be given significantly higher credits on their electric bills than the \$43.4 million that the PUCO disallowed.

In an unusual development, OCC was prevented from publicly stating its recommendation for the total amount of charges that FirstEnergy should credit to consumers. FirstEnergy succeeded in its efforts for the PUCO to keep this purchasing information from the public domain, claiming the information is a confidential trade secret.

In December, FirstEnergy appealed the PUCO's \$43.4 million disallowance to the Ohio Supreme Court, and asked the Court to stop (stay) the PUCO order for immediate credits to customers. In early January 2014, OCC and the PUCO filed in opposition to FirstEnergy's request for a stay.

In February 2014, the Ohio Supreme Court granted FirstEnergy's request to stop the bill credits that the

PUCO had ordered for returning the \$43.4 million to customers, while the Court considers FirstEnergy's appeal. The Supreme Court appeal will continue in 2014.

FirstEnergy, Case No. 11-5201-EL-RDR

OCC recommends allowing Ohioans to opt-out of smart meters

In 2013, many of Ohio's electric utilities continued to deploy "smart" meters in the homes of their residential customers. A smart meter is an advanced device that allows automated two-way communication between a customer's meter and the local utility. This type of meter provides the utility with access to detailed information about a customer's usage. Detailed usage information can enable more pricing alternatives, such as prices varying by time of day, to be made available for customers.

Consumers have raised issues with regard to smart meters. For example, privacy concerns exist because of the detailed data that exist about the time and amount of the customer's usage. The PUCO Staff, in its consideration of the Electric Service and Safety Standards, recommended that customers have the choice to opt-out of having advanced meters installed in their homes and to instead be able to retain a traditional meter.

OCC filed comments in August recommending that customers be given the choice of whether to allow the utility to install a smart meter in their homes, after having options and costs explained.

The electric utilities generally opposed allowing customers to opt-out of a smart meter. In its October decision, the PUCO required that utilities give customers the choice of whether to opt-out of the installation of an advanced meter.

The PUCO's decision reflected OCC's recommendation to require electric utilities to explain the facts about advanced meters and address customers' concerns prior to the customer making a decision on whether to opt-out of having a smart meter. OCC's recommendation included the offering of multiple options to customers, with each choice and its associated cost explained, leaving the final choice to the customer.

The PUCO also ruled that utilities can charge customers a fee for declining a smart meter, to reflect that meter-reading for a traditional meter may cost more than with an automated smart meter.

Case No. 12-2050-EL-ORD

Electric Utilities Seek Legislation to Increase Profits at Consumers' Expense

Ohio's major investor-owned electric utilities sought higher profits from consumers' energy efficiency savings last September in a complex bill that drew opposition from a number of customer groups, including OCC, AARP and the Ohio Manufacturers' Association.

Senate Bill 58 and its counterpart in the House (House Bill 302) were introduced in an effort to revise the 2008 law on the state's energy efficiency and renewable energy standards. When the 2008 law was passed, electric utilities established energy efficiency programs.

OCC was part of a coalition that opposed the legislation. OCC and others provided public testimony, explaining that the legislation's impact would include higher electric bills and weakened consumer protections, turning customers' savings into higher profits for the utilities.

Under current law, each electric utility must file a three-year energy efficiency plan with the PUCO. Utilities can be rewarded with an incentive if they achieve more energy efficiency than is required under the law. But the proposed bills, if passed, would have allowed utilities a 33 percent profit on energy efficiency savings. And consumers would also be required to pay the taxes on those profits.

OCC estimated that, as a result of the provisions in the proposed bills, a compact fluorescent light bulb or a newer LED bulb could actually cost customers many times more than the initial sales price, when additional utility charges on electric bills are considered over the life of the bulb. For these reasons, OCC and others urged legislators to reject the proposed legislation.

During hearings last fall, OCC and others in the coalition offered a compromise amendment. That amendment would allow Ohio's biggest electric users an exemption from participating in and paying for the energy efficiency programs under the 2008 law, while protecting other consumers from paying for higher utility charges.

The legislation received a number of hearings last fall. A vote in the Senate Public Utilities Committee was canceled last December.

OCC advocates in industry-wide discussion of the retail electric market

During 2013, OCC and other stakeholders participated in the PUCO's review of Ohio's retail electric service market. The Standard Service Offer has a price for electric generation service that is arranged by utilities and offered to customers who do not choose generation service from a retail supplier. Preserving the standard offer was a major focus of OCC's concern. Several marketers had indicated support for eventually eliminating the standard offer option for consumers.

OCC also supported developing a standardized bill format with the goal of providing consumers with easy-to-understand information for their benefit. OCC recommended a cost-effective approach for implementing newly standardized bill formats, which would clearly display the utility's name, contact information, as well as a definition and explanation of the utility's charges.

