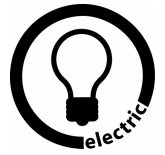




The Public Utilities  
Commission of Ohio

## 2006 End of Year Review

December 26, 2006





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During 2006, the Public Utilities Commission of Ohio (PUCO) helped advance many initiatives concerning energy policy in the state of Ohio. Beginning in February, the PUCO held a series of technical conferences on the Energy Policy Act of 2005 signed into law by President George W. Bush on Aug. 8, 2005. Gov. Bob Taft asked the PUCO to explore distributed generation technologies and make recommendations concerning state policies regarding distributed generation.

The PUCO also took steps to ensure electric customers continue to receive reliable electric service at a fair price. In addition to these initiatives, the PUCO and Dominion East Ohio Gas developed a pilot program to explore alternative methods of providing natural gas to consumers.

In 2005, Ohio's Wireless Enhanced 9-1-1 (E9-1-1) Fund was created, and in 2006 the PUCO began the task of disbursing money from that fund to county emergency service agencies. More than \$20 million has been disbursed to county 9-1-1 service providers in 59 counties.

The PUCO is also charged with the tremendous task of registering and educating motor carriers, and enforcing PUCO rules with respect to both motor carriers and railroads. Hazardous materials inspectors checked nearly 6,000 rail cars carrying hazardous materials in addition to trucks carrying hazardous materials in 2006. The PUCO also continued its administration of a grant program that provides for training of local public safety personnel on how to respond to hazardous materials incidents.

Over the course of the year, the PUCO worked to ensure all utility customers receive a quality product at a fair price. The following summaries highlight many of the programs and policies the PUCO managed during 2006.

### Electric

#### End of the Market Development Period – one year later

The PUCO worked with Ohio's electric distribution companies to develop rate stabilization plans (RSPs) to prevent customers from experiencing the "sticker shock" of going to market rates after the market development period for electric choice ended on Dec. 31, 2005. The RSPs went into effect for Ohio's electric distribution utilities on Jan. 1, 2006. Through the efforts of the PUCO, Ohio's electric customers were spared the prospect of much higher electric rates and will instead experience gradual increases over the course of the next several years.

On Jan. 4, 2006, the PUCO approved a rate certainty plan (RCP) proposed by FirstEnergy. The RCP will serve as an alternative to the company seeking approval of adjustments for generation-related expenses. The PUCO adopted the RCP to stabilize potentially volatile price changes over the next three years.

The PUCO's decisions to institute the RSP for the Dayton Power and Light Company (DP&L), FirstEnergy, American Electric Power (AEP-Ohio) and Duke Energy (formerly Cincinnati Gas & Electric), was challenged by the Ohio Consumers' Counsel and other parties. By law, all challenges to PUCO decisions are heard by the Ohio Supreme Court.

In May 2006, the Supreme Court issued a decision in the FirstEnergy appeal. In its decision, the Court found that the PUCO had appropriately approved many aspects of FirstEnergy's RSP. The Court did, however, find that the RSP established by FirstEnergy and the PUCO did not provide an alternative means for customer participation in choosing an electric supplier. The Court found that the PUCO did not allow for proper customer participation when it rejected the results of the December 2004 auction and accepted the rates in FirstEnergy's RSP. The Court found that the plan did not establish a competitive bidding process as required by law, and determined that another competitive option must be developed.

In July 2006, the Court reached a similar conclusion regarding AEP-Ohio's RSP. The PUCO subsequently directed FirstEnergy and AEP-Ohio to submit plans for another competitive retail electric service option. In both instances, the RSPs will remain in effect.

FirstEnergy submitted its proposal to establish a competitive service option on Sept. 29, 2006. A technical conference was held Dec. 1, 2006. Potential suppliers and competitive providers were able to ask FirstEnergy questions about their proposal. Under the proposed plan, competitive suppliers would be able to specify the number of megawatts of electricity they are willing to provide at a particular price. Customers who choose to accept the offer will have their generation service switched to the competitive provider.

