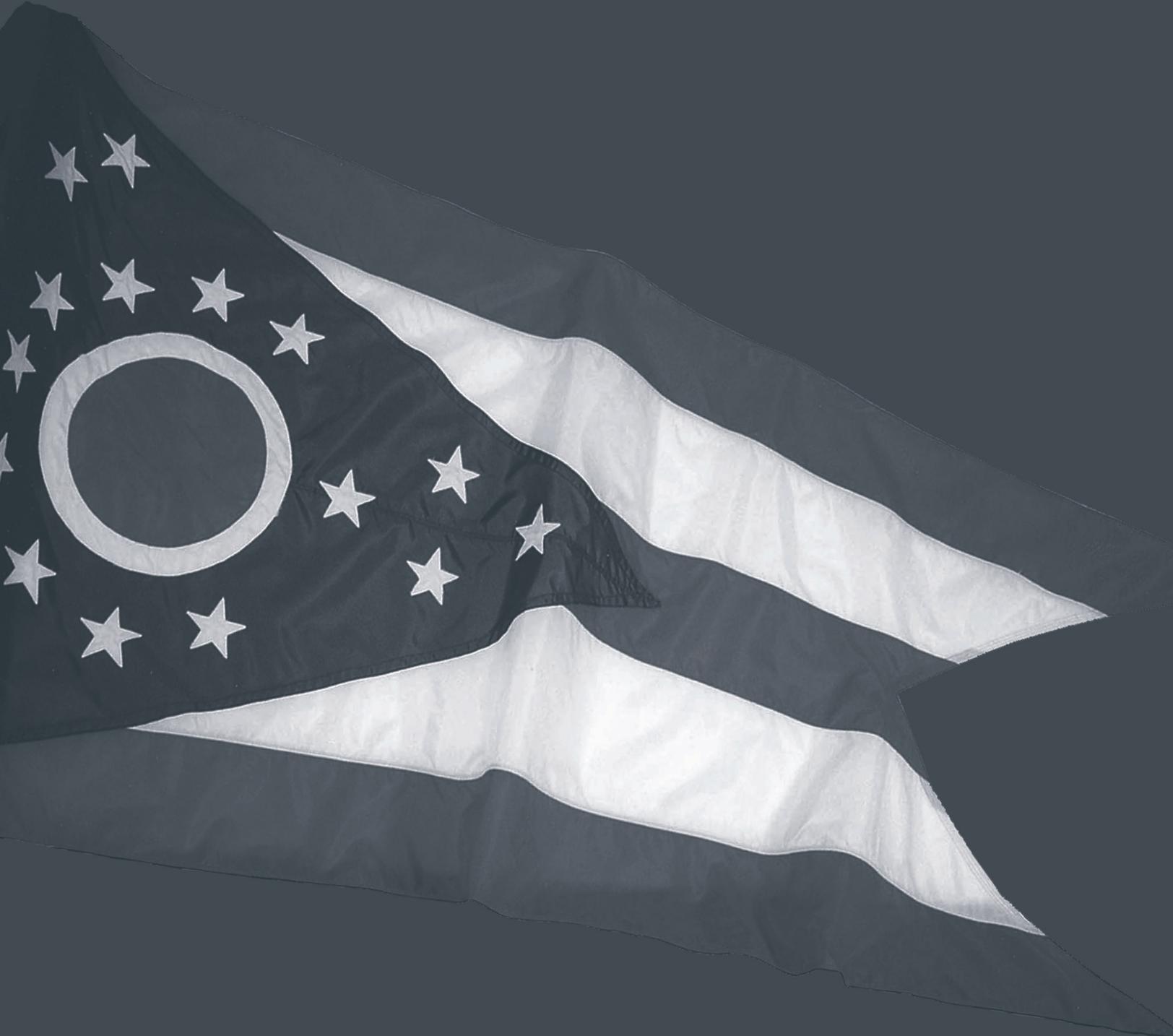


# Ohio

# Public Utilities Commission

2010 Annual Report



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## Mission Statement

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To assure all residential and business customers access to adequate, safe, and reliable utility services at fair prices, while facilitating an environment that provides competitive choices.

This mission is accomplished by:

- Mandating the availability of adequate, safe, and reliable utility service to all business, industrial, and residential consumers.
- Ensuring financial integrity and service reliability in the Ohio utility industry.
- Promoting utility infrastructure investment through appropriate regulatory policies and structures.
- Regulating utilities' rates and terms of service for monopoly and non-competitive services.
- Monitoring and Enforcing compliance with rules and statutory protections against deceptive, unfair, unsafe, and anti-competitive utility practices.
- Safeguarding the security of Ohio's regulated motor carrier and rail operations, through aggressive inspection, training, monitoring, and education programs.
- Enhancing safety at all public highway-railroad grade crossings in Ohio through education and the installation of lights and gates and other safety devices.
- Resolving through mediation, arbitration, and adjudication disputes between utilities and residential, commercial, and industrial customers, as well as between competing utilities.
- Fostering competition by establishing and enforcing a fair competitive framework for all utilities.
- Utilizing advanced technology for monitoring and enforcing utility compliance, facilitating the provision of information to stakeholders, and sharing information between state and federal agencies.



## Public Utilities Commission

**John R. Kasich**, Governor  
**Todd A. Snitchler**, Chairman

### Commissioners

Paul A. Centolella  
Cheryl Roberto  
Steven D. Lesser  
Andre T. Porter

Dear Gov. Kasich and members of the General Assembly:

The Public Utilities Commission of Ohio (PUCO) is the state agency charged with regulating Ohio's investor-owned utilities and enforcing federal safety standards for motor carriers, railroads and natural gas pipelines. The PUCO works hard to realize its mission of assuring all residential and business consumers access to adequate, safe and reliable utility services at fair prices, while facilitating an environment that provides competitive choices.

The PUCO continues to work to implement Senate Bill 221. A new electric security plan was approved for FirstEnergy which establishes electric generation prices through 2014. Additionally, more than 700 facilities were certified by the PUCO as renewable generation facilities.

The PUCO held auctions for three of the four largest natural gas distribution companies to set retail prices for consumers. The PUCO continues to register competitive natural gas suppliers and assist consumers in comparing rate offers with our *Apples to Apples* charts.

Ohio's new low-income assistance program, PIPP Plus, went into effect. PIPP Plus changes the way participants pay their utility bills by implementing a new debt reduction mechanism, encouraging more frequent and timely payments.

In February, the PUCO approved a merger between Frontier Communications and Verizon North. Frontier assumed ownership of Verizon's more than 400,000 lines and made commitments to expanding broadband service throughout its territory. New administrative rules were also established in response to Substitute Senate Bill 162 which made changes to telephone service throughout Ohio.

The PUCO approved hazardous material grants to local government agencies and educational institutions across Ohio totaling nearly \$400,000. The grants are used to train public safety and emergency personnel in the proper techniques for the management of hazardous materials transportation and spills. Through these grants, the PUCO helps to keep Ohio's roadways safe.