Natural Gas

Overview

Preserving a century-old Ohio law that balances consumer and utility interests was a priority for the Office of the Ohio Consumers' Counsel (OCC) during 2013. In a Duke Energy (Duke) rate case, OCC recommended that the Public Utilities Commission of Ohio (PUCO) deny the utility's request to charge customers for the costs to clean up pollution at two long-defunct manufactured gas plant sites. OCC's recommendation was based on an Ohio law that limits utilities to charging customers for the reasonable costs of providing current utility service. Also, the law limits utilities to charging customers for property that is "used and useful" in rendering the public utility service. The natural gas utilities also sought legislation that would enable them to charge customers for the pollution clean-up costs.

In January, the PUCO approved two agreements that OCC and others negotiated during 2012. Those agreements preserved, for at least several years if not longer, the market-based auctions that have been very successful in lowering natural gas bills for customers of Columbia Gas (Columbia) and Dominion East Ohio (Dominion).

OCC also presented expert testimony in an audit case where two natural gas utilities were required to return nearly \$1.5 million to customers of Northeast Ohio Natural Gas (Northeast) and Orwell Natural Gas (Orwell).

In the Ohio House of Representatives, a bill supported by natural gas marketers was introduced that, if passed into law, would likely increase the price of the Standard Choice Offers that many customers pay for purchasing natural gas. Columbia, Dominion and Vectren Energy Delivery Ohio (Vectren) have Standard Choice Offers.

OCC opposed Duke's request to charge customers for clean-up of polluted manufactured gas plant sites

One of the most significant legal issues in Ohio ratemaking during 2013 was considered in a Duke rate case.

In an April agreement among OCC, the PUCO Staff, Duke and other parties, Duke's request to increase customers' distribution rates was reduced by \$44 million. One issue remained: Duke's proposal to charge customers for \$63 million to clean up its defunct manufactured gas plants. OCC and others asserted that, under a long-standing Ohio law, the PUCO is limited to allowing utilities to charge customers for the cost of their current utility service. And, OCC asserted, the costs of cleaning up pollution at manufactured gas plants are not the costs of current utility service under the law.

During the case the PUCO Staff cited this law and recommended that about 90 percent of Duke's request be disallowed. In June, the OCC Governing Board adopted a resolution opposing "efforts to weaken the 'used and useful' standard and other standards designed to fairly balance the interests of consumers and utilities."

In November, the PUCO decided to allow Duke to collect \$55.5 million in clean-up costs from its 420,000 natural gas customers. Two of the five PUCO Commissioners dissented from the decision. As a result of the PUCO's decision, natural gas customers will pay Duke a total of about \$100, on average, over five years. After the PUCO allowed Duke to charge customers for the clean-up costs, the OCC Governing Board voted to encourage OCC to take actions to protect utility customers.

OCC and others asked the PUCO to reconsider its decision. In a separate request, OCC and others asked the PUCO to prevent Duke from billing customers for the clean-up costs during any appeal to the Ohio Supreme Court. OCC's consumer advocacy on this issue will continue in 2014.

Duke, Case No. 12-1685-EL-AIR et al.

Standard Offers can provide lower natural gas prices for consumers

In 2013, Columbia, Dominion and Vectren held market-based auctions to set delivery prices for natural gas. OCC continued to support these competitive auctions, which produced either the same or lower results than the previous year for each of the three utilities.

Columbia, Dominion and Vectren do not currently purchase the natural gas they deliver through their respective pipes. Instead, independent natural gas suppliers compete in the auctions for the right to purchase and supply the gas to customers at the utilities' Standard Choice Offer prices. These prices combine the monthly wholesale price of natural gas with a smaller delivery price adjustment set through the auctions.

The auctions have typically provided customers with the lowest-priced option available. This pattern has continued for a number of years.

In this regard, a 2012 article in *The Columbus Dispatch* revealed that, since 1997, customers who selected a competitive natural gas supplier paid \$885 million more than they would have paid by continuing to purchase natural gas from Columbia.

In 2013, the PUCO approved two agreements that OCC negotiated with Columbia and Dominion that will preserve the option of the Standard Choice Offer for residential customers. The Standard Choice Offers will be preserved until at least 2017 for Columbia customers and 2016 for Dominion customers. After that time, the standard offer would continue for residential consumers unless others request to end it and the PUCO approves their request. The Columbia agreement provided

that six local public hearings would be held in the event of any proposal to end the standard offer.

*Dominion, Case Nos. 12-1842-GA-EXM; 07-1224-GA-EXM
Columbia, Case Nos. 12-2637-GA-EXM; 08-1344-GA-EXM
Vectren, Case No. 07-1285-GA-EXM*

Northeast, Orwell penalized for practices resulting in unreasonable rates to customers

In 2013, OCC and the PUCO Staff provided evidence to the PUCO showing that the Northeast and Orwell natural gas utilities charged unreasonably high gas prices to their customers. Northeast has about 14,100 residential customers and Orwell has about 7,230 residential customers.