AEP-Ohio submitted its proposal for a competitive option on Sept. 22, 2006. A technical conference was held Oct. 16, 2006. Under AEP-Ohio's proposal, customers will be able to select from a range of generation and price options. Customers will be able to choose at what price-level they would be willing to participate in the program. For instance, a customer could choose to participate in the program only if the program results in a discounted price. If the auction results in a higher generation rate, those customers will not be enrolled in the program. However, if a customer chose to participate in the program at a rate that was 5 percent higher than the rate offered through AEP-Ohio's RSP, and the auction resulted in a price at or lower than the 5 percent premium, the customer would be enrolled in the program AEP-Ohio also proposed. A green power option is available for customers to choose. After the competitive bid, customers who did not choose to participate in the program initially will be given an opportunity to participate at generation rates determined by the competitive bidding process.

The OCC also asked the Court to examine Duke Energy's RSP. In the Court's November 2006 decision, it was concluded that the PUCO approved some cost components of the Duke RSP that the case record did not completely justify. The Court did conclude that other components of the RSP approved by the PUCO did allow customers a reasonable means of participation in a competitive process. Also, the PUCO's decision to deny a discovery request by the OCC was reversed. Hearings will be held in 2007 to determine the next steps in this matter.

Constellation NewEnergy, Inc. appealed the PUCO's decision to implement a RSP for DP&L. In December 2004, the Court issued a decision that upheld the PUCO's order.

### **PUCO orders AEP-Ohio to invest \$10 million to improve reliability**

One of the PUCO's most important tasks is to ensure that all utility customers have access to reliable service. In January 2006, AEP-Ohio filed a report with the PUCO concerning a 2004 stipulation between the company and PUCO staff. As part of the stipulation, AEP-Ohio agreed to make improvements to its distribution service quality.

After reviewing the report, the PUCO determined that AEP-Ohio failed to meet the benchmarks established in the January 2004 stipulation. AEP-Ohio improved many of its worst-performing circuits, but also experienced a decrease in the reliability of its remaining circuits.

As a result, in July 2006, the PUCO directed AEP-Ohio to invest \$10 million to improve service reliability throughout its system. AEP-Ohio customers will see no rate increases due to this PUCO directive. In addition, this money cannot be used to fund any projects already planned by AEP-Ohio, and the funds cannot be accessed without approval from the PUCO.

In addition to setting aside funds for improving service quality, the PUCO also directed AEP-Ohio to file a plan with the PUCO that outlines how the funds will be spent. The plan was filed with the PUCO on Oct. 6, 2006. Public hearings about AEP-Ohio's plan are scheduled for early 2007.

### **Agreement reached allowing Ormet to resume operation**

Ormet Primary Aluminum Corporation (Ormet) filed a petition with the PUCO in August 2005 to have the rights to provide their electric service transferred to AEP-Ohio. South Central Power Company, a rural electric cooperative, was supplying power to Ormet's facilities, but could not provide enough electricity for Ormet to resume operations at one of its plants.

The PUCO found, in June 2006, that South Central was not providing adequate service. At that time, the PUCO ordered a hearing to determine whether the service issues could be resolved, or if a new electric supplier should be authorized to serve Ormet.

On Oct. 20, 2006, the parties filed a stipulation that was approved by the PUCO on Nov. 8, 2006. The agreement transferred Ormet's service to AEP-Ohio. When fully operational, the Ormet Monroe County facility will employ approximately 1,000 workers with total annual wages of \$40 million. The PUCO also found that the agreement will promote the provision of adequate electric service to all territories and electric load centers.

