



Ohio Township Association

6500 Taylor Road, Suite A
Blacklick, Ohio 43004
(614) 863-0045 • FAX (614) 863-9751
www.ohiotownships.org
Michael H. Cochran, Executive Director
Heidi M. Fought, Director of Governmental Affairs

Legislative Update

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MONDAY, JULY 27 2009

BUDISH PUSHES FOR SWIFT ACTION ON THIRD FRONTIER RENEWAL, SEXUAL ORIENTATION BILL

Voters might get to weigh in on a second Third Frontier ballot issue this November if Speaker Armond Budish gets his way, but the deadline for the legislature to act is quickly approaching.

Also high on the House's list of legislative priorities is a proposal to ban discrimination based on sexual orientation (HB 176), the speaker said during an interview Monday.

Speaker Budish (D-Beachwood) said quick action to reauthorize the bonded portion of the \$1.6 billion high-tech development program was warranted to prevent any disruption in funding. The last bond issue for the initiative, totaling \$500 million, passed on its second try in 2005 as part of a broader issue that included local infrastructure funding.

"I'm prepared to call the House back if it looks like we can get it done, but given the enormity of the project, every day that goes by it's less likely we'll get it done by November," he said, noting the deadline to place an issue on the fall ballot is next week. "If it's not November, then I'd very much like to get it done on the May ballot."

Judging from comments by Senate President Bill Harris's (R-Ashland) spokeswoman Maggie Ostrowski, lawmakers won't have to sidetrack their summer plans for now.

"The program has been a great success to date and he does support renewal and possible expansion, but he believes we need to do it right and not rush into it for this November," she said.

"Sen. Harris was a strong supporter of the Third Frontier program both times the legislature voted to place it on the ballot - the first time the voters rejected it and the second time," she said. "He believes we learned a lot of lessons about how to structure it, including ensuring accountability of the funds, keeping politics out of the process and making sure all regions of the state benefit,"

Mr. Budish said a small working group with members appointed by the speaker, Senate president, and governor are meeting this week to discuss details of the proposal.

The Strickland administration previously voiced support for renewing the program earlier this year. More than simply extending the current program, Speaker Budish said he wants to augment it.

"The Third Frontier has been our gem in the state for supporting creation of new jobs and business, particularly in the technology and biomedical fields," he said. "I believe we're in agreement on at least renewing it. The question is, can we expand it? And that is a discussion we haven't fully had yet."

Bond sales would be key to funding another Third Frontier initiative but other financing sources, such as state-guaranteed loans for new startup companies should also be considered, he said, pointing to the Ohio Venture Capital Authority.

"The state, I believe, has not lost a penny on the Venture Capital Authority and yet it allowed for loans to be made to startup businesses that wouldn't otherwise be able to get that money," he said.

Speaker Budish said he envisions a measure that would generally mirror the current Third Frontier program, which funds research and development in the biomedical, advanced energy, advanced materials, advanced propulsion and instruments, controls and electronics fields. However, he would like to add a workforce development component to retrain unemployed workers.

One of the first bills the House will take up when the chamber reconvenes in September will be a measure to prohibit workplace and housing discrimination based on sexual orientation and gender identification, the speaker said.

Last month the House State Government Committee reported the proposal over opposition from all but one of the panel's Republicans.

Intense focus on the biennial budget earlier this month delayed a floor vote prior to the summer recess, Speaker Budish said, voicing support for the measure in its current form.

"I believe that the committee has done good work to come up with a bill that makes a lot of sense," he said.

Asked about Sen. Harris's position on the legislation, Ms. Ostrowski said, "Should the House pass it, it will be referred to a Senate standing committee for further review."

Despite contentious negotiations with Senate Republicans on a number of biennial budget issues, Speaker Budish said the two have maintained a productive rapport.

"Obviously during the budget process there are times that you disagree and sometimes very vigorously disagree," he said. "But I believe that Sen. Harris is a good man and I believe that we have actually strengthened our relationship during the course of the budget process."

SUPREME COURT TOSSES TOLEDO MAYOR RECALL ELECTION, DENIES SCHOOL INTERESTS INTERVENTION IN SLOTS CASE

A recall election targeting Toledo Mayor Carty Finkbeiner was blocked Monday by a divided Ohio Supreme Court, which found the local elections board had illegally denied his protest to the petition effort.