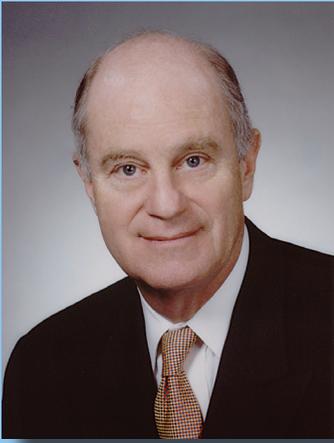
Railroad crossing safety continues to improve under the PUCO's watch. Over the past two decades, the annual number of train-motor vehicle crashes in Ohio has decreased significantly, from 326 in 1990 to 64 in 2010.

The PUCO remains committed to our mission of ensuring safe and reliable utility services at fair prices. We look forward to working with you on the evolving issues that will develop in the future.

Sincerely,



Todd A. Snitchler  
Chairman



# Alan R. Schriber

## Chairman

\*Retired Dec. 31, 2010

Dr. Alan R. Schriber was appointed chairman by Gov. Bob Taft in 1999 and reappointed by Taft in 2004 and Gov. Ted Strickland in 2007 and 2009. Chairman Schriber also served as a PUCO commissioner from 1983-1989 as appointed by Gov. Richard F. Celeste.

As chairman of the PUCO, Schriber is the head of a 400-person agency that works to oversee the regulation of electric, natural gas, telecommunications, water, and commercial transportation in the state of Ohio. Additionally, Schriber is the chairman of the Ohio Power Siting Board that reviews, evaluates, and approves the siting of electric generation plants and electric and natural gas transmission lines. He was appointed by Gov. Taft to the state of Ohio Security Task Force, and was a member of the United States-Canada Power Outage Task Force that investigated the causes behind the August 2003 blackout.

Chairman Schriber regularly testifies before the Ohio General Assembly on various utility issues and legislation. He has also testified before the United States Congress on energy issues.

In addition to his service to the PUCO, Chairman Schriber has a number of other professional accomplishments. He was an assistant professor of economics at Miami University, Oxford, Ohio, from 1977-1983, owner and president of ARS Broadcasting Corp. in Cincinnati from 1989-1997 and served as a personal investments manager from 1997-1999.

Chairman Schriber earned a B.S. in economics from the University of Wisconsin, a M.S. in economics from Miami University and a doctorate in economics from Indiana University.



## Update

Todd A. Snitchler was appointed as PUCO Chairman by Governor John Kasich in 2011.

Before joining the Commission, Snitchler was elected to two terms in the Ohio House of Representatives, where he represented the 50th House District including parts of Stark County. In addition to serving in the Ohio Legislature, Snitchler was also an attorney in private practice. He is the past chairman and secretary of the Lake Township Chamber of Commerce and is also a member of the Grove City College Alumni Council.

Chairman Snitchler received his bachelor's degree in history and secondary education/social science from Grove City College and his law degree from the University of Akron School of Law. He is a graduate of Leadership Stark County's 20th Class and an active member of The Chapel in North Canton.

# Valerie A. Lemmie

## Commissioner

Term ends April 10, 2011



Commissioner Valerie A. Lemmie was appointed to the PUCO by Gov. Bob Taft in 2006 and reappointed by Gov. Ted Strickland in 2007.

Prior to joining the PUCO, Commissioner Lemmie served as city manager for the cities of Cincinnati, Dayton, and Petersburg, Va., where she was responsible for the day-to-day administration of city government. In Cincinnati, Lemmie oversaw the operations of 15 city departments with more than 6,000 employees and an annual budget of \$1 billion.

Most recently, Commissioner Lemmie was a scholar-in-residence at the Kettering Foundation, a research organization focused on democracy and the strengthening of public life. Commissioner Lemmie has also served as an adjunct professor in public administration at the University of Dayton, a senior fellow at the Center for Excellence in Municipal Management at George Washington University and an adjunct professor at Howard University. Commissioner Lemmie is the immediate past president of the National Academy of Public Administration and in February 2008 was appointed to serve on the National Civic League Council of Advisors. Commissioner Lemmie represents Ohio on the Board of Directors of the Organization of MISO (Midwest Independent Systems Operators) States where she serves as vice president. Commissioner Lemmie is also a member of the Board of Directors of the National Regulatory Research Institute, the MISO Advisory Committee and the University of Missouri's Financial Research Institute Advisory Board.

Commissioner Lemmie is an active community volunteer, serving on the boards of directors of numerous community and professional organizations. Her service extends internationally where she has led delegations, conducted seminars, and provided technical assistance to local government officials in Asia, Europe, the Middle East and Africa.

A published author and speaker on public policy and state regulatory issues, Commissioner Lemmie earned a bachelor's degree in Political Science and Urban Sociology from the University of Missouri and a master's degree in Urban Affairs and Public Policy Planning from Washington University.



### Update

Andre Porter was appointed by Gov. Jon Kasich in 2011.

Before joining the PUCO, Commissioner Porter was an attorney at the law firm of Schottenstein Zox & Dunn in Columbus, Ohio. His legal practice focused on energy and telecommunications, real estate, and municipal law. He counseled a wide variety of clients, including trade associations, municipalities, and businesses with regard to Ohio electricity laws, utility rate proceedings, energy efficiency, alternative energy, competitive natural gas and electricity purchasing, broadband infrastructure, and wireless tower issues.



# Paul A. Centollella

## Commissioner

Term ends April 10, 2012

Paul A. Centollella was appointed to the PUCO by Gov. Ted Strickland in 2007. He brings to the PUCO a broad range of experience in public utilities and energy law and economics.

From 1992 to 2007, Commissioner Centollella was a Senior Economist in the Energy Solutions Group of Science Applications International Corporation (SAIC). In this capacity, he managed projects involving energy and environmental market design, electric power system operations and economic policy analysis. These projects included leading market design studies for the Midwest Independent Transmission System Operator, advising the U.S. Department of Energy on electric industry restructuring and identifying improvements in power system operations and client business processes.

Prior to working at SAIC, Commissioner Centollella served as the Senior Energy Policy Advisor and a Senior Utility Attorney for the Office of the Ohio Consumers' Counsel (OCC) from 1982 to 1992. While at the OCC, he helped develop market-based approaches to environmental regulation, which accelerated emission reductions and reduced the costs of the 1990 Clean Air Act Amendments.

He has also worked for the Ohio State Legal Services Association and practiced law in California and Washington. Commissioner Centollella has had numerous books and articles published on public utilities regulation, electricity markets and environmental policy.

Commissioner Centollella currently serves as the Secretary of the Organization of PJM States and as a member of the Federal Energy Regulatory Commission (FERC) – National Association of State Regulatory Commissioners (NARUC) Smart Grid Collaborative, the FERC – NARUC Demand Response Collaborative, NARUC's Climate Change Task Force, and the NARUC Energy Resources and Environment Committee.

Commissioner Centollella earned a bachelor's degree with honors in economics from Oberlin College and his Juris Doctor from the University of Michigan Law School. He has completed post-graduate and executive education programs through the Harvard Business School and the Institute for Strategic Management. Commissioner Centollella is a member of the Ohio State Bar Association, the California Bar Association, the Washington State Bar Association, the American Economic Association and the International Association for Energy Economics.

