



**MINUTES OF THE  
THREE HUNDRED AND SIXTH MEETING  
OF THE OHIO CONSUMERS' COUNSEL GOVERNING BOARD  
November 12, 2014**

Members Present: Gene Krebs, Chairman  
Fred Cooke  
Sally Hughes  
Susheela Suguness, Vice Chair  
Roland Taylor  
Mike Watkins  
Fred Yoder

Members Absent: Jason Clark  
Stuart Young

Guests: Jeff Clark, Attorney General's Office

**CALL TO ORDER**

Chairman Krebs called the meeting to order at 9:07 a.m.

Chairman Krebs welcomed the Board and thanked Mr. Taylor for arranging this meeting. Mr. Taylor thanked the Plumbers and Pipefitters Local Union 189 for hosting our meeting at their offices in Columbus and thanked the speakers for their time to present information to the Board.

Chairman Krebs reminded the Board that annual ethics training is scheduled for the agency this afternoon at 2:00 p.m. Board members who are unable to attend this afternoon's training can complete the training online. Mrs. Knight will provide members with the link to that training.

**APPROVAL OF MINUTES**

Mr. Watkins made a motion to approve the September 9, 2014 meeting minutes. Mrs. Hughes seconded the motion and Mrs. Knight called the roll. The minutes were approved unanimously.

**2015 MEETING DATES**

Chairman Krebs asked Mrs. Knight to poll the board for an alternate date prior to the meeting on January 20, 2015. The Board meeting schedule for 2015 is proposed as follows:

- January 20, 2015
- March 17, 2015

- May 19, 2015
- July 21, 2015
- September 15, 2015
- November 17, 2015

Later in the meeting, Mr. Watkins made a motion to accept the 2015 schedule for Board meetings. Ms. Sugness seconded the motion. Mrs. Knight called the roll. The motion passed unanimously.

### **RESOLUTION**

Chairman Krebs read the resolution prepared in honor of Melissa Yost (the former Deputy Consumers' Counsel). Mr. Yoder made a motion to approve the resolution. Mr. Taylor seconded the motion and Mrs. Knight called the roll. The motion passed unanimously.

### **RECOGNITION BY THE CONSUMERS' COUNSEL**

Consumers' Counsel Weston recognized Steve Hines who is retiring after 30 years of service at the Ohio Consumers' Counsel.

### **NEW EMPLOYEES**

Mr. Weston announced OCC's new employees:

- Jodi Bair, Assistant Consumers' Counsel
- Amy Carles, Senior Outreach and Education Specialist.

Chairman Krebs turned the meeting over to Mr. Taylor.

Mr. Taylor recognized the members of pipefitters union that were present. He then invited the speakers to make their presentations, as follows.

### **Chris Zeigler, Ohio Executive Director, American Petroleum Institute (API)**

Mr. Zeigler presented to the Board on the status of Ohio shale development. In 1924, API became the organization responsible for developing industry standards.

There are seven major shale plays in the United States that are responsible for 95 percent of domestic oil production growth and 100 percent of natural gas production growth between 2011 and 2013. This year it is projected that the U.S. will surpass Russia and Saudi Arabia as the world's largest crude oil producer.

Oil and natural gas production have significantly increased. Between 2012-2013, oil production increased 470 percent, and natural gas production increased 680 percent. According to EIA, by 2015 Ohio will produce enough natural gas to cover all of the homes that are currently being serviced by natural gas without having to import from other states.

API has studied the impact on the economy from these lower gas prices. It was stated that consumers' disposable income has increased \$1,200 annually. Also, Ohioans have paid \$213

less for natural gas compared to the national average. Ohio school districts saved \$60 million on reduced energy costs last year, and state and local governments have saved over \$10 million. Mid-stream infrastructure investments (pipeline and processing plants) are now estimated at \$23 billion across Ohio.

**Tom Stewart, Executive Vice President, Ohio Oil and Gas Association**

Mr. Stewart's organization is an advocate for oil and gas producers, and he presented on the exploration and production of oil and natural gas. He stated that the goal of the Ohio Oil and Gas Association is to establish, develop and expand proven gas reserves.

Muskingum County is the most heavily drilled county in Ohio. Oil and gas can be found in 30 different geologic formations and can be found at depths as shallow as 50 feet and as deep as 9,000 feet.

