



Office of the  
Ohio Consumers' Counsel

Residential Utility  
Consumer Advocate

# CONSUMERS' CORNER

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February 2010

## Auctions scheduled for natural gas customers



With the expansion of natural gas choice programs throughout Ohio, customers have seen an explosion of offers from independent retailers they might not have been familiar with in the past. These marketers have been given the right to compete for consumers' business as several state-regulated natural gas utilities have shifted their purchasing priorities.

In January and February, Columbia Gas of Ohio, Dominion East Ohio and Vectren Energy Delivery of Ohio will hold auctions allowing marketers to place bids on portions of each

utility's customer base. Vectren will hold a retail auction to establish a new Standard Choice Offer (SCO) for its customers. Columbia will take the wholesale approach to create a new Standard Service Offer (SSO) to replace its long-used Gas Cost Recovery system (GCR). As it did in 2009, Dominion will conduct two auctions – one retail and one wholesale – to replace rates in effect since April 1, 2009. The new rates will take hold on April 1.

### Dominion East Ohio

In 2009, Dominion East Ohio held its first retail auction. Customers choosing to stay with Dominion were assigned to the SCO. An independent supplier's name was listed on their bills although Dominion remained responsible for transporting the natural gas. Customers ineligible to participate in choice programs were assigned to the SSO rate after Dominion held a wholesale auction.

Both customer groups paid the same rate (the monthly wholesale price listed on the New York Mercantile Exchange plus a \$1.40 per Mcf (thousand cubic feet of natural gas) "adder"). The major difference was that SSO customers did not see an independent supplier's name on their statements.

The 2010 auctions will follow the same format as 2009.

### Vectren Energy Delivery of Ohio

Vectren's new SCO will replace the SSO in April. Customers continuing to purchase natural gas from Vectren will see a supplier's name on their bills and, like Dominion, all of these customers will pay the same rate.

Vectren held its first wholesale auction in 2008 and established an adder of \$2.35 per Mcf, to the wholesale price.

The Office of the Ohio Consumers' Counsel (OCC) stresses that there will be *no* changes to the way customers receive their natural gas. Vectren will continue to transport natural gas through its pipelines and handle billing, meter reading and service issues.

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## Some water rate expenses would be limited under bill proposal

Two Ohio House members proposed new legislation to limit certain expenses water and sewer utilities could collect from customers. At the urging of the Office of the Ohio Consumers' Counsel, Reps. Jay Goyal (D-Mansfield) and Marian Harris (D-Columbus) introduced House Bill 344 on Nov. 4.

The legislation would restrict water and sewer utilities with more than 15,000 customers from collecting no more than 50 percent of the expenses associated with seeking a rate increase. The proposed bill would affect Aqua Ohio and Ohio American Water, the largest investor-owned water and sewer utilities in Ohio.

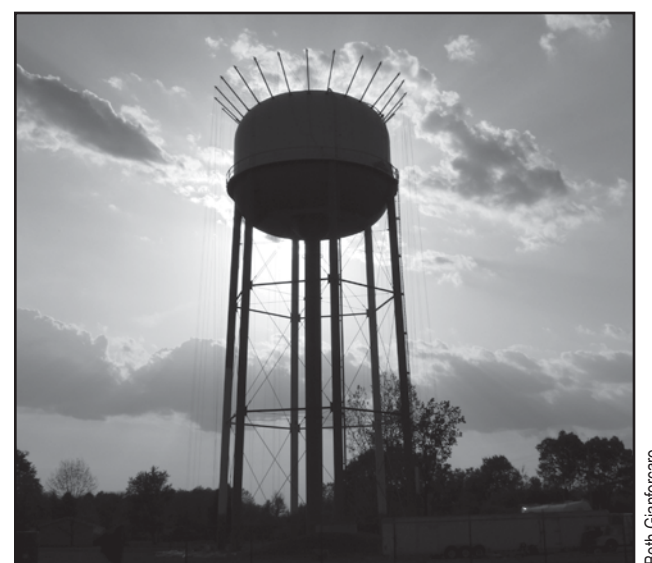
Under current Ohio law, all investor-owned utilities are allowed to ask the Public Utilities Commission of Ohio (PUCO) for approval to collect 100 percent of the costs associated with seeking a rate increase. These costs include services provided by attorneys, consultants, expert witnesses and utility employees and the cost of conducting studies involved in rate increase requests. In many cases, this "rate case expense" can account for a significant portion

of the costs companies seek to recover from customers in the form of higher rates.