# Cheryl Roberto

## Commissioner

Term ends: April 10, 2013



Cheryl Roberto was appointed to the PUCO by Gov. Ted Strickland in 2008.

Commissioner Roberto's passion is making a difference. Her quest is to achieve positive change to make our world better with each effort. For more than 20 years, she has brought to every job a desire to address intellectually challenging and complex problems and serve the public good.

In her previous post as director of the city of Columbus Public Utilities Department, Roberto led a staff of 1,300 people, managed an operating budget of \$400 million, and directed a capital program of \$250 million. With these resources, she and her staff provided abundant, safe drinking water and environmentally responsible wastewater treatment for more than 1 million customers in Central Ohio. Working with elected officials, community activists and business leaders, she restructured the city's water and electricity rates, encouraged conservation and established a regulatory compliance program.

Before life as a public sector executive, Commissioner Roberto enforced environmental and consumer protection laws as an assistant attorney general in the state of Ohio and as an assistant general counsel in the commonwealth of Pennsylvania. She also served as legal counsel to the cities of Columbus, Ohio and Erie, Penn. and lectured in political science at Pennsylvania State University.

Commissioner Roberto received her B.A. with honors from Kent State University and her Juris Doctor from the Moritz College of Law at The Ohio State University.



# Steven Lesser

## Commissioner

Term ends April 10, 2015

Steven D. Lesser was appointed commissioner of the Public Utilities Commission of Ohio by Gov. Ted Strickland in 2010.

Commissioner Lesser has been very involved in utility regulation over the past 30 years, beginning his career at the PUCO in 1979. Prior to his appointment as commissioner, he served the PUCO as chief of staff, assistant director of the legal department, deputy director of the transportation department and administrative law judge/attorney examiner in the legal department. In his role as chief of staff, Lesser was instrumental in developing policy positions on legal and regulatory issues and was responsible for overseeing the daily operations of the agency. In addition, he played a critical role in the implementation of the new electric regulation bill and the “green” rules which encourage the development of alternative energy and energy efficiency in Ohio.

Commissioner Lesser has served on numerous state and federal committees, including the Alliance for Uniform Hazardous Materials Transportation Procedures and the Intelligent Transportation Advisory Committee. Additionally, he established the transportation civil forfeiture and enforcement section at the PUCO. Lesser also worked on consumer protection and safety legislation in the transportation division, developed national standards for hazardous material safety, created natural gas conservation programs, and established minimum standards for the water industry. He has had numerous materials published in law review and industry publications.

Early in his career, Commissioner Lesser served as legal counsel to Lawyers Title Insurance Corporation and was law director for the Village of Hanover in Licking County, Ohio. He received his Juris Doctorate from Capital University Law School and his bachelor’s degree from State University of New York at Binghamton.

# The PUCO

## PUCO Call Center saves money

The PUCO employs a staff of professional customer service representatives who work to address issues customers have with their utility companies. The PUCO 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.

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. PUCO investigators saved Ohio consumers more than \$450,000 in 2010.

## Winter heating website returns

For the fifth consecutive winter heating season, visitors to [www.winterheat.ohio.gov](http://www.winterheat.ohio.gov) can find information about utility assistance plans for low-income households, programs to help restore natural gas or electric service that has been disconnected and budget billing payment plans. Ohioans interested in energy choice will find links to competitive natural gas suppliers in their area and tools to help them compare offers. Households wanting to make energy efficiency improvements can find conservation tips and ideas for preparing their residences for winter weather.



## PUCO helps Ohioans stay warm

The Winter Reconnect Order allows customers who have had their home heating service disconnected for nonpayment, or who have been threatened with disconnection, to have their service maintained or restored. Ohioans can use the Winter Reconnect Order one time during the winter heating season by making payment arrangements with their natural gas or electric company and paying \$175 plus a reconnection fee or their outstanding balance, whichever is less. The Winter Reconnect Order for the 2010-2011 winter heating season took effect in October 2010.

## PIPP Plus available to low-income consumers

In November, the new Percentage of Income Payment Plan (PIPP) Plus launched, allowing low-income customers of Ohio's regulated natural gas and electric customers to make more affordable payments toward their utility bills and maintain service.



Under PIPP Plus, natural gas and electric customers will each pay \$10 or six percent of their gross monthly household income each month, whichever is greater. Customers with all-electric homes will pay \$10 or 10 percent of their gross monthly household income.

When PIPP Plus payments are made on-time and in-full, the remainder of that month's bill is waived, and customers will also receive a 1/24 credit toward any old debt. If a customer makes 24 consecutive payments, any accumulated arrearages will be eliminated.

Customers who fail to re-verify their income every 12 months risk being removed from the program. Customers no longer eligible for PIPP Plus will be placed into the graduate PIPP Plus program which allows the customer to pay off any debt over 12 months. PIPP Plus customers must re-verify their income every 12 months to continue to participate in the program.

The original PIPP program began in 1983, and no substantive changes had taken place since its inception. Initially, the PUCO was responsible for implementation of a payment program for both natural gas and electric customers. In 2000, the Ohio Department of Development became responsible for the electric PIPP program, while the PUCO remained responsible for the natural gas PIPP program.

## Charitable Donations

PUCO staff participated in the Mid-Ohio Foodbank drive and the Combined Charitable Campaign (CCC).

The Mid-Ohio Foodbank distributes food to food pantries, soup kitchens, shelters, after-school programs, and senior housing facilities across central and eastern Ohio. Through food and monetary donations, PUCO employees were able to donate over \$4,000 -- the equivalent of 1,960 pounds of food.

The CCC provides state of Ohio employees to donate directly to the charity of their choice via payroll deductions. PUCO employees donated over \$65,000 in 2010.

# Electricity

## PUCO reconsiders termination of FirstEnergy all-electric rate

During the energy crisis of the 1970s, FirstEnergy implemented rates designed to promote the use of electricity. As a result, customers who lived in all-electric homes purchased electricity at a discount.

Beginning in 2006, the all-electric rate discounts changed for a number of reasons. Discounted rates result in customers paying less than the actual cost paid by FirstEnergy to purchase electricity for their customers. The cost of the discounts is recovered from other FirstEnergy customers who do not receive the discounts. Additionally, artificially low electric rates can work against Ohio's efforts to encourage energy conservation. The reduction in the discounted rate reflects Ohio's move toward a competitive generation environment. The reduction also provides increased opportunities for alternate electricity suppliers to sell power to customers.

The real impact of the all-electric change began to be noticed during the 2009-2010 winter billing cycle when many customers saw their bills increase significantly. The PUCO received hundreds of contacts from FirstEnergy customers and public officials expressing concerns and attended town hall meetings across northern Ohio.

Shortly thereafter, the PUCO provided rate relief to FirstEnergy's all-electric customers by directing the utility to temporarily return the customers' rates to the level in effect on Dec. 31, 2008. This temporary discount applies to homeowners who previously received the all-electric rate as well as customers who moved into a home or apartment that was served at the all-electric rate under previous owners. The discount was approved to remain in effect through May 31, 2011. All-electric customers will not be refunded any charges that were billed prior to the start of the temporary discount.