A 2012 audit revealed that Northeast and Orwell had continued the same unreasonable purchasing practices that were addressed during a previous audit in 2010. In a 2011 settlement among OCC, the two utilities and the PUCO Staff, Northeast and Orwell committed to terminating gas purchasing contracts that favored their affiliated companies.

But the 2012 audit revealed that customers were still paying unreasonably high prices for their natural gas. OCC recommended that the PUCO require the utilities to return nearly \$1.5 million to customers and called for more than \$200,000 in penalties against the two utilities for violating the law.

The PUCO's November decision required the utilities to credit nearly \$1.5 million to the benefit of their customers. Northeast customers were credited nearly \$985,000; Orwell customers were credited about \$476,000. The PUCO also took the unusual step of penalizing both utilities for their violations of law (\$26,000 against Northeast and \$50,000 against Orwell).

In their strongly worded Order, the PUCO Commissioners stated, "The extent of the unawareness and negligence of the senior management of the Companies to their managerial and fiduciary duties and responsibilities, the failure to enforce internal controls, the lack of control over access to company records, the impropriety of the

compensation system for employees of the Companies, and the functional absence of responsible persons serving in management positions, all of these situational deficiencies appear to be the norm, rather than the exception, and raise sufficient legitimate concerns.”

Northeast, Case No. 12-209-GA-GCR
Orwell, Case No. 12-212-GA-GCR

OCC recommended preserving existing law when natural gas utilities sought legislation to allow charging customers for costs to clean up old plant sites

Natural gas utilities sought an amendment that was added to Ohio’s two-year state budget, Amended Substitute House Bill 59. The amendment would have allowed the utilities to charge customers for the costs to clean up manufactured gas plant sites where pollution began in the mid-1800s. Ultimately, the Governor vetoed the amendment.

Currently, a long-standing Ohio law protects consumers by limiting charges on their utility bills. The law limits utilities to charging customers for the reasonable costs of providing the current utility service. And the law limits utilities to charging for only that amount of their property that is used and useful in the rendering of current utility service.

OCC presented its recommendations for consumer protection to an Ohio Senate Committee in May 2013. And the OCC Governing Board adopted a resolution, in June 2013, expressing its opposition to “efforts to weaken the ‘used and useful’ standard and other standards designed to fairly balance the interests of consumers and utilities.”

Legislation could increase natural gas prices

Ohio House Bill 102 (HB 102) was introduced in March. With the Bill, some natural gas marketers sought to increase the price of the Standard Choice Offer that many customers pay, claiming that it’s a subsidized rate. Also, the marketers compete for business against the Standard Choice Offer.

OCC opposed HB 102, and supported preservation of the existing Standard Choice Offer. One reason the Standard Choice Offer should be preserved against regulatory changes to increase its price is that it is a reflection of the cost of natural gas on the open market. OCC supports the continuation of the Standard Choice Offer.

The Bill did not receive a hearing in 2013.

Telecommunications

Overview

The Office of the Ohio Consumers' Counsel (OCC) participated in several cases on behalf of customers with basic local telephone (stand-alone, dial-tone only) service during 2013. In one case, Frontier Communications (Frontier) sought approval from the Public Utilities Commission of Ohio (PUCO) for the authority to raise customers' monthly rates by \$1.25 in 223 of its exchanges. In another case, Windstream Western Reserve (Windstream) asked the PUCO to allow it to collect an advance payment for the first month of service from some customers.

Additionally, OCC and the PUCO Staff reached two settlements with Frontier regarding Frontier's failure to meet certain service quality commitments. In those settlements, Frontier agreed to install broadband in two rural areas of Ohio in lieu of paying penalties to the State of Ohio.

Finally, OCC continued to monitor and participate in the activities of the National Association of State Utility Consumer Advocates (NASUCA) of which it is a member. In 2013, NASUCA presented oral arguments in an appeal involving the access recovery charges that consumers eventually will pay.

Frontier increases rates for its basic local service customers

During 2013, OCC represented residential customers on two occasions when Frontier sought the authority to raise rates for customers paying for basic local telephone service.

In 2009, the PUCO granted Verizon North, Inc. (Verizon) the authority to raise the rates it charged customers for basic service in 21 exchanges. Frontier acquired the Verizon territory in Ohio in 2010. In December 2012, Frontier asked the PUCO for authority to raise rates in its remaining 223 exchanges. In a prior agreement, Frontier had committed to not raising residential customers' rates until after it reached an 85 percent threshold for broadband deployment in its territories. Therefore, Frontier filed an addendum in the case limiting these increases (up to \$1.25 per month for basic local service) to only small business customers, and not to residential customers.