The Marcellus Shale, if allowed to develop to its fullest potential, will be the second largest natural gas field in the world. It was stated that oil and gas is formed in a source rock (shale) which is compressed organic matter. It is slowly migrating toward the surface, but usually trapped by another formation, a cap rock (or reservoir). To put it in perspective, 95% of oil and gas in the source rock that was used to supply the U.S. for the last 150 years [remains in the Marcellus shale rock formation].

The supply of shale has resulted in a 60 percent decline in the commodity price. Local supplies of natural gas equal more reliability and less volatility.

There are challenges which include community impacts (roads), anti-development campaigns; and public policy of state and federal governments. There is a significant need for an ethane cracker facility in Ohio or West Virginia or Pennsylvania, because 40 percent to 50 percent of the wet gas potentially contains ethane. The facility is necessary in order to extract the ethane from this wet gas into a useable product. The severance tax issue is a critical issue for the producers.

The Board recessed at 10:45 a.m., and reconvened at 10:52 a.m.

**Tom Humphries, President and CEO, Youngstown Warren Regional Chamber**

Mr. Humphries presented information on the Chamber which represents 2,500 businesses in the Youngstown Warren area. The Chamber primarily focuses on economic development in the region. Mr. Humphries stated that the entire east coast this past winter was heated by Marcellus energy. The shale play in the Youngstown area over the last four years has resulted in \$5 billion in investment in new facilities and created 4,000 jobs. The lowering of the unemployment rate, to 5.4 percent in the Youngstown area, where it traditionally has been 10-12 percent, has been driven significantly by the shale industry.

**Sarah Poulton, Congressman Johnson's Campaign Manager**

Ms. Poulton presented on federal activity for Congressman Johnson. It was stated that Congressman Johnson hopes to retain his seat on the Energy and Commerce Committee, and to expand to additional sub-committee assignments. He represents constituents in 18 counties from Mahoning County to outside Portsmouth, Ohio. She stated that the majority of Congressman Johnson's district is in the shale play. On the federal level Congressman Johnson sponsored or co-sponsored legislation related to the oil and natural gas industry, and Ms. Poulton explained how they impact his constituents.

Mr. Taylor thanked the speakers for their time.

Chairman Krebs requested a review of energy costs that have led to the recently reported pending death spiral of the electric utility industry being driven by renewables and natural gas.

**CONSUMERS' COUNSEL'S REPORT**

Mr. Weston reported that OCC is participating in the process of House Bill 662 and related bills (and that OCC had the opportunity to work with Representative Duffey on the legislation). The Bill relates to the issue of reselling (submetering) of utility service to apartment residents. Additionally, the mid-biennial review, House Bill 490, contains one or more utility consumer issues. One such issue is in telecommunications, where local telephone companies are seeking deregulation of basic phone service.


House Bill 319 (where OCC had the opportunity to work with Representative Grossman) involves an interest in creating funds for economic development for Ohio gas utilities. We will be seeking a balance between economic development and the charges to consumers for funding.

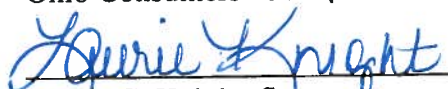
OCC and others have appealed a PUCO case (involving Duke) to the Ohio Supreme Court regarding issues about charges to consumers for the cleanup of old manufactured gas plants. At the Court, a stay had been granted without requiring a bond. The industry asked the Court to reconsider that decision. The Court recently decided that indeed a \$2.5 million bond must be posted in order to maintain the stay. This issue might also reappear in end-of-year legislation. Mr. Weston noted that Mr. Yoder, at a previous Board meeting, made a motion (that was adopted by the Board) to use all available means to protect consumers on this issue, and the appeal represents an example of what is being done to comply with that motion.

Topics for discussion in 2015 will include Ohio's ranking of 33<sup>rd</sup> in the nation for lowest average residential electric rates.

With no further business, the meeting adjourned at 11:50 a.m.

I verify that the above meeting minutes have been approved and ratified by the OCC Governing Board on this 26th day of January, 2015.

  
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Gene Krebs, Chairman  
Ohio Consumers' Counsel Governing Board

  
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Laurie C. Knight, Secretary  
Ohio Consumers' Counsel Governing Board