### **New electric generation options**

In 2005, the Energy Policy Act (EPA 2005) was signed into law by President George W. Bush. In response to the EPA 2005, Gov. Bob Taft directed the PUCO to begin working with interested parties to explore ways to implement distributed generation in the state. Distributed generation technology allows electric customers to use special equipment to generate electricity. The power produced can offset what is purchased from the utility company and, in some cases, any excess power generated can be sold back to the electric company.

In February and March 2006, the PUCO hosted a series of technical conferences in which utility companies, consumers, corporations, energy marketers, environmental councils, alternative energy corporations and farming associations came together to discuss the feasibility of distributed generation in Ohio. Four individual conferences were conducted, each focusing on a different subject matter,

including net metering, distributed generation and interconnection, stand-by power, and smart metering and demand response.

In August 2006, PUCO staff issued a series of recommendations in a staff report for consideration, and comments from interested parties were received through Sept. 18, 2006. The staff report and comments are currently under review by the PUCO. Staff recommendations included:

- Developing an advanced energy portfolio for Ohio that would best integrate alternative energy standards into Ohio's retail electricity market.
- Eliminating rules that place limits on net metering and streamlining the interconnection rules to allow for simplified applications and fee schedules.
- Requiring Ohio's electric distribution utility companies to file a comprehensive list of advanced metering infrastructure (AMI) technologies and costs and identify types of customers and their related load shapes.
- Utilizing the McKinsey model to evaluate the costs and benefits of AMI deployment strategies.
- Revising Ohio's interconnection rules to include all interconnection services in the electric distribution utility companies' tariffs to ensure they are accessible for the interconnection service customer.
- Billing supplemental power and scheduled maintenance according to the tariff rate schedules and provide market options.
- Establishing the Commission as a liaison to self-generators for interpreting tariff provisions and facilitating interconnection processes.
- Analyzing the electric distribution utility companies' transmission and distribution systems to identify locations where distributed generation could improve operations and provide additional generation benefits.

### **AEP-Ohio plans for IGCC Phase One funding approved**

In March 2005, AEP filed an application for the cost-recovery of construction of an Integrated Gasification Combined Cycle (IGCC) generating unit in Meigs County. IGCC is an electric generation technology capable of utilizing a wide variety of coal, including high sulfur coal found in Ohio, with very low levels of air emissions, especially when coupled with carbon sequestration.

In April 2006, the PUCO granted AEP-Ohio's request to recover pre-construction costs, estimated to be \$23.7 million, of the IGCC facility. The recovery will be achieved through a by-passable generation surcharge applied to AEP-Ohio's standard service rate approved in the company's rate stabilization plan. The IGCC-related revenues collected through the surcharge will be tracked to reduce additional generation increases the company may request through its rate stabilization plan.

The Ohio Consumers' Counsel, Industrial Energy Users-Ohio, Ohio Energy Group and FirstEnergy Solutions, Inc., have filed appeals to the PUCO decision with the Ohio Supreme Court. Oral arguments have not been scheduled.

### **Dayton Power & Light voluntary enrollment program**

The Dayton Power & Light Company's (DP&L) rate stabilization plan requires the company to fund a voluntary enrollment program in which customers opt-in with a group whose electric load is then offered up for bid to competitive suppliers. More than 50,000 customers chose to participate in the program in 2006.

If competitive suppliers can beat DP&L's rate, the customers enrolled in the program will be switched to the competitive supplier. If the supplier offers cannot beat DP&L's rate, the customers will continue to be served by DP&L. To date, several auctions have been held, but none of the bids could guarantee DP&L customers a cost savings. Additional bids will be conducted during 2007.

## **Natural Gas**

### **Natural gas service standards**

In May 2006, the PUCO finalized natural gas service standards. These standards ensure customers access to reliable service from investor-owned natural gas companies. The standards, which take effect Jan. 1, 2007, define timelines and quality measures for the installation of new service and upgrades, require meter readings upon the initiation and termination of service, and outline procedures for crediting customer bills in the event of overestimated meter readings and malfunctioning meters.