The PUCO also directed its staff to investigate potential long-term solutions to the all-electric issue. The staff filed a report that includes a range of options regarding proposed rates and discounts to be provided to all-electric residential customers upon the conclusion of the temporary discount. The range of options is supported by an analysis that includes the bill impact upon all-electric residential customers at various ranges of consumption levels. The staff did not make any recommendations regarding the options.

On Nov. 12, 2010, the PUCO extended the procedural schedule in this case to allow additional time for all parties to prepare testimony regarding FirstEnergy's marketing practices.

**UPDATE:** The PUCO issued its ruling on the all-electric discount in May 2011.

## PUCO adopts electric security plan for FirstEnergy

In August, the PUCO adopted an electric security plan (ESP) for FirstEnergy. Under the ESP, retail generation rates from June 1, 2011 through May 31, 2014 will be determined through a competitive bid process. The competitive bid process will be conducted by an independent bid manager every October and January beginning in 2010 and ending in 2013. FirstEnergy's base distribution rates will be frozen through May 31, 2014.

FirstEnergy will not seek recovery of \$42 million in exit fees and integration costs associated with its regional transmission organization move from MISO to PJM. The company will also forgo recovery of a minimum of \$360 million of legacy regional transmission expansion planning charges.

FirstEnergy will commit \$25 million to support economic development and job retention activities within their service territories during the term of the ESP. FirstEnergy will establish a fuel fund of \$4 million in each calendar year from 2012 through 2014 that will assist low income customers in paying their bills.

FirstEnergy will receive cost recovery for deployment of its smart grid program. All costs associated with the project will be recovered over a 10 year period. FirstEnergy will meet its renewable energy resource requirements during the term of the ESP by obtaining renewable energy credits (RECs) through a request for proposal process, with a specific requirement for solar RECs through four 10-year contracts.

In the next year, the PUCO will work with Duke, AEP, and Dayton Power & Light on new rate plans, as their current ESPs expire in 2011 or 2012.

## PUCO certifies renewable generating facilities

In order to become a "renewable energy resource generating facility" that is eligible to generate renewable energy credits (RECs) that may be used to count towards Ohio's renewable energy resource benchmarks, a facility must first be certified by the PUCO. In 2010, a total of 1,006 applicants filed for PUCO certification, and 700 facilities were certified, including 13 "utility-scale" facilities.

PUCO certification does not predetermine compliance with Ohio's annual renewable energy resource benchmarks. The PUCO provides a certificate number to an attribute tracking system for processing and administration of RECs. The tracking system records generation data from the certified facility to determine how many RECs the facility is eligible for in a given year. If the owner of the certified facility is a regulated Ohio utility or generating company, the RECs may be eligible to count toward the renewable energy resource benchmark following PUCO review. Otherwise, the owner of the facility can sell the RECs on one of the nation's developing REC markets.



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**Duke Energy Ohio**

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Ohio Customers: 608,961  
Ohio Operating Revenue: \$3.3 billion  
Home Office: Cincinnati  
Phone: (800) 544-6900  
Web: [www.duke-energy.com](http://www.duke-energy.com)

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**Columbus Southern Power Division  
American Electric Power**

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Ohio Customers: 749,275  
Ohio Operating Revenue: \$1.9 billion  
Home Office: Columbus  
Phone: (800) 277-2177  
Web: [www.AEP.com](http://www.AEP.com)

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**Dayton Power and Light**

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Ohio Customers: 514,244  
Ohio Operating Revenue: \$1.61 billion  
Home Office: Dayton  
Phone: (800) 433-8500  
Web: [www.waytogo.com](http://www.waytogo.com)

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**The Illuminating Company  
A FirstEnergy Company**

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Ohio Customers: 752,207  
Ohio Operating Revenue: \$1.75 billion  
Home Office: Akron  
Phone: (800) 589-3101  
Web: [www.firstenergycorp.com](http://www.firstenergycorp.com)

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**Ohio Edison  
A FirstEnergy Company**

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Ohio Customers: 1,036,982  
Ohio Operating Revenue: \$1.36 billion  
Home Office: Akron  
Phone: (800) 633-4766  
Web: [www.firstenergycorp.com](http://www.firstenergycorp.com)

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**Ohio Power Division  
American Electric Power**

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Ohio Customers: 709,702  
Ohio Operating Revenue: \$3.01 billion  
Home Office: Columbus  
Phone: (800) 277-2177  
Web: [www.AEP.com](http://www.AEP.com)

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**Toledo Edison  
A FirstEnergy Company**

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Ohio Customers: 309,301  
Ohio Operating Revenue: \$833 million  
Home Office: Akron  
Phone: (800) 447-3333  
Web: [www.firstenergycorp.com](http://www.firstenergycorp.com)

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# Natural Gas

## PUCO adopts agreement regarding Just Energy's door-to-door solicitations

In November, the PUCO adopted an agreement that recommends a two-year certification for natural gas supplier Just Energy and implements a quality assurance program.

The terms and conditions of the agreement, reached by Just Energy, PUCO Staff and the Office of the Ohio Consumers' Counsel (OCC), apply to Just Energy's residential door-to-door solicitation through Dec. 31, 2011. The terms and conditions include the following:

- Just Energy will pay a penalty of \$111,000 to the state of Ohio 20 business days from today and will hold \$200,000 in abeyance. If the PUCO or OCC receive 10 verified complaints concerning residential door-to-door marketing solicitations or customer enrollments for any two months in a three month period, Just Energy must forfeit \$100,000.
- Just Energy will forfeit the remaining \$100,000 if the company has 10 additional verified complaints for any two months in a three month period. This subsequent violation could also result in suspension or rescission of Just Energy's certification.
- Just Energy will implement an in-state quality assurance program that will provide the company with additional oversight of its sales force and includes the retraining of all sales agents to assure compliance with PUCO rules. Just Energy will also implement a new third-party verification process and conduct this process for 100 percent of all residential door-to-door customer enrollments.
- All current Just Energy customers that signed contracts between April 1, 2010 and Sept. 20, 2010 will receive a letter providing them the opportunity to stay with the contract they have, select a different offer from Just Energy, select a different natural gas marketer for service, or return to the standard service offer by their local natural gas utility.



On Aug. 12, 2010, Just Energy filed an application for renewal of its certificate authorizing the company to provide competitive retail natural gas service. On Sept. 20, 2010, PUCO staff filed a report regarding Just Energy's compliance with minimum service requirements for certified retail natural gas suppliers. Staff reported receiving a significant number of contacts from consumers complaining about the marketing, solicitation and enrollment practices of Just Energy's residential door-to-door sales agents. On Nov. 4, 2010, an evidentiary hearing was held and the parties filed a stipulation resolving all issues in the case.

## PUCO accepts natural gas auction results

The PUCO approved auction results for Dominion East Ohio, Columbia Gas of Ohio and Vectren Energy Delivery of Ohio. In recent years, the way consumers purchase natural gas has changed. Customers who do not select an alternative supplier are assigned a competitive supplier for their natural gas. The price is set by the New York Mercantile Exchange (NYMEX) month-end settlement price plus a retail mark up, as determined by the auction.

