

ELECTRIC AGGREGATION TASKFORCE

Minutes of January 20, 2010

CALL TO ORDER

Chairman/Commissioner Steve Hambley called the meeting of the Electric Aggregation Taskforce to order at 8:30 a.m. The meeting was held in Balcony Room B of the County Administration Building located at 144 N. Broadway Street, Medina.

The following were present and introduced themselves:

Kimberly Bolas Miller, Sharon Township	Chris Jakab, County Administrator
Jeff Brandon, Montville Township Trustee	Dennis Kreider, Wadsworth Township Trustee
Martha Catherwood, Hinckley Township Trustee	Ron Oiler, Westfield Township Trustee
Rick Dumpreth, Chatham Township Trustee	Rich Pace, Granger Township Trustee
Sally Gardner, Medina Township Trustee	Bill Pavlick, York Township
Steve Hambley, County Commissioner	Kathleen Scheutzow, Brunswick Hill Township Trustee

Mr. Hambley stated this meeting was originally scheduled for Tuesday, January 19, at 8:30 a.m. It was then learned that Mr. Bellish was unavailable for that meeting; therefore, the meeting was scheduled for Wednesday, January 20, at 8:30 a.m. In addition to Mr. Bellish's presentation today, the CCAO/FirstEnergy program will be reviewed.

APPROVAL OF MINUTES

The minutes of January 12 were either mailed or e-mailed prior to the meeting. There was no discussion; therefore, the minutes will be placed on file as submitted.

CHAIR'S COMMENTS

Mr. Hambley reported that he attended the Lafayette Township trustees' meeting on January 19. The trustees had previously denied endorsing the proposal. They have now rescinded that decision and will be joining this committee when possible. Trustees noted that Brunswick Hills, Hinckley and Medina Townships will send copies of their approved resolutions soon.

Mr. Hambley distributed copies of a January 19 letter from Lorain-Medina Rural Electric Cooperative to township trustees. He has spoken with Director of Communications and Community Relations Terry Mazzone. The purpose of the letter was to make it clear to their customers, as well as township trustees, that they support the commissioners placing the issue on the ballot. They will also be informing their customers to let them know of their support.

BUCKEYE ENERGY BROKERS, INC. PRESENTATION

President Tom Bellish and Marketing Director Brian Zucaro of Buckeye Energy Brokers introduced themselves. They thanked Commissioner Hambley for his dedication. They first met with the commissioners and Chris Jakab in July to discuss energy aggregation for residents and businesses in the unincorporated areas of the county. They've saved the county approximately \$500,000 since last fall. They are also the selected energy broker for the Greater Medina Chamber of Commerce for commercial customers. Buckeye Energy implemented a similar program in Trumbull County. They've been in business about ten years, are certified electric and natural gas brokers. They've instituted eight programs and there haven't been any negative impacts.

The handout (made part of the permanent record) showed current Ohio Edison rates. It was noted that if rates are better than that, customers save money. For those customers who are all-electric (they estimate about 15% of township customers are all electric), prior to June 1, 2009, the customers were paying about 2¢ a kWh after 500 kWh a month. It's now up to 3.67¢ a kWh. If the pending rate case is approved, it will increase.

When this was first introduced, there was no discount for all-electric homes; they pushed to implement a program and there is now a discount. Sally Gardner noted that there was an article in *The Plain Dealer* this week regarding the push to build all-electric homes and the builders who thought that the reduced rate was going to continue. An all-electric home's winter rate is 12¢ a kWh for the first 550 and then 9.5¢ for everything after that. She will check with FirstEnergy again. It was noted that there was an understanding that the 5-6% reduction that FirstEnergy Solutions proposed only pertained to the generation and transmission portions of the bill, not distribution. It was noted that Ohio Edison no longer using load meters. Also, those with all-electric homes will still see a reduction in rates by going to a broker. The schedule of implementing the aggregation program was presented; if approved by the voters, service could start in August of 2010.

These were answers given to questions:

- Everyone's bill is different; those going through Buckeye Energy Brokers will see a 6% reduction of what they would have paid.
- Rate increase requests for distribution costs will still go before the PUCO.
- The discount will apply to generation costs.
- Commercial customers are given discount proposals (some save 10-25%).
- Even though residents live in a township that may not pass the issue, they will still have the opportunity to "opt in". They will not count toward part of the community grant program.

Mr. Hambley said that the agreement between the County and Buckeye Energy Brokers details the service. The county needs to decide what benefit they're looking for – the community grant program, significant savings for the consumer, etc. A broker is able to find the best deal and a good RFP defines the goals. The RFP is sent to a list of certified suppliers.

Joe Faga, a representative of FirstEnergy for the power generation and distribution portion, told one of the taskforce members that if a township has less than 40% of their residences that this doesn't apply to, it will probably not pass (that was their findings). To get everyone "on board", if there are 0-199 customers, the grant money that will be received is \$12,500. If there are 200-399, the amount is \$25,000. There is a scale that goes up. If there are 2,000 or more customers, either \$30 per residence or \$100,000 (the lesser amount) would be received. Chatham Township is looking at an expense of \$150 to put the issue on the ballot; the scale makes it compelling. If the township doesn't pass the issue, Mr. Faga said residences would have the option to "opt in"; however, they will only receive a 5% discount instead of 6%.

FIRSTENERGY SOLUTIONS PRESENTATION

Everyone introduced themselves to Kirk Mizerek from CCAO and Brenda Fargo from FirstEnergy Solutions.