These expenses have a much larger impact on the rates of water and sewer service rather than those of other utilities, such as natural gas, because investor-owned water and sewer utilities serve considerably fewer customers.

Ohio American Water has sought, and been granted by the PUCO, seven rate increases since 1993. The OCC challenged OAW's latest rate increase request, which would boost the average residential water system bill of 7 Ccf (hundred cubic feet of water) by about \$34 per month by 2013. If the Commission were to approve the first year of the increase proposed by OAW, an average residential bill would have more than doubled since 1993. Aqua Ohio has had seven increases approved by the PUCO since 1991. Aqua currently has two rate increase applications pending before the Commission. In each case, rate case expense was a significant portion of the utility's request.

The OCC is working to get a similar bill introduced in the Ohio Senate.

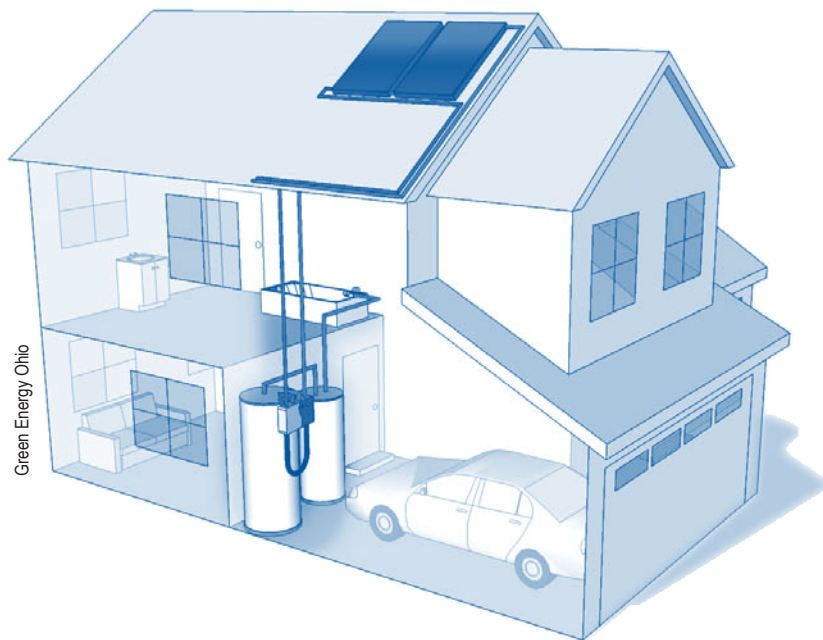


"With a law in place requiring utility companies to pay their fair share of rate case expenses," said Consumers' Counsel Janine Migden-Ostrander, "we are hopeful utilities will be motivated to move toward more responsible and reasonable spending and decrease the number of times they request rate increases."

At the time of publication, HB 344 had been assigned to the Public Utilities Committee for consideration.

By Anthony Rodriguez

# Grants for solar water heating available



Grants for installing solar water heater systems are still available through Green Energy Ohio (GEO), a non-profit organization dedicated to promoting economically and environmentally sustainable energy policies and practices.

“There are very few solar water systems (in Ohio),” said Athan Barkoukis, GEO program manager. “We need more awareness about this program and to get more people involved.”

The grant program began April 1, 2009 with a maximum rebate of \$2,400 per applicant. Solar water systems can cost about \$8,000 to \$12,000 for an existing building and a little less for a newly built home, Barkoukis said. The grants are limited to owner-occupied residential properties and will be awarded as long as money is available.

“The way I look at it, you get a pretty good pay back,” he said.

The program does not specify or define residential properties so it could be open to duplexes, multi-family homes and rental property, Barkoukis said. Because of the limited funds in the program, however, GEO stipulated the property must be owner-occupied because it didn’t want one developer to obtain all the funds in the program. The program does not apply to apartments because they are considered commercial property. The state energy office in the Ohio Department of Development has a solar thermal grant program that provides funding

for market rate and affordable multi-family housing units, such as apartment complexes.

Barkoukis said the GEO program was initially funded with \$240,000 and GEO is seeking more money to extend the program. He said 24 people have applied for grants and about two-thirds of those have been funded so far. He said more contractors are being trained through programs at the state’s community colleges so they can be eligible to install the solar systems.