### **Dominion East Ohio Gas changes the way it buys natural gas**

In 2005, the Dominion East Ohio Gas Company (Dominion) approached the PUCO with a proposal to change the way natural gas is purchased for Dominion customers.

Instead of Dominion purchasing natural gas, several competitive suppliers would purchase the natural gas for Dominion customers. Dominion would still deliver the natural gas, read meters and service pipelines.

In August 2006, an auction was conducted and competitive suppliers bid to serve groups of customers and determine the retail price adjustment rate. The auction resulted in a rate of \$1.44 per MCF, which is added to the monthly NYMEX settlement price to determine the rate Dominion customers will pay for natural gas. The resulting rate is known as the Standard Service Offer, or SSO. The SSO will vary from month to month, much like the gas cost recovery rate it replaces.

This is the first phase in a possible two-step process for this program. The SSO will remain in effect through Sept. 1, 2008, at which time the PUCO will evaluate the process and determine if the second phase should be implemented. During the second phase, eligible customers would either choose or be assigned to a natural gas provider and non-eligible customers as well as customers on the Percentage of Income Payment Plan would be provided service through a SSO. It is important to note that the PUCO may suspend the first phase of Dominion's plan at any time.

## **Vectren conservation plan**

During the last few years, customers have become more sensitive to the price of oil, electricity, natural gas and other energy products.

One result of this price sensitivity is increased conservation in an effort to lower individual customer bills. However, as customers conserve more, companies that deliver energy products realize less revenue. Natural gas companies, like Vectren Energy Delivery of Ohio (Vectren), do not make money by selling natural gas to customers. They earn their profits by delivering natural gas to homes and businesses. Thus, natural gas companies have little incentive to encourage customers to conserve.

In 2005, Vectren asked the PUCO to consider a proposal that would “decouple” the revenues Vectren earned from the volume of natural gas it sells. On Sept. 13, 2006, the PUCO considered a stipulation between Vectren, the Office of the Ohio Consumers’ Counsel and Ohio Partners for Affordable Energy that established a two-year conservation program. The PUCO modified the agreement, finding that Vectren, not its customers, should pay for the conservation program, and that the conservation program should be limited to low-income customers. The modified stipulation also called for a sales reconciliation rider that will allow Vectren to recover some of the lost revenues it experiences through customers conserving natural gas.

## **Telecommunications**

### **Wireless Enhanced 9-1-1 (E9-1-1) Funds**

Cell phones are one way to connect with friends and family. They have also become a vital service for contacting help in emergency situations. House Bill 361, passed in 2004 and implemented in 2005, provides for a funding mechanism to ensure that wireless phone users have access to the same emergency service landline telephone customers have come to rely upon.

In August 2005, wireless phone customers began paying a monthly surcharge of 32 cents per line to help fund upgrades to their county’s 9-1-1 system. The upgrades enable 9-1-1 operators to see the phone number when assistance is requested from a wireless phone and provide the location of the nearest cellular tower. In some counties, the system will enable operators to pinpoint the callers’ location through global positioning systems or technology that uses wireless phone signals and cellular tower positions.

On Nov. 1, 2006, the General Assembly received a report from the Ohio 9-1-1 coordinator and the Ohio Wireless 9-1-1 Advisory Board. The report highlighted the progress of Ohio’s wireless E9-1-1 program. Since the program’s inception, 59 county plans have been approved by the PUCO and more than \$20 million has been disbursed.

### **House Bill 218 Rules and Applications**

In August 2005, Gov. Bob Taft signed HB 218 into law. Under the bill, incumbent local exchange carriers (ILECs) are given limited pricing flexibility for basic local telephone service and caller ID rates. In November 2005, the PUCO developed rules that ILECs must follow when exercising this option.