Each auction was conducted by an independent auction manager, and overseen by the PUCO and the OCC. The auctions resulted in a retail price adjustment of \$1.20 for Dominion, \$1.93 for Columbia, and \$1.55 for Vectren. All three auctions secured natural gas for each company's customers from April 1, 2010 to March 31, 2011.

### Duke Energy Ohio

Ohio Customers:	423,306
Ohio Operating Revenue:	\$481 million
Home Office:	Charlotte, N.C.
Phone:	(800) 544-6900
Web:	<a href="http://www.duke-energy.com">www.duke-energy.com</a>

### Columbia Gas of Ohio

Ohio Customers:	1,404,000
Ohio Operating Revenue:	\$1.03 billion
Home Office:	Columbus
Phone:	(800) 344-4077
Web:	<a href="http://www.columbiagasohio.com">www.columbiagasohio.com</a>

### Dominion East Ohio

Ohio Customers:	1,194,112
Ohio Operating Revenue:	\$801 million
Home Office:	Cleveland
Phone:	(800) 362-7557
Web:	<a href="http://www.dom.com">www.dom.com</a>

### Vectren Energy Delivery of Ohio

Ohio Customers:	314,039
Ohio Operating Revenue:	\$220 million
Home Office:	Evansville, Ind.
Phone:	(800) 909-7668
Web:	<a href="http://www.vectren.com">www.vectren.com</a>

# Telephone

## PUCO approves Frontier-Verizon merger

In February, the PUCO approved a merger between Frontier Communication Corporation and Verizon Communications. Under the terms of the merger, Frontier will develop and implement a program for the deployment of broadband services within its service territory. Frontier also committed to not increase Verizon's current basic local exchange rates during the broadband program.

Over the three years following the close of the merger, Frontier will make \$50 million in capital investments. To ensure the maintenance and enhancement of service quality, the stipulation requires Frontier to track and report its service performance. Frontier will be subject to financial forfeitures for failure to comply with performance requirements outlined in the agreement. To satisfy concerns for in-state presence, Frontier has committed to retain nearly 1,000 Verizon North employees in Ohio after the close of the merger.

## Telephone investigation regarding prepaid Lifeline service

In October, the PUCO initiated an investigation into prepaid Lifeline service for low-income customers offered by Competitive Eligible Telecommunications Carriers (CETCs) in the state. The PUCO will investigate the appropriate rules and standards for the provision of Lifeline service by prepaid CETCs. The investigation will explore various issues surrounding the enrollment of Lifeline customers for prepaid telephone service offerings, payments into 9-1-1 and Telephone Relay Service funds and the reimbursement from the federal Universal Service Funding program. Additionally, the investigation will look into situations in which the Commission's current Lifeline requirements may not be applicable to or technically feasible for prepaid Lifeline service and will consider measures to ensure that Lifeline subscribers and telecommunications ratepayers receive adequate value for the stated purpose of Lifeline as well as to prevent fraud, waste and abuse of the Universal Service Fund.

Currently, there are several carriers with pending applications before the Commission seeking CETC designation to offer prepaid Lifeline service to qualified low income customers. Additionally, TracFone Wireless, Inc., and Cincinnati Bell Wireless have already been designated as CETCs by the Commission. TracFone Wireless' designation is provisional pending the collection and analysis of data sufficient to make a final determination.



## Implementation of regulatory framework for telephone companies

Substitute Senate Bill 162, Ohio's new telecommunications law, became effective Sept. 13, 2010. The law establishes a new regime for regulatory oversight of telephone companies, including wireless service providers, telecommunications carriers, and internet protocol-enabled service providers, including voice over internet protocol service. The PUCO worked to implement the new law which includes rule makings and market monitoring of consumer protections along with current responsibilities of company to company mediation, review of mergers and acquisitions and eligible telecommunications carrier issues.

### AT&T

Ohio Operating Revenue:	\$965 million
Home Office:	Cleveland
Phone:	(216) 822-8307
Web:	<a href="http://www.att.com">www.att.com</a>

### Cincinnati Bell

Ohio Operating Revenue:	\$639 million
Home Office:	Cincinnati
Phone:	(513) 565-2210
Web:	<a href="http://www.cincinnati-bell.com">www.cincinnati-bell.com</a>

### CenturyLink

Ohio Operating Revenue:	\$137 million
Home Office:	Monroe, LA
Phone:	(318) 388-9000
Web:	<a href="http://www.centurylink.com">www.centurylink.com</a>

### Frontier (formerly Verizon)

Ohio Operating Revenue:	\$174 million
Home Office:	Marion, OH
Phone:	(740) 383-0490
Web:	<a href="http://www.frontier.com">www.frontier.com</a>

# Transportation

## PUCO authorizes upgrades of highway-rail crossing warning devices

Ohio has more than 6,000 rail crossings. The PUCO, along with the Ohio Rail Development Commission, is responsible for providing funding for the installation of warning devices at highway-rail grade crossings. In 2010, the PUCO approved funding for the installation of flashing lights and gates at 72 crossings throughout Ohio. Additional assistance was given for circuitry upgrades, vegetation removal, and supplemental warning measures such as rumble strips.



## PUCO awards hazardous materials training grants

Over the course of 2010, the PUCO approved 11 hazardous materials training grants totaling approximately \$400,000 to local government agencies and educational institutions across Ohio. The grants will be used to train public safety and emergency services personnel in the proper techniques for the management of hazardous materials transportation and spills.

The PUCO awarded the grants to the following:

- City of Toledo
- Bowling Green State University
- Summit County Special Operations Response Team
- Dayton Regional Hazardous Materials Response Team
- Medina County Emergency Management Agency
- Clearcreek Fire District
- Shawnee Township Fire Department
- The University of Findlay
- Cincinnati State Technical and Community College
- Columbus State Community College
- Chagrin/Southeast Council of Governments

The PUCO awards hazardous materials planning and training grants to local government subdivisions, educational institutions and state agencies. Money for these grants comes from fines paid by hazardous material carriers and shippers. Individual grants are based upon applications to the PUCO and 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 hazardous materials carriers. The PUCO hazardous materials transportation program has been recognized by Battelle Memorial Institute as one of the best and most comprehensive such programs in the nation.

## Ohio named a national leader in motor carrier compliance reviews

In April, Ohio's Motor Carrier Safety Assistance Program (MCSAP) received an award from the Federal Motor Carrier Safety Administration (FMCSA) for having the most comprehensive and effective compliance review program among large states in 2009. The FMCSA recognized states that conduct MCSAP work in four safety categories.

MCSAP is a federal grant program that provides financial assistance to states to reduce the number and severity of crashes and hazardous materials incidents involving commercial motor vehicles. The goal of the MCSAP is to reduce commercial motor vehicle-involved crashes, fatalities, and injuries through consistent, uniform, and effective safety programs.

During the 2009 fiscal year, the PUCO conducted 560 compliance reviews, including 172 hazardous materials carriers and 24 passenger carrying motor vehicles. A compliance review is a comprehensive audit of a motor carrier's business practices to ensure that they are complying with state and federal safety regulations. PUCO inspectors work in conjunction with the FMCSA to conduct reviews, reviewing documentation of areas such as hours of service, vehicle maintenance, financial responsibility, and driver qualifications. In the past, compliance reviews have been found to be one of the most effective tools to ensure motor carriers are operating safely.