OCC asked the PUCO to deny Frontier's request in 13 of the 223 exchanges because the utility had not met the legal requirement of demonstrating that competitive service was available to basic service customers in those areas. The application was automatically approved without any PUCO action.

In May, Frontier filed a letter stating that it had met its commitment to install broadband in 85 percent of its territories. The following month, the utility applied for authority to raise residential basic local service rates by up to \$1.25 per month in the 223 exchanges that were the subject of the 2012 application for small businesses.

OCC asked the PUCO to deny Frontier the authority to increase residential basic local service rates in 12 exchanges. OCC said that Frontier failed to demonstrate that at least two competitive service providers offer service to residential customers in the exchanges, which Ohio law requires as a minimum for considering such applications. OCC advocated that although Frontier's documentation had listed and described several competing services, it did not prove that the competing services were offered in the exchanges.

Again, the application was automatically approved without any PUCO action. The PUCO denied OCC's subsequent request for rehearing.

As a result of the approval of both cases, the \$1.25 monthly increase to Frontier's residential customers took effect in August.

Frontier, Case No. 12-3127-TP-BLS

Frontier, Case No. 13-1528-TP-BLS

Frontier agrees to install broadband in two rural Ohio areas

In January, OCC reached an agreement with Frontier and the PUCO Staff resolving Frontier's failure to meet certain service quality standards. These standards were established as part of a 2009 agreement that allowed Frontier to acquire Verizon's Ohio telephone exchanges and provided that Frontier would pay a \$100,000 penalty to the state if it failed to meet the performance standards. In January, the parties agreed that the penalty funds would be used to bring broadband to an area that was not in the utility's immediate plans for broadband deployment.

The PUCO approved the agreement in February and required Frontier to submit its proposal for a site. Frontier, along with OCC and the PUCO Staff, agreed that Frontier would install broadband to serve approximately 380 households in an area near New Boston, in Scioto County. The selection was made based upon the area's high poverty and unemployment rates and its location in a rural area, comprised mostly of residential and small business customers.

In November, a second failure to meet performance standards caused Frontier to owe an additional \$100,000. Again, OCC, Frontier and the PUCO Staff agreed that, in lieu of Frontier paying the money to the state, an additional site (that had not been part of Frontier's original broadband plans) would be selected for installing broadband. The parties chose a site in Ashland County, which would be equipped to provide broadband service to about 300 households.

As of the end of 2013, the PUCO had not yet approved the second agreement.

Frontier, Case No. 09-454-TP-ACO

Windstream asks to charge both a deposit and an advance payment to some basic service customers

In October, Windstream asked the PUCO to allow the utility to collect an advance payment for basic local telephone service prior to installing the service in situations where customers could not establish credit.

OCC recommended that the PUCO deny Windstream's request. Ohio law allows telephone companies to collect deposits of up to 230 percent of estimated charges for one month of service. Windstream had already included this provision in tariffs filed at the PUCO. OCC maintained that an advance payment was not necessary to demonstrate an applicant's creditworthiness, given that Windstream is allowed to collect a deposit.

On November 27, 2013, the PUCO suspended automatic approval of Windstream's request for 60 days. The PUCO had not ruled on Windstream's request as of the end of 2013.

Windstream, Case No. 13-2159-TP-ATA et al.

NASUCA continues its appeal of Federal Access Recovery Charges

On November 19, 2013, NASUCA presented oral arguments in support of a 2012 appeal to the U.S. Court of Appeals for the Tenth Circuit of a Federal Communications Commission (FCC) Order that impacts Ohio telephone consumers.

The FCC Order established a plan to reduce intercarrier access charges to zero by 2018. Intercarrier access charges are fees telephone utilities charge each other for calls that begin or end in different local calling areas.

In its advocacy, NASUCA repeated its opposition to the Access Recovery Charge. The Charge allows local telephone utilities to bill their customers to compensate them for the money lost due to the elimination of intercarrier access fees.

NASUCA advocated that the FCC did not have the authority to impose new charges on customers to recover the lost revenues of local telephone utilities. This position is supported because the monies lost are intrastate revenues, meaning that they were derived from calls that began and ended within state lines. A decision on the appeal was still pending at the end of 2013.

FCC Order No. 11-161

Water

Overview

The Office of the Ohio Consumers' Counsel (OCC) continued its advocacy on behalf of residential water customers in 2013.

Aqua Ohio (Aqua) requested authority from the Public Utilities Commission of Ohio (PUCO) to increase the rates paid by most of its customers for water. Aqua maintains that the rate increase is needed mainly to pay for plant investments made over the past several years.

Aqua Ohio customers asked to pay more for water service

The utility's December filing seeks to increase the rates of its customers by \$6.65 million or approximately 11.75 percent overall.