The PUCO adopted rules on March 7, 2006 after public hearings in Athens, Cincinnati, Cleveland, Columbus, Dayton, Mansfield and Toledo. ILECs with approved elective alternative regulation plans

are permitted to apply for basic local telephone service and caller ID pricing flexibility in exchanges where there is competition and no barriers to entry exist. Prior to HB 218, the price of these services could not be changed without PUCO approval.

When developing HB 218 rules, care was taken to ensure that low-income customers have access to basic telephone service. The rules prohibit companies from applying for pricing flexibility until they meet commitments to provide advanced telecommunications services in their market and offer enhanced Lifeline service to qualifying low-income customers. Applicants must then prove, on an exchange-by-exchange basis, that residential competition exists and no barriers stand in the way of competition.

In August 2006, Cincinnati Bell and AT&T both applied for pricing flexibility after the rules adopted by the PUCO became effective. In November 2006, the PUCO accepted Cincinnati Bell's application for its Cincinnati and Hamilton exchanges. Under the rules, Cincinnati Bell cannot increase rates by more than \$1.25 annually for basic local telephone service and 50 cents annually for caller ID. Lifeline customers will not see any increase.

AT&T's application was approved in December 2006. AT&T had applied for pricing flexibility for 145 of its 192 exchanges. The PUCO determined that nine of the exchanges did not meet the requirements of the PUCO rules for granting pricing flexibility. As with Cincinnati Bell's pricing flexibility, AT&T cannot increase rates more than \$1.25 annually for basic local telephone service and 50 cents annually for caller ID. Lifeline customers will not see any increase.

Any company choosing to apply for this pricing flexibility must continue to adhere to the minimum telephone service standards. The PUCO will continue to monitor the services provided by the companies to ensure that customers are receiving a quality product at a fair price.

### **Alltel and Western Reserve transfer of ownership**

In May 2006, the PUCO approved a transfer of ownership application from Alltel Ohio, Inc. and the Western Reserve Telephone Company to form Alltel Holding Corp. Alltel Holding Corp. then merged with Valor Communications Group to create a new wireline holding company called Windstream Communications.

Following the transfer of ownership, the PUCO granted Western Reserve Telephone Company's and Alltel Ohio, Inc.'s request to begin using the registered trade names Windstream Western Reserve, Inc. and Windstream Ohio, Inc., respectively, beginning July 17, 2006.

The PUCO will continue to enforce the companies' compliance with Ohio's minimum telephone service standards and will maintain full regulatory oversight regarding the terms and conditions of the change in ownership.

### **Alternative regulation approvals**

In 2002, the PUCO finalized rules that established an alternative regulation plan for incumbent local telephone companies. Verizon North Inc., Champaign Telephone Company and Telephone Service Company all adopted alternative regulation plans in 2006 bringing the total number of companies operating under alternative regulation to 10. Under the alternative regulation plan, the companies must abide by several commitments. In exchange for pricing flexibility for certain services, the companies must:

- Cap basic local telephone service and basic caller identification at the existing rates for the length of time the company remains under the plan;
- Cap the rates for second and third basic local telephone service lines and call waiting for 24 months from the effective date of the plan;
- Provide advanced telecommunications services according to specified geographic criteria no later than 12 months and 24 months from the effective date of the plan; and
- Implement an enhanced lifeline program to low-income customers who are receiving benefits from certain state or federal low-income programs or whose household income is at or below 150 percent of the poverty level.

### **PUCO hosts 8-1-1 technical conference**

For years, many telephone customers have been able to dial 9-1-1 for emergency service and 4-1-1 for directory assistance. The Federal Communications Commission designated 8-1-1 as a nationwide number to be used for providing advanced notice of excavation activities to underground facility operators, such as electric, telephone, natural gas and other pipeline companies. In May 2006, the PUCO hosted a technical conference to address the technical, operational, cost and compensation issues related to the implementation of 8-1-1 service. The technical conference provided a forum for telecommunications carriers, call centers, software vendors and end users who call 8-1-1 to discuss the deployment of the service in Ohio.