# Water

## PUCO approves three water rate increases

In May, the PUCO authorized Ohio American Water Company to increase the rates it charges customers for water and wastewater service. The new rates allow the company to generate an additional \$2.6 million annually, a 7.1 percent increase. In its application, the company requested a 60 percent revenue increase phased in over four years through stepped annual rate increases beginning in 2010.

The PUCO eliminated more than \$4 million worth of management fees, incentive compensation, and pension expenses from the company's rate increase request. More than \$3 million in Ohio American assets were excluded from the company's rate base request, and the company's rate case expense request was reduced by nearly \$300,000.

Also in May, the PUCO approved an agreement authorizing Aqua Ohio to increase the rates it charges for providing water service in its Masury Division. Aqua Ohio's Masury Division serves approximately 1,500 customers in Brookfield and Hubbard townships in Trumbull County. The approved stipulation, signed by the company, the Ohio Consumers' Counsel, and PUCO staff, provides Aqua Ohio with a rate of return of 7.8 percent.

Separately, the PUCO approved an agreement that allows Aqua Ohio, Inc. to increase the rates it charges for providing water service in its Lake Erie Division. The agreement, signed by the company, the Ohio Consumers' Counsel, and PUCO staff, provides Aqua Ohio with an annual revenue increase of 9.71 percent, or \$1,437,094.

# PUCO Fiscal Info

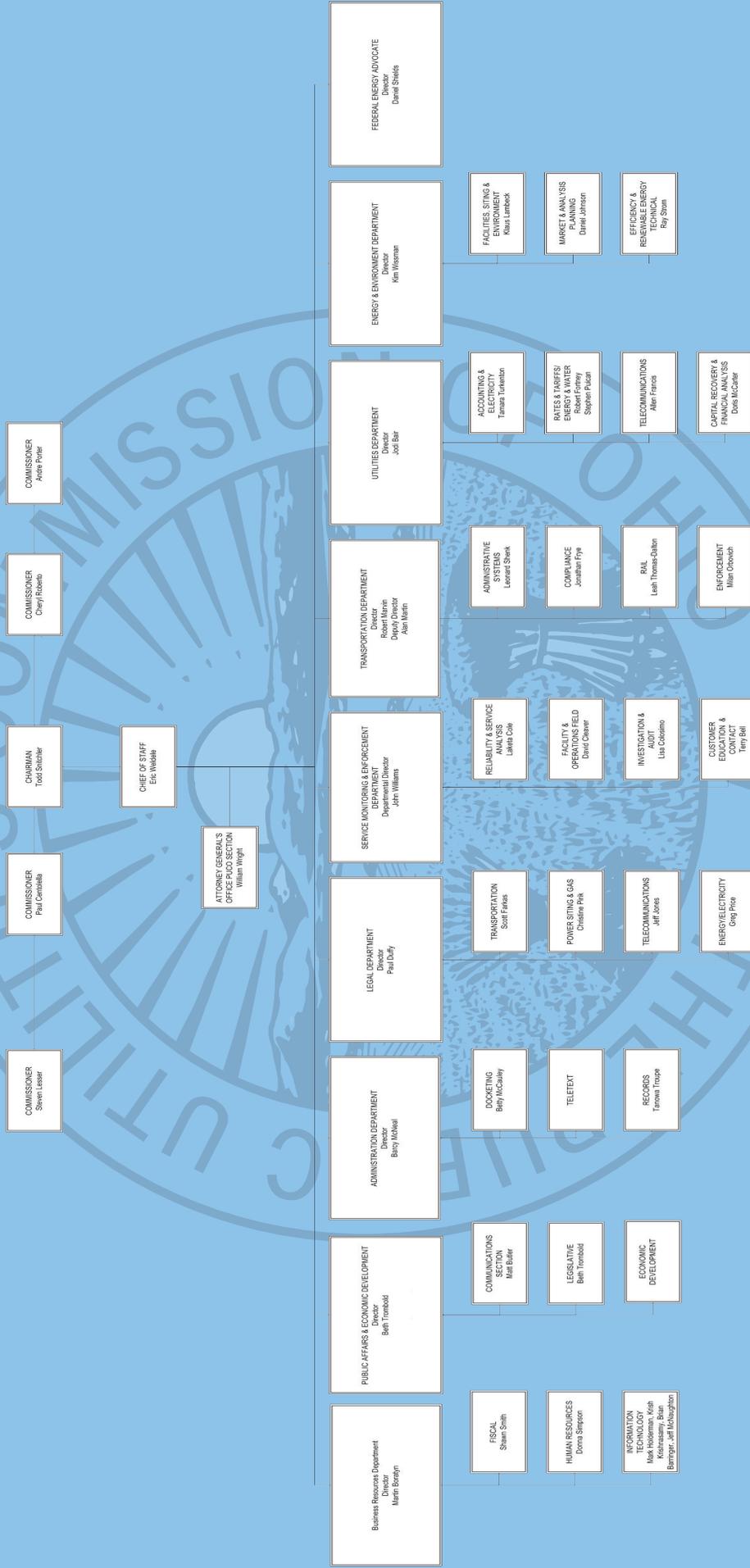
## Revenues Fiscal Year 2010

Assessment to Utilities	\$33,178,951
Federal Commercial Vehicle Information System & Network	21,383
Federal Electric Market Modeling	228,493
Federal Energy Assurance	79,381
Federal Gas Pipeline Safety	1,487,699
Federal Motor Carrier Safety	6,274,990
Federal Regulators Assistance	10,000
Hazardous Materials & Civil Forfeitures	1,083,991
Misc. Revenues	1,165,458
Motor Carrier Registration	4,612,036
Power Siting	751,034
State Grade Crossing Protection	1,200,000
Telecommunication Relay Service	4,588,693
Wireless 9-1-1 Administration	28,862,706
Total Revenues Received by the PUCO	83,544,815
Revenue Contributed to the General Revenue Fund	\$2,273,382