If the request is approved, residential customers would pay an additional \$4.34 million for water service. The remaining portion of the increase would be assessed to commercial and industrial customers, as well as other entities, including public authorities.

Aqua claims that the increase is needed to pay for water plant investments it made during the past several years. Additionally, Aqua's proposal moves toward its goal for

all residential customers to pay the same rates for water service in its Lake Erie, Masury and Aqua Ohio Water (former Ohio American Water) Divisions.

Aqua also proposed to increase several fees that customers pay, including account activation charges, reconnection fees and the monthly customer charge. Customers in two areas, the Lake Erie and Masury Divisions, will see decreases in the monthly customer charge from the current rates.

OCC was reviewing Aqua's proposed increases, at the end of 2013.

Aqua, Case No. 13-2124-WW-AIR

Consumer Education

Overview

A key component of the mission of the Office of the Ohio Consumers' Counsel (OCC) is "education in a variety of forums" for consumers. OCC's public affairs department provided education for Ohioans in 2013. This consumer education included OCC's website, fact sheets, newsletter, outreach presentations to consumers, media relations, and responding to consumers' informational inquiries.

In 2014, OCC will begin using social media as a tool to communicate with consumers.

OCC continues its focus on educating consumers about energy choices

Ohio continued its transition toward competitive energy utility services in 2013. Retail electricity and natural

gas suppliers offered a variety of choices for consumers who had the option of purchasing energy through their local utility, selecting a marketer or joining a municipal aggregation program if available in their community.

OCC continued to provide weekly price information updates about electricity and natural gas offers. In this regard, OCC encouraged consumers to choose options that could help save money on their energy bills. At the same time, OCC's outreach and education specialists appeared at events throughout the state, explaining energy choice. And they advised customers about taking careful approaches to answering marketing calls and door-to-door solicitations.

In its spring newsletter, OCC alerted Dominion customers to be aware of a "monthly variable rate" that could increase their natural gas bills. If Dominion customers do not take timely action after their supplier contract ends, they will be assigned to a supplier at its "monthly variable rate." That rate may be significantly higher than the Standard Choice Offer. Customers wanting to buy natural gas at the standard offer instead of the monthly variable rate would need to call Dominion within two months after the end of their previous contract.

Educating customers about energy contracts and how to choose an energy supplier were focuses of OCC's outreach in 2013. With wholesale natural gas prices remaining relatively stable, OCC informed Columbia, Dominion and Vectren customers that their natural gas choices include the Standard Choice Offers of the utilities. The natural gas standard offer often was the lowest-priced offer.

Customers could find more information about the "price to compare" by reviewing OCC's fact sheet, *Comparing Your Electric Choices*. This effort was to help customers determine if they could find a lower generation price from a supplier or were better off remaining with their local utility.

Low Income Dialogue Group

The Low Income Dialogue Group, facilitated by OCC, continued in 2013. The group is a coalition of stakeholders representing Ohio's at-risk populations. The group's meetings allowed for discussions of current utility issues and strategies for helping Ohioans struggling to pay their utility bills.

Several members of the group wrote letters to the Ohio General Assembly expressing concerns about the potential impacts of Senate Bill 58 on Ohioans' electric bills. Members of the group also analyzed and provided input on various PUCO cases, such as the PUCO's five-year review of rules related to creditworthiness and disconnection of utility services. A major part of this review included an analysis of the rules for the Percentage of Income Payment Plan program (PIPP Plus). PIPP Plus helps low-income customers by allowing them to enter into an extended program making monthly payments based on a percentage of their household income. During the PUCO's review of Ohio's electric and natural gas utility retail markets, members of the Low Income Dialogue Group submitted comments.

Also, as in previous years, the Low Income Dialogue Group reviewed data provided by the Ohio Development Services Agency. The data relate to the effectiveness of low-income programs such as PIPP Plus, the Home Energy Assistance Program (HEAP), Emergency Home Energy Assistance Program (E-HEAP) and the Summer Crisis Program. OCC looks forward to continuing the work of the Low Income Dialogue Group in 2014.

Employee Recognition

Exceptional employees are recognized by OCC's directors throughout the year. Employees are acknowledged for their outstanding work on behalf of Ohio's residential utility consumers and for exemplifying OCC's mission, vision and values. From among these recognized employees, OCC's staff annually selects an employee of the year.

2013 Employee of the Year



Kyle Kern

Kyle Kern, assistant consumers' counsel, was selected as OCC's 2013 Employee of the Year by her peers.

Ms. Kern began her career as an OCC attorney in 2010 after having been a legal intern for the agency. In 2013, she served Ohio's residential consumers with distinction on a variety of issues affecting their electric bills. Working with her OCC colleagues and other stakeholders, she advocated in regulatory cases and in the legislative process to advance OCC's vision of affordable utility services for Ohioans.