## **Motor Carrier**

### **Special motor carrier enforcement projects**

Each year, motor carrier investigators and hazardous materials specialists from the PUCO's motor carrier enforcement department participate in Roadcheck, an annual international safety and security transportation event. More than 10,000 inspectors from the U.S., Mexico and Canada conducted inspection activities from June 6-8, 2006.

A total of 15 PUCO hazardous materials enforcement staff members participated in Roadcheck, performing 183 inspections during the course of the event. While performing inspections, PUCO staff discovered 347 safety violations and 68 hazardous materials violations. Of these violations, 24 were serious enough to put the vehicles out-of-service. The majority of the out-of-service violations were problems with braking systems.

The PUCO inspectors also participated in the two-day Operation Air Brake enforcement project in 2006. Operation Air Brake concentrates inspection efforts on the commercial motor vehicle brake

system. During the project, 825 inspections were conducted with 253 out of service violations, meaning 31 percent of the vehicles were placed out of service. The vehicles were not permitted to travel until the brake system violations were properly corrected. Thanks to the work of the PUCO enforcement staff during both of these events, unsafe motor carriers were prevented from driving until proper maintenance had been performed.

### **Compliance review program**

Safety is a top priority of the PUCO. Each year, PUCO hazardous materials specialists and safety investigators conduct compliance reviews of the safety and recording keeping practices of motor carriers throughout the state. During a compliance review, PUCO inspectors examine documentation in areas such as hours of service, vehicle maintenance, financial responsibility and driver qualifications. These reviews allow the PUCO to monitor if a motor carrier is operating in compliance with the applicable federal and state regulations.

PUCO Hazardous Material Specialists and Safety Investigators conducted a total of 733 compliance reviews on motor carrier operations in the past year. Thirty percent of the compliance reviews conducted resulted in serious violations. Approximately 7 percent of the motor carriers with violations were rated unsatisfactory which required corrective action or placed their operations in an out-of-service status.

### **New entrant motor carrier program**

Part of keeping Ohio's roadways safe is ensuring that new motor carriers are aware of their responsibilities when operating a motor carrier business in Ohio. PUCO personnel meet with new motor carriers and conduct a safety audit in an effort to educate and provide technical assistance to those new to the motor carrier industry.

In 2006, PUCO staff met with 696 new motor carriers and conducted safety audits. The overall goal of the new entrant program is to improve highway safety and decrease commercial vehicle crashes by educating new motor carriers on their responsibility in complying with the safety regulations.

### **PUCO awards hazardous materials training grants**

In an effort to continually improve transportation safety across Ohio, the PUCO awarded 13 hazardous materials training program grants totaling nearly \$500,000 in 2006 to the following groups:

- University of Findlay (Hancock County)
- Shawnee Township Fire Department (Allen County)
- Darke County Local Emergency Planning Committee (Darke County)
- Marion County Local Emergency Planning Committee (Marion County)
- Stark County Local Emergency Planning Committee (Stark County)
- The Ohio Turnpike Commission (Cuyahoga County)
- Cincinnati State Technical and Community College (Hamilton County)
- Columbus Division of Fire (Franklin County)

- Columbus State Community College (Franklin County)
- Franklin County EMA and Homeland Security (Franklin County)
- Richland Township Glenmont Volunteer Fire Department (Holmes County)
- Seneca County Emergency Planning Department (Seneca County)
- Sycamore Township Fire Department (Hamilton County)

Money for these grants comes from fines paid by hazardous materials carriers and shippers. The money from these fines is credited to the hazardous materials transportation fund, of which Cleveland State University is allotted the first \$400,000 for its training program for public safety and emergency services personnel. The remainder of the fund is used for individual grants that are awarded on a reimbursement basis.

The PUCO has regulatory authority to conduct audits, inspections, and safety reviews to evaluate the safety records, policies and procedures of motor carriers, including those transporting hazardous materials.