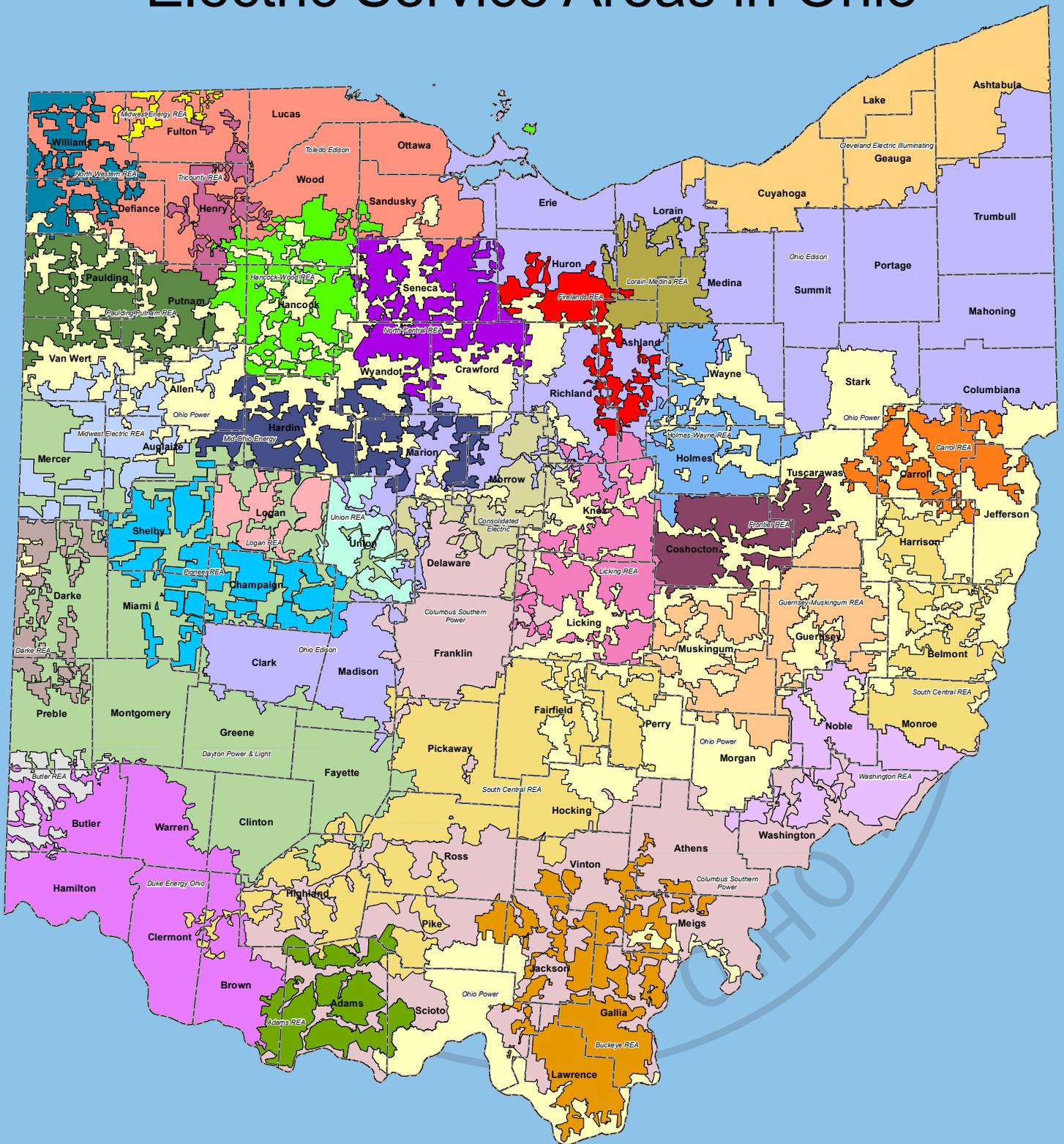
## Expenditures Fiscal Year 2010

Personal Service - Payroll	\$33,332,132
Purchased Personal Services	1,060,880
Supplies & Maintenance	6,782,035
Equipment	74,880
Subsidies and Shared Revenue	952,782
Transfers	35,369,139
Total Expenditures by the PUCO	77,571,848