Prior to joining OCC, Ms. Kern worked as an associate for a law firm in Dayton. She earned her juris doctor with cum laude distinction from the University of Toledo College of Law in 2008, her master's degree from the University of Akron and her bachelor's degree cum laude from Ashland University. She was chosen as the July/August 2012 Employee of the Months.

Jim Williams

Jim Williams, chosen Employee of the Months for November/December 2012, serves OCC as the senior consumer protection research analyst. Mr. Williams researches consumer protection issues and advocates for utility improvements. He joined OCC in 1996 as a compliance specialist.

Wilson Gonzalez

Wilson Gonzalez was chosen as Employee of the Months for January/February 2013. He was formerly a senior energy policy advisor, providing expertise in energy efficiency, renewable energy and smart grid technologies. His career at OCC was from 2004 through 2013.

John Schroeder

Employee of the Months for March/April 2013, John Schroeder is the network administrator for OCC. He assists employees with needs related to software and databases, as well as works to maintain security of OCC's networks. Mr. Schroeder joined OCC in May 2012.

Larry Sauer

Selected as OCC's Employee of the Months for May/June 2013, Larry Sauer is an assistant consumers' counsel who handles complex electric and natural gas issues, including distribution rate cases. Mr. Sauer joined OCC in March 2003.

Greg Slone

Greg Slone, selected as Employee of the Quarter for July-September 2013, is a senior energy analyst at OCC. He provides technical assistance on various energy issues, prepares reports and conducts studies.

Marty Berkowitz

Marty Berkowitz, chosen Employee of the Quarter for October-December 2013, is the senior media specialist for OCC. He responds to media inquiries and develops such educational materials as newsletter articles and fact sheets. He joined OCC in 2008 as a public information specialist.

2013 Fiscal Report

The Office of the Ohio Consumers' Counsel (OCC) is funded through an assessment on the intrastate gross receipts of entities regulated by the Public Utilities Commission of Ohio (PUCO), based on Section 4911.18 of the Ohio Revised Code. Total assessments for 2013 amounted to \$5,004,048 after adjustments.

OCC assessed more than 1,000 entities for operating funds for fiscal year 2013. If all regulated entities charged their customers for the cost of OCC's budget, this would cost customers approximately 2.35 cents for every \$100 in utility bills. This cost is equivalent to less than a dollar a year for a typical utility customer.

Operating budget

Fiscal year 2014 appropriation
(July 1, 2013 through June 30, 2014)

Personnel services	\$ 4,009,713.70
Maintenance and equipment	\$ 933,057.92
Purchased personal services	\$ 698,321.38
Total	\$ 5,641,093.00

2013 Case Activity

Cases with All Utilities at the Public Utilities Commission of Ohio

Case Number	Company/Case Type	Issue
13-0579-AU-ORD	PUCO Rules Review	Access to Poles, Ducts, Conduits and Rights of Way
13-0274-AU-ORD	PUCO Rules Review	Credit and Disconnect
12-3228-AU-ORD	PUCO Rules Review	Standard Filing Requirements

Electricity Cases at the Public Utilities Commission of Ohio

Case Number	Company/Case Type	Issue
13-2385-EL-SSO; 13-2386-EL-AAM	Ohio Power	Electric Security Plan III
13-2249-EL-UNC; 13-2250-EL-UNC	Ohio Power and Columbus Southern Power	2011 Significantly Excessive Earnings Test
13-2029-EL-ORD	PUCO Rules Review	Market-Based Standard Service Offer
13-1939-EL-RDR	Ohio Power	gridSMART Phase 2
13-1938-EL-WVR	Ohio Power	Limited gridSMART Waiver
13-1937-EL-ATA	Ohio Power	gridSMART Termination of Experimental Tariffs
13-1539-EL-UNC	Duke Energy	Reliability Targets
13-1530-EL-RDR	Ohio Power	Transition to Market Based Rates
13-1406-EL-RDR	Ohio Power	Annual Transmission Cost Recovery Rider

13-1296-EL-USF	Ohio Development Services Agency	Universal Service Fund
13-1063-EL-RDR	Ohio Power	Enhanced Service Reliability Rider
13-1027-EL-UNC	PUCO Rules Review	Verification of Energy Efficiency and Peak Demand Reductions Achieved by Electric Distribution Utilities
13-0956-EL-RDR	Dayton Power and Light	Energy Efficiency Rider Update
13-0893-EL-AIS	Dayton Power and Light	Financing First Mortgage Bonds
13-0833-EL-POR; 13-0837-EL-WVR	Dayton Power and Light	Energy Efficiency/Peak Demand Reduction Application for 2013-2015
13-0753-EL-RDR	Duke Energy	Energy Efficiency/Peak Demand Response Program Charges
13-0722-EL-RDR	FirstEnergy	Demand Side Management and Energy Efficiency Riders
13-0662-EL-UNC	Duke Energy	Low Income Energy Efficiency Program with People Working Cooperatively
13-0652-EL-ORD	PUCO Rules Review	Alternative Energy Portfolio Standards
13-0651-EL-ORD	PUCO Rules Review	Energy Efficiency Rules
13-0568-EL-RDR	Ohio Power	Decoupling
13-0431-EL-POR	Duke Energy	Energy Efficiency/Peak Demand Reduction Application for 2014-2016

