



**MINUTES OF THE
THREE HUNDRED AND SEVENTY SECOND MEETING
OF THE OHIO CONSUMERS' COUNSEL GOVERNING BOARD
November 22, 2016**

Members Present: Mr. Gene Krebs, Chair
Mr. Michael Watkins, Vice-Chair
Ms. Kelly Moore
Mr. Roland Taylor
Mr. Fred Yoder
Mr. Stuart Young

Members Absent: Mr. Fred Cooke, Ms. Sally Hughes

CALL TO ORDER BY CHAIRMAN:

Chairman Krebs called the meeting to order at approximately 9:10 A.M.

RESOLUTION:

Chairman Krebs read the resolution prepared in honor of former Board member Jason Clark. Vice-Chair Watkins made a motion to approve the resolution. Mr. Yoder seconded the motion and Ms. Hunyadi called the roll. The motion passed unanimously.

RECOGNITION OF STAFF:

Ms. Hunyadi congratulated staff member John Schroder and his family on the birth of their new son.

APPROVAL OF MINUTES:

Chairman Krebs asked for a motion to approve the minutes from the September 27, 2016 Board meeting. A motion was made by Ms. Moore to approve the September 27, 2016 Board meeting minutes. The motion was seconded by Mr. Young. Ms. Hunyadi called the roll. The minutes were approved unanimously.

BOARD MEETING DATES FOR 2017:

The Board meeting schedule for 2017 is proposed as follows:

January 10, 2017

March 21, 2017

May 9, 2017

July 18, 2017

September 12, 2017

November 21, 2017

It was discussed that all the 2017 Board meetings should begin at 9:00 a.m. except for the January 10 meeting which should begin at 10:00 a.m. A motion to approve was made by Mr. Yoder. The motion was seconded by Vice-Chair Watkins and Ms. Hunyadi called the roll. The schedule was approved unanimously

BOARD DISCUSSION:

Consumers' Counsel Weston began by stating that a synopsis of external presentations from Board meetings over the last 18 months was prepared as a reference point for their discussion. The presentations from 2015 ultimately preceded the January 2016 Board Report, "Everyone is Unhappy."

Chair Krebs asked the Board if they had determined any broad trends from the presentations. Mr. Yoder stated that he appreciated the presentations. He asked how we can increase the relevancy of the Ohio Consumers' Counsel as the future of the utility industry changes. How do we make the Ohio Consumers' Counsel relevant to the everyday frustrations and challenges that our consumers have?

Chair Krebs stated that everyone is unhappy, but rural Ohio is unhappier than Ohioans living in urban and suburban areas of the state. He mentioned a report by John Begala on poverty in rural Ohio. Many people in those areas are frustrated by the lack of broadband and cell phone service. Chair Krebs said that the General Assembly needs to know that there is a fair amount of frustration with how things are working in rural Ohio.

Mr. Taylor discussed how the weather and terrain conditions in some areas of Ohio do not allow for renewable energy like wind and solar power. He proceeded to discuss the coal and gas market – gas is much less expensive than coal in the current market. The grid will need to change. How is the transition going to work for the consumer?

Mr. Yoder agreed that it does not make sense for wind power to be placed in Appalachia, but it makes sense in Northwest Ohio where there is plenty of wind. It has to make sense on a local basis.

The discussion was paused for a presentation.

BOARD PRESENTATION – JEFF JACOBSON:

Chair Krebs introduced former Ohio Senator and Representative Jeff Jacobson. Mr. Jacobson discussed the recent election results, and how those results may affect policy. Mr. Jacobson stated there is a consensus among congressional Republicans that we have overblown our response to global

warming, whether man-made or not. Myron Ebell, a well-known climate skeptic, is the top name for heading the EPA. Mr. Jacobson discussed that it seems likely that the EPA will return to focusing on clean water and clean air rather than climate change or whether electric generation needs to move away from coal to other cleaner technologies.

The Clean Power Plan was created by President Obama as an Executive Order which can be undone by Executive Order. The Clean Power Plan rules are currently in litigation, giving new leadership the opportunity to back away from these rules.

In Ohio, Republicans picked up one seat each in the House and the Senate to give the largest Republican majority since 1965. The new legislative leadership in Ohio will be dealing with four utility issues – mandates, bailouts, restructuring and submetering.

Mr. Jacobson commended the Consumers' Counsel and the Board for looking out for people who would have very little voice in the decisions otherwise.

Mr. Taylor asked since the Clean Power Plan will likely change with the next administration do you think the natural gas power plants coming to Ohio will be put on hold? Mr. Jacobson responded that an expert, like the Consumers' Counsel, should answer that question but as long as natural gas is cheap...why not?

The Consumers' Counsel shared that if we let the markets work we are likely to see continued construction of gas-fired power plants. Mr. Taylor asked if the federal tax credits will continue. Mr. Jacobson replied that going forward he predicts that there will be a lot less subsidies in the federal budget.

Mr. Young quoted Mr. Jacobson's presentation to the Board a year ago discussing the lack of expertise in the legislature on utility issues. Term limits are a contributing factor to that issue. He asked what the Board could do to help educate members about what unregulated markets mean to consumers? Mr. Jacobson responded that the subsidy scorecard is a powerful presentation that we are going to use regularly and present it during testimony. Finding ways to present information graphically and otherwise to cut through the clutter and to leave an impression is important.