It was noted that this group seems to be very well informed. Mr. Mizerek stated that he is one of the owners of Palmer Energy Corporation of Toledo. They handle natural gas and electric aggregation for both NOPC and NOAC in the state. Another relationship is with the CCAO; they are their energy consultant for their natural gas and electric programs. The natural gas program has 53 counties and the electric program has 14 counties (that program just started). A few weeks ago, Tom Stroup (the deputy director of the CCAO) asked him to look at the proposal of one of counties for residential and small commercial electric aggregation. After looking at it, there were savings for the customers, but they were taking more than they deserved. They have an intensive history and positive relationship with FirstEnergy Solutions. They met and a partnership with the CCAO was devised to provide an electric aggregation program for small commercial businesses and residential customers in townships. This particular program is 6% off the residential and 4% off commercials.

The commission that FirstEnergy Solutions pays Buckeye Energy is negotiated. In order for FirstEnergy to pay them a commission on that load, they have to take a discount away from small commercial customers. In all of the brokerage programs that Mr. Bellish talked about, the discount is 6% for residential and 3% for small commercial. Mr. Mizerek stated that the grant has nothing to do with him or CCAO; FirstEnergy created the program for the \$30 per household/meter. FirstEnergy is spending approximately \$42 million for these grant initiatives. The handout showed that the grants can go to the townships as well as the county. The total grants to the county are \$258,000; the total grants to the townships are \$516,000. CCAO was able to procure a yearly revenue for each township, county, and the CCAO; each gets \$3,283. This program is exclusive to the CCAO and not available to a broker. The household numbers were derived from the 2000 census and then reduced by 20% (10% for PIP [low income assistance program] and another 10% generally). It was noted that the county and townships will receive a check and they can do whatever they want with the money. The smaller amounts from the CCAO will come yearly for the next nine years. It was noted that if there are more than 2,000 customers, the grant is \$30 per customer. If the amount is over 100,000 households in the program, then the entities receive the higher amount. The program guarantees savings and customers can opt-out during the opt-out periods with no charge. FirstEnergy's auction price is reduced by 6% for residential and 4% for commercial.

It was noted that entities can do this on their own by being a certified electric aggregator through the PUCO. However, there wouldn't be revenue sharing. Mr. Mizerek's responsibility is to investigate other programs that may be more profitable and then re-negotiate a better deal with FirstEnergy Solutions.

Mr. Hambley said that in order to educate the voters, this group will need to decide which broker to contract with. Mr. Mizerek said that he would be happy to assist with meeting and explaining the program. FirstEnergy Solutions has worked with many communities since 2001, working to put the issues on the ballot, answering community's questions, etc. FirstEnergy takes a "back seat", providing all of the talking points, content for website, content for newsletters, public meeting talking points, have staff available to talk to local newspapers to explain the program, press releases, etc., to support the effort. In November of 2008, Stark County had a county issue that was soundly defeated. Mahoning County put the issue on the ballot on a township-by-township basis for ten of the townships (four townships didn't participate); nine passed. Neither Stark nor Mahoning was affiliated with the

CCAO program because it was new. Because this a county program, Mr. Hambley said that information could be placed on the county website to educate the voters.

When the township passes the issue, residents will have two opportunities to enroll in the program. FirstEnergy Solutions will send a letter to each residence informing them that they can opt-out. After that, the local utility (Ohio Edison, etc.) will send another similar letter informing residents that FirstEnergy will be the supplier and it will give them another opportunity to opt-out. If they choose not to opt-out, they're automatically enrolled in the program. If someone moves, there is no termination fee. If they opt-out and then change their mind, that's possible. This process is done every three years. If new people move into the territory, every six months they would receive a letter and also given a chance to opt-out.

Lorain, Ottawa, Richland, Ashland, Wayne, Huron, Erie, and Sandusky are some of the counties either confirmed or in the process. Mr. Hambley stated that this group will recommend to the commissioners who will be awarded the contract – that was the purpose of the taskforce. The question is what's best for the townships and the residents.

It was noted that all-electric home rates increased about 40% as of June 1, 2009. Before that, if a customer opted-in to a program, they lost their all-electric discounted rate; therefore, they would be harmed by electric aggregation and were never included. As of June 1, 2009, those customers can now be included. They are continuing to receive a small subsidy for the balance of 2010 until May 2012. Now, they will receive a 4% discount and then in May 2012, they'll receive 6%. The all-electric customer, therefore, will receive a different letter to explain this.

It was noted that .0003 is the amount that the townships and county receives based on kWh used. If Columbus does something that isn't in place today, the program can be re-evaluated. It's not something that gets changed frequently. The nine-year agreements are safe. The annual revenue will come in the form of a check from CCAO.

Bill Pavlick said that this is probably the best program and he preferred not waiting for another meeting to make a recommendation to the commissioners. On behalf of York Township, he recommended that the commissioners contract with CCAO for the electric aggregation program. He saw no reason to delay the decision.

Business cards were exchanged.

NEW BUSINESS

Bill Pavlick moved to recommend to the commissioners that they contract with the CCAO/FirstEnergy Solutions for the county's electric aggregation program. Rich Pace stated that Granger Township met with FirstEnergy Solutions; however, they haven't made a decision so he will likely abstain.

Kathleen Scheutzow stated that the question is how much work is involved in getting a township certified and doing quarterly reports to the PUCO. Everything comes with a cost. Contracting with a broker means that they pay to do the work. Kimberly Miller stated she likes that the CCAO handles all of the work and looking at the rates. Ms. Miller seconded the motion.

There was no further discussion. Everyone voted in favor of the motion with the exception of Rich Pace who abstained. The motion carried.

Commissioner Hambley stated that he will recommend to the other commissioners that they move forward with working with FirstEnergy Solutions and the CCAO. Future meetings will be needed to go through the final details and how the public will be educated.

PUBLIC COMMENT

There was no one from the public in attendance.

NEXT MEETING

The next meeting will be announced.

ADJOURN

There being no further business, the meeting adjourned at 10:21 a.m.