2013 Case Activity

13-0419-EL-RDR	Ohio Power	Distribution Investment Rider
13-0345-EL-RDR	Ohio Power	gridSMART Rider
12-3281-EL-ATA	Duke Energy	Pilot Tariff Approval
12-3255-EL-ATA	Ohio Power	2012 Major Storm Costs
12-3254-EL-UNC	Ohio Power	Competitive Bidding for Procurement of Energy to Support SSO
12-3151-EL-COI	Commission Investigation	Electric Market Design and Corporate Separation
12-3129-EL-UNC	Ohio Power	Distribution Investment Rider
12-3062-EL-RDR; 12-3266-EL-AAM	Dayton Power and Light	Deferral Accounting for 2008, 2011 and 2012 Major Storm Costs
12-2881-EL-FAC	Dayton Power and Light	Fuel Audit
12-2855-EL-RDR	FirstEnergy	Delivery Capital Recovery Rider
12-2400-EL-UNC; 12-2401-EL-AAM; 12-2402-EL-ATA	Duke Energy	Capacity Charges
12-2281-EL-AAM	Dayton Power and Light	Deferral Accounting for Storm-Related Service Restoration Costs Accounting
12-2190-EL-POR; 12-2191-EL-POR; 12-2192-EL-POR	FirstEnergy	Energy Efficiency/Peak Demand Reduction Application for 2013-2015
12-2051-EL-ORD	PUCO Rules Review	Interconnection Services
12-2050-EL-ORD	PUCO Rules Review	Electric Services Rules
12-1969-EL-AIS	Ohio Power	Securitization
12-1945-EL-ESS	Ohio Power	Reliability
12-1924-EL-ORD	PUCO Rules Review	Competitive Retail Electric Service
12-1832-EL-ESS	Dayton Power and Light	Reliability
12-1682-EL-AIR; 12-1683-EL-ATA; 12-1684-EL-AAM	Duke Energy	Distribution Rate Case
12-1126-EL-UNC	Ohio Power	Corporate Separation
12-0426-EL-SSO; 12-0427-EL-ATA; 12-0428-EL-AAM; 12-0429-EL-WVR; 12-0672-EL-RDR	Dayton Power and Light	Electric Security Plan II
12-0406-EL-RDR	FirstEnergy	Smart Grid Tariff
11-5905-EL-RDR	Duke Energy	Decoupling Rider
11-5201-EL-RDR	FirstEnergy	Advanced Energy Rider
11-0346-EL-SSO; 11-0348-EL-SSO; 11-0349-EL-AAM; 11-0350-EL-AAM	Columbus Southern Power and Ohio Power	Electric Security Plan II

11-0281-EL-FAC	Columbus Southern Power and Ohio Power	Fuel Adjustment Clause
10-2929-EL-UNC	Columbus Southern Power and Ohio Power	Capacity Charges

Electricity Cases at the Supreme Court of Ohio

Case Number	Company/Case Type	Issue
2013-2026	FirstEnergy v. PUCO (OCC Intervening Appellee)	FirstEnergy Appeal of PUCO Decision on FE Alternative Energy Rider (PUCO Case No. 11-5201-EL-RDR)
2013-0521	OCC v. PUCO (OCC Appellant)	OCC, Kroger, IEU (Appellants) and Ohio Power (Cross-Appellant) Appeal of PUCO Decision on AEP Standard Service Offer (PUCO Case No. 11-346-EL-SSO)
2013-0228	OCC v. PUCO (OCC Appellant)	OCC, IEU, and FES Appeal of PUCO Decision on AEP Capacity Charges (PUCO Case No. 10-2929-EL-UNC)
2012-2008	OCC v. PUCO (OCC Appellant)	Ohio Power Appeal of PUCO Decision (IEU and OCC Cross-Appeal) on Columbus Southern Power and Ohio Power Deferred Fuel Cost Phase-in Recovery Rider (PUCO Case Nos. 11-4920-EL-RDR et al.)
2012-0187	OCC and IEU v. PUCO	OCC and IEU Appeal of PUCO Decision on Remand of Columbus Southern Power Electric Security Plan (PUCO Case Nos. 08-917-EL-SSO et al.)