Each day, PUCO specialists and investigators work throughout the state to improve highway safety and keep unsafe motor carriers off Ohio's roadways. PUCO specialists perform safety audits, inspections and reviews to evaluate motor carriers' safety records, policies and procedures. The PUCO hazardous materials program has been recognized by Battelle Memorial Institute as one of the best and most comprehensive hazardous materials programs in the nation.

### **Fernald Inspection Project**

In May 2006, the U.S. Department of Energy's Fernald Project office completed its final shipment of highly irradiated uranium ore materials. From May 2005 – May 2006 more than 1,500 truck loads of radioactive waste had been shipped from the Fernald site to a final repository site in Texas. The PUCO worked with the U.S. Department of Energy to ensure the vehicles and their radioactive loads were in compliance with the U.S. Department of Transportation driver/vehicle safety, hazardous materials, and radiation survey regulations. During the year-long shipping campaign, PUCO hazardous materials specialists conducted 550 inspections at the Fernald facility prior to allowing the vehicles to leave the facility.

## **Railroad**

### **PUCO issues highway-rail grade crossing upgrades**

The safety of motorists and train operators at highway-rail grade crossings is a top priority for the PUCO. The PUCO administers the State Grade Crossing Fund, which provides funding for enhancing safety at highway-rail grade crossings. These funds are provided to help install equipment, like flashing lights and gates, and upgrade circuitry to help ensure that the equipment already in place is functioning properly. In addition, the PUCO provides funding for multiple warning devices, such as rumble strips, to install additional signage and to clear vegetation.

With more than 6,000 crossings in the state and more than 5,200 miles of track, Ohio is a national leader in rail traffic. The PUCO makes every effort to ensure that crossings are safe. In 2006, the PUCO approved funding for 74 highway-rail grade crossing improvements in 26 Ohio counties.

## **Water**

### **Aqua Ohio system improvement surcharge**

The PUCO regulates the state's investor-owned water and wastewater utilities, which combined serve more than 340,000 Ohioans. Aqua Ohio, Inc. is an investor-owned water utility serving more than 80,000 customers in Ashtabula, Lake, Mahoning, Richland and Stark counties. In March 2006, the PUCO approved a system infrastructure improvement surcharge (SIC) for the Lake Erie Division of Aqua Ohio, which allows the company to recover the costs of certain system improvements. The company's Lake Erie Division serves communities in Lake County.

The SIC will help Aqua Ohio recover costs associated with the replacement of service lines, water hydrants and mains. These upgrades will help ensure the reliability of Aqua Ohio's distribution system. The SIC, which is allowed for by Ohio law, costs the average customer 72 cents per month.

### **Ohio American Water Company rate adjustments**

In April 2006 Ohio American Water Company filed an application to increase rates with the PUCO. Ohio American serves approximately 57,000 Ohioans in Ashtabula, Franklin, Lawrence, Marion, Pike, Portage, Preble, Richland and Seneca counties. The PUCO staff issued a report in September 2006 for the Commission's consideration. In the report the staff noted service quality concerns and recommended a rate of return. Local public hearings were held throughout the company's service territory in December 2006. A Commission decision is expected in 2007.

In February 2005, the PUCO approved a rate adjustment that allowed Ohio American to increase its revenue, and required the company to make several commitments to customers regarding issues including repair activities, low-income assistance programs, customer complaints, and customer metering.

### **Purchased water rate adjustments approved in 2006**

Some PUCO-regulated water companies purchase water from municipal water departments. According to Ohio law, these water companies are not allowed to earn a profit on the water provided to customers. The rates customers pay for the water commodity is passed on to customers, dollar for dollar.

In 2006, two water systems, Columbia Park Water and Sewer System and Christi Water System applied for purchased water adjustments. The adjustments were approved on Jan. 4, 2006 and May 3, 2006, respectively.