In a separate case involving the state's efforts to add racetrack slots to the Ohio Lottery's gambling menu, the court, albeit with two dissents, blocked a pair of individuals and statewide education groups from intervening.

In the 4-3 decision to knock the mayoral recall vote from the Nov. 3 ballot, the majority found that the Lucas County Board of Elections had exercised "quasi-judicial authority" in denying Mr. Finkbeiner's bid to protest the validity of petitions that did not meet statutory requirements.

Further, the court found that the board's actions prevented the mayor, whose term ends this year and is not seeking re-election, from pursuing an adequate legal remedy in regards to his protest.

The majority held in a per curium decision that Mayor Finkbeiner "has established that the board of elections has abused its discretion and clearly disregarded applicable law...by denying the protest challenging the validity of the recall petition."

A dissenting opinion written by Chief Justice Thomas Moyer was in agreement with the majority's findings regarding the board's actions but argued that the mayor still had time for legal recourse "given the availability of a prohibitory injunction though the court of common pleas."

Joining in the dissent were Justices Robert Cupp and Terrence O'Donnell.

STRICKLAND SIGNS ONTO MULTI-STATE EFFORT TO GARNER FEDERAL RAIL FUNDING

Looking for strength in numbers, Gov. Ted Strickland joined the leaders of six other Midwest states Monday in agreeing to coordinate efforts toward pulling in a carload of the \$8 billion in federal funds set aside for railroad developments.

Mr. Strickland traveled to Chicago to sign the "memorandum of understanding" regarding the development of a Chicago Hub High-Speed Rail Corridor that Ohio officials hope will entail money for the 3C Passenger Rail Plan.

On its own, the state seeks \$250-400 million in federal stimulus funds for initial development of what is dubbed as its "Quick Start" initiative for conventional-speed service to be up and running by 2011.

"The agreement signed today demonstrates the importance of Ohio and the 3C Corridor to the Chicago Hub. It also commits the Midwest to work together to bring high-speed rail to our region," Gov. Strickland said in a statement.

Also signing the MOA were: Illinois Governor Pat Quinn, Michigan Governor Jennifer Granholm, Iowa Governor Chet Culver, Wisconsin Governor Jim Doyle, Missouri Governor Jay Nixon, Minnesota Governor Tim Pawlenty, Indiana Governor Mitch Daniels and Chicago Mayor Richard Daley.

"A modern transportation system that includes passenger rail service enhances the quality of life for those in its proximity, revitalizes our cities and boosts the economic development and growth potential of a region," Mr. Strickland said. "I thank

President Obama and the Congress for their visionary leadership and commitment to expanding passenger rail service in the United States."

Ohio aims to connect Cleveland, Columbus, Dayton, and Cincinnati as part of what the administration described as "President Barack Obama's nationally-prioritized Chicago Hub Network," which also connects Toledo, Louisville, Indianapolis and Chicago to western points beyond.

"Ohio's central location makes our state the connection between the Chicago Hub to the west and the Northeast Corridor to the east," Strickland said. "I look forward to collaborating with my fellow governors and U.S. Transportation Secretary Ray LaHood to make the Midwest a regional leader in high-speed rail and move our state into the future."

The MOU establishes a Midwest Rail Steering Committee to coordinate the states' efforts toward attracting a portion of the \$8 billion in passenger rail development money earmarked in the American Recovery and Reinvestment Act. Applications for the funds are due in October.

"This Midwest team will provide guidance, leadership and a single advocacy voice in support of the region's collective high-speed rail priorities," said Ohio Department of Transportation Director Jolene Molitoris, who also participated in the Chicago event. "Our application for Ohio's 3C 'Quick Start' Passenger Rail Plan is made stronger with this landmark support from other states."

"All MOU participants agree upon and support a regional and national vision for developing a high-speed and conventional rail network across the Midwest that will provide expanded and ongoing service opportunities throughout the region, with connections to corridors across the nation," the agreement states in part.

NEW GROUP VOWS TO PUSH BACK ON LIVESTOCK AMENDMENT, CAFOS

The legislature's recent passage of a constitutional amendment on livestock treatment has apparently galvanized opponents of what they deride as "factory farms." The groups on Monday announced a new coalition to oppose the measure and lobby for further agricultural regulations.