Electricity Cases at the Federal Energy Regulatory Commission

Case Number	Company/Case Type	Issue
ER14-504	PJM	Demand Response Resources Clear in Reliability Pricing Model
ER14-503	PJM	Limit on Amount of Capacity
ER13-1164	AEP Ohio	Wholesale Capacity Price
EL 13-47	FirstEnergy Solutions and Alleghany v. PJM	FDR Revenue Shortfall
AD13-07	Regional Transmission Organizations and Independent System Operators	Centralized Capacity Markets
ER12-1901	GenOn	Reliability Must Run
ER11-3279	Midwest Independent System Operator and FirstEnergy	PJM Switch
ER11-2814	PJM/ATSI	PJM Switch

2013 Case Activity

Natural Gas Cases at the Public Utilities Commission of Ohio

Case Number	Company/Case Type	Issue
13-1571-GA-ALT	Vectren	Alternative Rate Plan
13-1307-GA-COI	Commission-Ordered Investigation	Standard Choice Offer and Competitive Markets
13-1208-GA-PIP	Dominion East Ohio	Percentage of Income Plan
13-1132-GA-ORD	PUCO Rules Review	Gas Adjustment Clause Rules
13-1121-GA-RDR	Vectren	Distribution Replacement Rider
13-0778-GA-UNC	Columbia Gas	Base Chip Portion of Transition Adjustment
12-3224-GA-AAM	Columbia Gas	Deferral Accounting for Project Management etc.
12-3125-GA-RDR	Dominion East Ohio	Pipeline Infrastructure Replacement Program
12-3116-GA-RDR	Dominion East Ohio	Adjust Automated Meter Reading
12-3028-GA-RDR; 12-3029-GA-ATA	Duke Energy	Accelerated Main Replacement Program
12-2923-GA-RDR	Columbia Gas	Infrastructure Replacement Program and Demand Side Management Program Riders
12-2637-GA-EXM; 08-1344-GA-EXM	Columbia Gas	Exit the Merchant Function
12-1842-GA-EXM; 07-1224-GA-EXM	Dominion East Ohio	Exit the Merchant Function
12-1685-GA-AIR; 12-1686-GA-ATA; 12-1687-GA-ALT; 12-1688-GA-AAM	Duke Energy	Distribution Rate Case
12-0925-GA-ORD	PUCO Rules Review	Competitive Retail Natural Gas Service
12-0218-GA-GCR	Duke Energy	Gas Cost Recovery and Management Performance Audit
12-0212-GA-GCR	Orwell	Gas Cost Recovery
12-0209-GA-GCR	Northeast	Gas Cost Recovery
11-5590-GA-ORD	PUCO Rules Review	Exiting the Merchant Function

Natural Gas Cases at the Supreme Court of Ohio

Case Number	Company/Case Type	Issue
2013-0674	OPAE v. PUCO (OCC Amicus)	OPAE Appeal of PUCO Decision on Columbia Gas Exit of Merchant Function (PUCO Case No. 08-1344-GA-EXM)
2013-0433	OPAE v. PUCO (OCC Amicus)	OPAE Appeal of PUCO Decision on Dominion Exit of Merchant Function (PUCO Case No. 12-1842-GA-EXM)
2012-2117	DEO v. PUCO (OCC Amicus)	Dominion East Ohio Appeal of PUCO Decision on DEO's Automated Meter Reading Rider (PUCO Case No. 11-5843-GA-RDR)

Combined Natural Gas/Electric Cases at the Public Utilities Commission of Ohio

Case Number	Company/Case Type	Issue
13-1141-GE-RDR	Duke Energy	SmartGrid Rider
12-1811-GE-RDR	Duke Energy	SmartGrid Rider

Telecommunications Cases at the Public Utilities Commission of Ohio

Case Number	Company/Case Type	Issue
13-2159-TP-ATA; 13-2160-TP-ATA	Windstream	Advanced Payment for Residential Basic Service
13-1528-TP-BLS	Frontier North, Inc.	Basic Local Exchange Service Pricing
12-3127-TP-BLS	Frontier North, Inc.	Basic Local Exchange Service Pricing
10-2387-TP-COI	Commission-Ordered Investigation	Access Charge Reform
09-0454-TP-ACO	Frontier North, Inc.	Broadband Deployment in Lieu of Frontier Paying a Forfeiture
97-0414-TP-UNC	Commission's Oversight	Small Local Exchange Companies

Water Cases at the Public Utilities Commission of Ohio

Case Number	Company/Case Type	Issue
13-2124-WW-AIR	Aqua Ohio	Rate Case
13-1042-WW-SIC	Aqua Ohio	System Improvement Charge
12-0234-WS-ORD	PUCO Rules Review	System Improvement Charge

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