Columbia Park purchases water from the city of Cleveland. It serves more than 1,000 mobile home units and tenants of a business complex adjacent to the mobile home park. Christi Water serves approximately 186 residential customers within the Christi Meadows Subdivision in an unincorporated area of Noble Township, Defiance County.

## **The PUCO**

### **PUCO Call Center staff saves consumers dollars**

The PUCO employs a staff of professional customer service representatives who work to address issues customers have with their utility companies. Each year, the PUCO call center receives hundreds of thousands of contacts from customers.

Many of these customers have a question that a representative can quickly handle. In other instances, issues require a closer examination. At that point, a PUCO investigator is assigned to look into the matter.

In one instance, a PUCO investigator was able to save a residential customer more than \$13,000 concerning a billing dispute with a natural gas company. A commercial customer saved more than \$40,000 when a PUCO investigator helped resolve an issue with a telephone company.

In total, PUCO investigators saved Ohio consumers more than \$830,000 in 2006. The PUCO also learns a great deal from customers who call in with questions and complaints. This information is used to ensure that companies engage in fair and reasonable practices. It also helps the PUCO to formulate rules and regulations. The call center is an invaluable asset to the PUCO.

### **The PUCO winter reconnect order**

The PUCO provides assistance to natural gas and electric customers through the Winter Reconnect Order. The Winter Reconnect Order allows customers that have been disconnected for nonpayment, or who have been threatened with disconnection, to have the service maintained or restored provided they make payment arrangements with their natural gas or electric company, pay \$175 plus a reconnection fee, or their outstanding balance, whichever is less. Any Ohioan can use the Winter Reconnect Order one time during the winter heating season.

The PUCO extended the 2005-2006 Winter Reconnect Order to April 28, 2006, an additional two weeks. As a result, more Ohioans were able to keep their natural gas and electric service.

In addition, a number of state-funded energy assistance programs are available to low-income Ohioans. In 2005, Gov. Bob Taft increased the household income level at which citizens can apply for the Home Energy Assistance Program (HEAP). The increase made households at 175 percent of the federal poverty level eligible to receive the \$175 HEAP assistance. This measure was carried forward for the 2006-2007 winter heating season. Nearly 70,000 additional households are eligible for assistance through the adjusted income guidelines.

### **PUCO establishes online business information center**

The PUCO continually seeks ways to improve the public's knowledge of the resources available to them through the PUCO. In an effort to reach out to a previously underserved group of constituents, the PUCO developed an online "Business Information Center" where business customers can find information about utility services tailored specifically to them. The Business Information Center also contains information about the rights and responsibilities of business and industrial customers.

**PUCO introduces new Docketing Information System**

One of the PUCO's important duties is ensuring that the public has access to the documents filed with the PUCO. For many years, the PUCO's Docketing Information System has fulfilled this duty.

The PUCO's catalog of documents grows daily, and it becomes increasingly important to ensure that the public can easily access this information. In November 2006, the PUCO launched a new Docketing Information System. More than just a facelift, the new system integrates single-sign-on services. This service allows individual users to customize their experience with the docketing system. Enhanced search capabilities have also been integrated into the system.

**PUCO expands e-filing pilot program**

The Internet has become an important tool for many Ohioans. As the PUCO seeks ways to improve access to the Docketing Information System, it has expanded its pilot program for the e-filing system. In July 2006, the PUCO began allowing companies to e-file in their respective tariff dockets and telecommunications companies to file electronically in contract cases.

Eventually, the PUCO hopes to expand e-filing to more cases before the PUCO. This technology will save time and paper, and make the system more accessible for interested parties.

**Valerie A. Lemmie appointed to the PUCO**

Gov. Bob Taft appointed Valerie A. Lemmie to the PUCO in April 2006. She filled the vacancy left by Commissioner Clarence D. Rogers retirement. Commissioner Lemmie brings much valuable experience to the PUCO. She is a former city manager for the city of Cincinnati and others.