We are actively seeking out members of the General Assembly and doing our best to provide them with a basic education to help them understand what they are seeing. Mr. Jacobson stated that it would be worthwhile to find ways to identify members that the Board could help by getting to know and sending information to regularly. The Board may even want to find ways to educate new members.

Chair Krebs thanked Mr. Jacobson for coming.

BOARD DISCUSSION CONTINUED:

Chair Krebs said that the free market is in danger of overwhelming our regulatory market due to the speed of changes in technology. Chair Krebs discussed gas and how it has disrupted the business model of investor owned utility companies who have assets in stranded coal powered plants. What does this mean for Bob and Betty Buckeye? Mr. Taylor noted that the new power plants are nearly maintenance free.

Mr. Yoder voiced his frustration over subsidies for utility companies to protect coal plants in Ohio. Bob and Betty Buckeye are paying the price for this.

Chair Krebs asked the Board: when are subsidies appropriate versus inappropriate? Ms. Moore said that if you bring down the cost of energy by eliminating subsidies, you will attract more businesses to Ohio. Chair Krebs asked if this is a hidden tax on Ohioans. If so, should conservative groups such as Buckeye Institute or Opportunity Ohio become involved. Ms. Moore and Mr. Yoder both responded that these subsidies are a hidden tax.

Chair Krebs asked what the Board's response was to the renewable and energy efficiency mandates. Mr. Young stated that if we want truly open markets, then we need to let the market regulate itself. Mr. Young stated he is opposed to force consumers to purchase something that is not financially competitive. As a business owner, he makes the investment (in LED lighting or three-phase motors) to make his operations more efficient. Chair Krebs said that if a consumer drops their electric usage, electric companies will find a way to increase the rates one way or another so they can maintain the ability to service their debt.

Mr. Young discussed the synopsis of presentations and the recurring themes he noticed. He said that the Consumers' Counsel needs to find the right balance between PUCO casework and educating legislators. Chair Krebs added that the subsidy scorecard is useful and must be used. He added that our job is to educate the legislature about how technological advances are going to affect the utility consumer and how legislation could negatively affect consumers and competitiveness at large.

Ms. Moore stated that the greater the subsidy the less incentive for the utility to change.

Chair Krebs called for a brief break.

Chair Krebs read the fiscal status from the most recent Operations memo to the Board.

The Consumers' Counsel shared a draft of the table of contents for the legislative notebook which will be used to brief legislators about the agency. The Consumers' Counsel asked the Board for input on the notebook.

Chair Krebs would like the subsidy scorecard to be featured in the notebook. Consumers' Counsel Weston outlined some of the potential contents including the Governing Board report on Electric issues. Chair Krebs asked the Board what they would like to see included. Vice-Chair Watkins said that he thinks the summary on deregulated versus regulated states and electric costs should be included. Mr. Yoder asked that the chart on Ohio's national rank for electric costs be included. The Chair agreed with Mr. Yoder and asked that the notebook include a reference to key charts in the table of contents. Chair Krebs gave an acknowledgment and affirmation for staff to continue with this project. The Chair reserved the right to include a letter from himself, from his perspective as a former legislator, emphasizing the importance of the information included.

The Consumers' Counsel then discussed the PUCO's settlement standard. Something that is important in OCC's work for consumers at the PUCO is how the PUCO judges cases. PUCO cases often have a settlement. In virtually every case there is no settlement unless the public utility agrees. If not for this situation, OCC might otherwise be receiving higher quality settlement offers that could lead to OCC entering more settlements.

Diversity of interest is a principle that should be required in settlements. If a settlement does not have a broad base consumer participation, then that should weigh against the adoption of the settlement in OCC's view. A requirement that settlements include a diversity of interest, including a broad base consumer participation, would also tend to improve the quality of offers OCC could receive on behalf of consumers. The PUCO does not require diversity of interest as part of the settlement standard. The PUCO staff has said that they represent the interest of all stakeholders including residential customers. Chair Krebs suggested that the Board give the Consumers' Counsel full leeway to make diversity of interest a requirement for PUCO settlements. One means may be to include this issue as a legislative priority moving forward.

Chair Krebs added that the agency consider a legislation section in the legislative notebook. He also informed the Board that he would share the Begala report on poverty with the group.

Chair Krebs thanked Mr. Young for his idea for the process to review the trends and presentations at this meeting.

Chairman Krebs asked for a motion to adjourn. Mr. Watkins made a motion to adjourn. And it was seconded by Ms. Moore.

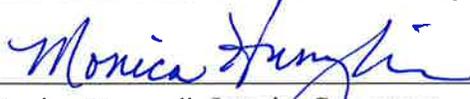
The meeting adjourned at 11:16AM.

I verify that the above meeting minutes have been approved and ratified by the Consumers'
Counsel Governing Board on January 10, 2017.



Gene Krebs, Chairman

Ohio Consumers' Counsel Governing Board



Monica Hunyadi, Interim Secretary
Ohio Consumers' Counsel Governing Board