Environmentalists and community organizations were already forming the Ohio Environmental Stewardship Alliance when the General Assembly suddenly passed a constitutional amendment to create a board charged with setting livestock care standards, according to spokesman Joe Logan, director of agricultural programs for the Ohio Environmental Council.

Supporters said the measure says it is necessary to ensure the safety and affordability of the food supply and to preempt a ballot issue from the United State Humane Society that would ban certain animal confinement practices. But the proposed amendment, and the lack of public input on the process, gave the fledgling coalition a new sense of urgency, Mr. Logan said.

"Many people in the rural community have developed a jaded opinion about the regulatory scheme and I don't think this constitutional amendment has salved that wound at all," he said during a Statehouse event to announce the coalition.

"We represent the long overdue citizen push-back to decades of political dominance by corporate agribusiness interests," he said.

The new organization is prepared to participate in an opposition campaign to convince voters to reject the proposal in November, he said. The alliance will also work on other ways to crack down on concentrated animal feeding operations (CAFOs), he said.

"Virtually all industries seek to avoid regulation, but industrial livestock operations have been exceptionally successful in that regard," he said. "The end result has been the continued deterioration of water quality in agricultural watersheds, languishing rural economies and quality of life that often includes oppressive odors, flies and depressed property values."

High on the group's agenda is an attempt to block the long-time effort to shift water pollution regulatory duties from the Ohio Environmental Protection Agency to the Department of Agriculture, Mr. Logan said. Agribusiness groups and ODA will likely push for legislation soon to complete the transfer of regulatory duties under the National Pollution Discharge Elimination System.

The federal government gave tentative approval for the transfer last year, pending certain changes in Ohio law. Bill Schwaderer, of ODA's Livestock Environmental Permitting Program, said the agency has permitted a total of 172 CAFOs in Ohio since it took over responsibility for granting permits-to-operate.

As for assuming the additional responsibility to regulate water pollution from CAFOs, he said, "We have the staff and we have the regulations right now to take care of it."

Environmentalists have long opposed the transfer of NPDES permitting duties that the legislature originally approved in 2000, arguing it would slacken enforcement of clean water statutes. Agribusiness groups say the change would streamline the overly bureaucratic permitting process.

Mr. Logan said the alliance would also lobby the legislature to restore CAFO permitting authority to local boards of health.

TUESDAY, JULY 28 2009

TAYLOR SAYS STRICKLAND VETO 'INFRINGES' ON AUDITOR'S AUTHORITY; GOVERNOR CITES FUNDING CONCERNS

Republican State Auditor Mary Taylor's latest criticism of the Democratic administration came Tuesday with a letter blasting Gov. Ted Strickland for a budget veto.

Before signing the budget measure 11 days ago, Mr. Strickland included among his 61 vetoes GOP-backed language granting the state auditor more authority in terms of recouping costs from public audits.

The language would have required the Office of Budget and Management director to "transfer the amounts of the audit costs from the general revenue fund to the public audit expense fund," Mr. Strickland's veto message stated.

In the as-introduced and House-passed version of the measure, the administration proposed capping at about \$460,000 a year the spending for certain "centralized audit costs," according to the Legislative Service Commission's comparison document. The Republican-led Senate replaced the annual caps with an allowance for payments of "all costs" related to such fiscal reviews.

Gov. Strickland said in striking the language, "There already exists a mechanism by which the Auditor can recover the costs of audits in section 117.13 of the Revised Code. In addition, this provision would have allowed the Auditor unlimited access to the General Revenue Fund to support office operations, and with no checks and balances on the amount that could be spent."

Ms. Taylor objected to the veto in a letter to the governor and said in a statement issued Tuesday that the "sensible budget language" was "meant to support open, independent audits of publicly funded offices and agencies - including his own Governor's Office."

"This is another attempt by the Governor to control how my office conducts the peoples' business," Auditor Taylor said.

"With this veto and others, the Governor infringes on the professional independence and authority to hold state government accountable that Ohio law grants exclusively to the Auditor of State. Nevertheless, I will solve the problems created by these vetoes, because Ohioans have the right to know how and where their tax dollars are being spent."

Strickland spokeswoman Amanda Wurst responded that along with his questioning the need for the language, the governor was concerned about potential fiscal impacts.

"While the governor believes in the importance of robust fiscal accountability in state government, the national recession's impact on Ohio created a time of shared sacrifice where all state agencies must operate with fewer resources," she said. "The Auditor of State's Office should be no exception."