“The more contractors who are certified helps expand knowledge about the program,” Barkoukis said.

Existing buildings that add a new system also can take advantage of federal and state financial assistance programs. For example, a 30 percent federal tax credit for systems installed before Dec. 31, 2016 is available.

One of the simplest and most economical ways to utilize solar energy is through solar thermal systems, according to a GEO fact sheet. A solar residential hot water system collects the sun’s energy on a flat, black plate, usually mounted on a roof. The heat is transferred to water or another liquid flowing through pipes. The liquid is pumped into the home and transfers the heat to water in a storage tank.

Typically, the system complements an existing electric or gas hot water system to reduce utility costs. A solar system can provide 40 to 70 percent of a household’s annual hot water needs, according to Barkoukis. According to the U.S. Department of Energy, water heating can account for 14 to 25 percent of the energy consumed in the home.

## ODOD PV grant program

In January 2009, the Ohio Department of Development reinstated a residential solar photovoltaic (PV) grant program. The department’s Ohio Energy Office offers grants on a first-come, first-served basis for the

installation of new residential solar PV systems in the service areas of American Electric Power, Dayton Power & Light, Duke Energy, and FirstEnergy.

The maximum incentive is \$25,000. All systems must be installed at an Ohio site that is the applicant’s primary residence. The system must be tied into the electric grid and have an output of at least two kilowatts. See the development department’s Web site for more information ([www.odod.state.oh.us](http://www.odod.state.oh.us)).

## Additional resources

Rebate applications, which contain two parts, are available at: [www.GreenEnergyOhio.org](http://www.GreenEnergyOhio.org). The Web site also lists the minimum requirements for the solar water system and eligible installers, who must be approved by GEO.

Estimating a Solar Water Heater’s System Cost: U.S. Department of Energy, [http://www.energysavers.gov/your\\_home/water\\_heating/index.cfm/mytopic=12910](http://www.energysavers.gov/your_home/water_heating/index.cfm/mytopic=12910)

By Paul E. Kostyu

### Green Energy Ohio suggests asking the following questions when choosing an installer for a solar thermal system:

- ▶ What kind of products and services are offered?
- ▶ What experience does the contractor have with solar thermal systems in design and installation?
- ▶ How much will the system cost?
- ▶ How long will the installation process take?
- ▶ What licenses does the installer have?
- ▶ Are there applicable building codes, zoning ordinances or subdivision requirements for system installation?
- ▶ Will the contractor obtain the necessary permits?
- ▶ What warranties exist?
- ▶ Will the contractor complete any future maintenance requests?
- ▶ What incentives and financing services are available?
- ▶ Can past customers provide a reference?

## Additional funds available to assist eligible Columbia Gas customers

As Ohio endures cold winter temperatures, customer service representatives at the Office of the Ohio Consumers’ Counsel (OCC) are hearing from many consumers struggling to keep their heat on during a tough economy.

There is an additional source of assistance open to income-eligible Columbia Gas customers who have used the one-time payment of \$175 through the Winter Reconnection Program

or otherwise exhausted their Home Energy Assistance Program (HEAP) funds.

Approximately \$1.9 million in emergency assistance funding remains available for families earning from 175 to 200 percent of federal poverty guidelines (from \$37,500 - \$42,400 annually for a family of four). The money became available last winter after the OCC and others negotiated an agreement with

Columbia to use federally awarded interstate pipeline refunds.

The funds are administered by local community action agencies which accept applications and determine eligibility. Customers must provide a pay stub or a W-2 to demonstrate their income level. They may be able to secure up to \$250 in additional assistance, payable once within a 12-month period. The program remains in effect as long as funds are available.

By Marty Berkowitz

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If you would like to receive Consumers’ Corner by e-mail instead of through the regular mail, send a message to: [info-subscribe@occ.state.oh.us](mailto:info-subscribe@occ.state.oh.us). Be sure to include your name, street address and e-mail address in the message.

## Some health issues can prevent utility disconnections

State law prevents utilities from disconnecting a consumer's gas and electric services for nonpayment if the disconnection would be especially dangerous or life threatening to the consumer and the consumer has a medical certification on file with the utility company.

Medical certifications can be used to prevent a utility disconnection up to three times during a 12-month period or to reconnect service if the customer already has been disconnected no more than 21 days. Certification forms must be completed for each case of disconnection or reconnection. Certifications are valid for 30 days and are available from the utility or a public health facility.