# Table of Organization



# Electric Service Areas in Ohio

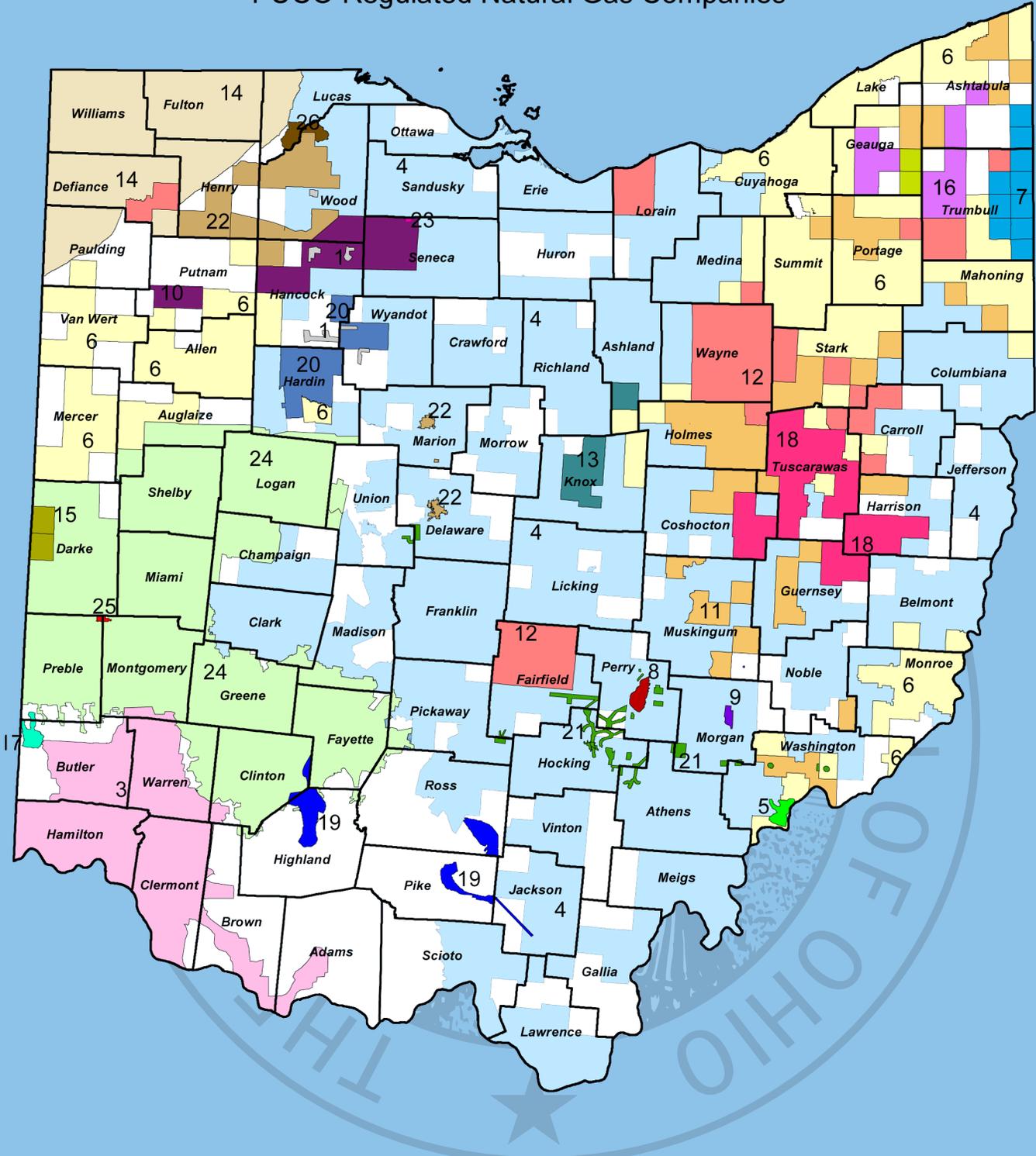


**Investor-Owned Utilities**

**Rural Electric Companies**

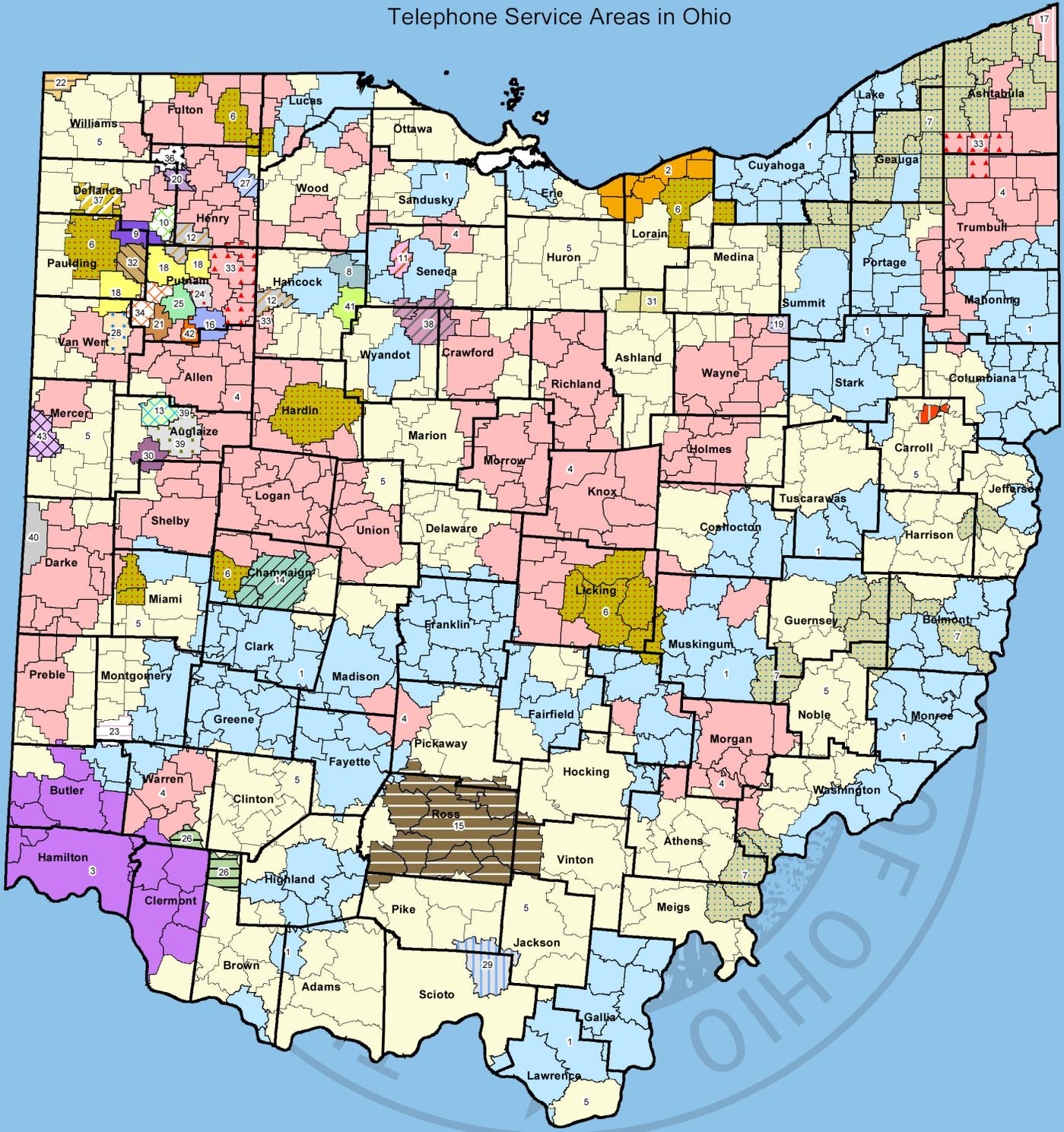
Cleveland Electric Illuminating	Adams Rural Electric Cooperative	Frontier Power Company	Mid-Ohio Energy Cooperative	South Central Power Company
Columbus Southern Power	Buckeye Rural Electric Cooperative	Guernsey-Muskingum Electric Cooperative	Midwest Electric	Tricounty Rural Electric Cooperative
Dayton Power & Light	Butler Rural Electric Cooperative	Hancock-Wood Electric Cooperative	Midwest Energy Cooperative	Union Rural Electric Cooperative
Duke Energy Ohio	Carroll Electric Cooperative	Holmes-Wayne Electric Cooperative	North Central Electric Cooperative	Washington Electric Cooperative
Ohio Edison	Consolidated Electric Cooperative	Licking Rural Electrification d/b/a The Energy Cooperative	Northwestern Electric Cooperative	Municipal Power Locations
Ohio Power	Darke Rural Electric Cooperative	Logan County Cooperative Power & Light Association	Paulling-Putnam Electric Cooperative	
Toledo Edison	Firelands Electric Cooperative	Lorain-Medina Rural Electric Cooperative	Pioneer Rural Electric Cooperative	

# PUCO Regulated Natural Gas Companies



(1) Arlington	(6) East Ohio	(11) NIED	(16) Orwell	(21) Southeast
(2) Brainard	(7) Eastern	(12) Northeast	(17) Oxford	(22) Suburban
(3) Duke Energy Ohio	(8) Foraker	(13) Ohio Cumberland	(18) Piedmont	(23) Swickard
(4) Columbia	(9) Gasco	(14) Ohio Gas	(19) Pike	(24) Vectren
(5) Constitution	(10) KNG	(15) Ohio Valley	(20) Sheldon	(25) Verona
				(26) Waterville

# Telephone Service Areas in Ohio



Large Incumbent LECs

Small Incumbent LECs

(1) AT&T Ohio	(8) Arcadia (TDS)	(17) Conneaut	(26) Little Miami (TDS)
(2) CenturyTel (d/b/a CenturyLink)	(9) Arthur Mutual	(18) Continental (TDS)	(27) McClure
(3) Cincinnati Bell	(10) Ayersville	(19) Doylestown	(28) Middle Point Home
(4) UTO (d/b/a CenturyLink)	(11) Bascom Mutual	(20) Farmers Mutual	(29) Minford
(5) Frontier North	(12) Benton Ridge	(21) Fort Jennings	(30) New Knoxville
(6) Windstream Ohio	(13) Buckland	(22) Frontier	(31) Nova
(7) Windstream Western Reserve	(14) Champaign	(23) Germantown	(32) Oakwood (TDS)
	(15) Chillicothe	(24) Glandorf	(33) Orwell
	(16) Columbus Grove	(25) Kalida	(34) Ottoville Mutual
			(35) Pattersonville
			(36) Ridgeville
			(37) Sherwood Mutual
			(38) Sycamore
			(39) Telephone Service
			(40) United of Indiana
			(41) Vanlue (TDS)
			(42) Vaughnsville
			(43) Wabash Mutual

# Railroad Lines in Ohio



- CSXT Transportation
- Norfolk Southern
- Wheeling & Lake Erie
- Other Railroads
- Interstate Highways