The certification must be signed by a licensed physician, physician assistant, clinical nurse specialist, certified nurse practitioner, certified nurse-midwife or a local board of health physician.

"Determining a medical certification condition lies exclusively with the medical professional – not the utility or the OCC," said Maria Durban, Customer Service Manager for the Office of the Consumers' Counsel (OCC). "This determination is made by the doctor consulting with the patient."

Regardless of the medical condition that may exist, consumers can contact the OCC's Consumer Services Division with questions or concerns about the process of obtaining a medical certification (1-877-742-5622).

"Our representatives can address individual inquiries about how to initiate and renew medical certification options," Durban said. "We can assist consumers in making sure services remain connected or restored in a timely fashion."

Medical certifications can postpone a disconnection, but they do not absolve a customer of the obligation to pay the amount due for gas or electric services.

"Sometimes, additional payment arrangements are needed," Durban said. "The OCC can help establish payment arrangements between the consumer and the company."



OCC, medical and utility professionals agree that planning ahead and communicating special needs are key.

"If you have a health condition that would be affected by a shut off of utilities, make sure you take the time to communicate openly and honestly with your physician to ensure your health is not adversely affected" said Jason Korna, a spokesperson for the Ohio State Medical Association.

***"Determining a medical certification condition lies exclusively with the medical professional – not the utility or the OCC"***

~ Maria Durban, OCC

Consumers with a medical condition who also are experiencing difficulty paying their utility bills have options available to them other than a medical certification.

"Someone who has a more extended problem with paying should use an extended payment plan, PIPP (Percentage of Income Payment Plan) or one of the other programs," said Tricia Ingraham of FirstEnergy, adding that a medical certification should be reserved for a short-term medical need. "We tell people having trouble that they should call us and we will work with them."

Vikki Michalski of American Electric Power agreed. "People shouldn't wait if they have a problem paying," she said. "Let us know immediately." AEP provides a consumer handbook on its Web site with information about medical certifications ([www.AEP.com](http://www.AEP.com)).

Duke Energy has a special toll-free number people with life threatening medical conditions should call to use the certification process (1-800-648-7777).

Johnna Reeder of Duke Energy encouraged consumers with medical conditions also to plan ahead, consider applying for a longer-term payment plan if they qualify and not use a medical certification simply because they have fallen behind in their bills.

Medical issues also come into play when there is a general power outage. Electric companies take certain factors into consideration when restoring power during an outage. In some cases, electric companies can give preference to individuals who rely on life support devices, such as respirators, ventilators or other medical equipment. Consumers who rely on such devices should let electric companies know of their circumstance before an outage occurs. There is no guarantee, however, these customers will receive power immediately so they should always have a backup plan in place.

By Paul E. Kostyu

## Auctions scheduled for natural gas customers *(continued from page 1)*

### Columbia Gas of Ohio

Columbia Gas is conducting a wholesale auction in February as the result of an agreement among the OCC, Columbia and other parties. The PUCO approved the agreement in December. Like Dominion and Vectren,

customers will experience no changes in service but will see the new SSO line item on their statements after April 1. Based on the results of previous wholesale auctions, consumers should save money.

The OCC has fact sheets including often asked questions about each natural gas utility's system of billing on its Web site, [www.pickocc.org](http://www.pickocc.org). Customers also can call toll-free (1-877-742-5622) to request a copy of the fact sheet and have their questions answered.

By Marty Berkowitz



### Utility Questions? The OCC can help...

Have you ever had a question about your utility service or difficulty resolving a complaint? If you are billed for a service you did not order, experience a delay in obtaining service, encounter a meter reading problem, have difficulty contacting a utility or need assistance with other questions or concerns, OCC representatives are here to help.

Call the Office of the Ohio Consumers' Counsel's (OCC) toll-free hotline for assistance:

Toll-Free 1-877-PICKOCC (1-877-742-5622)

8 a.m. to 5 p.m. - Monday through Friday

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Residential Utility Consumer Advocate

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*Consumers' Corner* is the free bi-monthly newsletter of the Office of the Ohio Consumers' Counsel, the residential utility consumer advocate serving as a resource for consumers who have questions or would like more information about the services provided by their electric, natural gas, telephone and water companies.

Janine Migden-Ostrander, Consumers' Counsel

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1-877-PICKOCC toll free • [www.pickocc.org](http://www.pickocc.org)

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