Tuesday's exchange was the latest in an ongoing war of words between Ms. Taylor, who has been vocally critical of the Strickland budget and general cooperation from OBM, and the governor, who has accused the only Republican statewide officeholder of playing politics.

Those dustups have included Auditor Taylor's criticisms over the administration's Medicaid cost-cutting efforts, its lateness in providing state financial documents and the governor's budget plan.

FEDERAL GOVERNMENT TOUTS NEW PIKETON CLEANUP JOBS, REJECTS LOAN FOR NUCLEAR ENRICHMENT PLANT

The U.S. Department of Energy pulled the plug on funding for a "next generation" nuclear enrichment facility in Piketon Tuesday, but announced new investments to help clean up the contaminated Cold War-era weapons manufacturing site.

Matt Rogers, senior advisor to U.S. Energy Secretary Steven Chu, said USEC Inc.'s application for a loan guarantee to help finance the American Centrifuge Plant did not meet the agency's statutory and regulatory requirements to qualify for funding.

"We're convinced the project has promise, but the project is neither technically nor financially ready to move forward to commercial construction," he told reporters during a conference call.

"As the project has progressed, the costs of the project have increased and the available funds for completing that project were not adequate to cover the expected increases... at this point in time," he added.

DOE asked the company to withdraw the loan application and encouraged the it to resubmit it in 12-18 months, he said. The agency also offered the company \$45 million to support research and development activities in the interim.

However, a public statement from USEC, one of several companies involved with nuclear activities at the former Portsmouth Gaseous Diffusion Plant, made continued centrifuge development appear unlikely.

"With DOE's decision, we are now forced to initiate steps to demobilize the project. We deeply regret the impact this decision will have on all those affected, but as we have stated in the past, a DOE loan guarantee was the path forward to completing financing for the project," USEC President and CEO John Welch said in a statement.

The project met the original intent of the loan program and would have advanced President Barack Obama's energy independence and climate change goals, he said.

"President Obama promised to support the loan guarantee for the American Centrifuge Plant while he campaigned in Ohio. We are disappointed that campaign commitment has not been met," Mr. Welch said.

Moreover, rejection of the federal loan application threatens the loss of thousands of jobs across the country, he said.

The state estimates the setback could cost the Piketon facility 600 jobs.

However, DOE officials said the pledge of an additional \$150-\$200 million a year to accelerate cleanup efforts at the site would more than offset any job loss due to the demobilization of the American Centrifuge Plant.

While USEC might lay off a few hundred positions, the newly expanded cleanup, which would be funded by exchanging excess uranium from DOE's existing stockpiles, will create an estimated 800-1,000 jobs, Mr. Rogers said.

Those employment projections include the previously announced \$118 million that was already appropriated through the American Recovery & Reinvestment Act, he said.

"Site employment at the Portsmouth facility should increase even after USEC reduces the ACP project workforce," Mr. Rogers said. "USEC's other activities, especially the ongoing operations of the (highly enriched uranium) agreement and the reliable uranium enrichment operations at Paducah, should not be affected by this decision."

Meanwhile, consideration of a separate proposal led by the French company AREVA to build a new nuclear-powered electric generation plant on the Portsmouth site continues, he said.

"We are reviewing that application and in its due course will come to conclusion," he said, noting the company was still waiting for the Nuclear Regulatory Commission to approve its license and doesn't expect to commence construction until 2011.

Currently the American Centrifuge Plant employs 750 workers, according to the agency. Total employment at the Portsmouth site is about 2,500.

FIRSTENERGY, CONSUMER ADVOCATE PLAN CUTS LONG-TERM CUSTOMER COSTS

FirstEnergy's electric customers would see their total payments to the utility fall by \$320 million if state utility regulators approve a new proposal that speeds the recovery of deferred costs.

The proposal, filed by the utility and supported by a coalition of consumer and environmental advocates, would cut residential consumers' obligations by \$178 million.

"Much like reducing the length of a home mortgage saves on interest costs, these proposals would save customers \$320 million in carrying costs while providing our utilities with full recovery of their investments," said FirstEnergy President and Chief Executive Officer Anthony J. Alexander said. "The accelerated recovery would significantly reduce costs to customers, while keeping current rates stable and avoiding future increases that otherwise would have been implemented."

The plan drew support from a wide array of organizations that are members of Ohio Consumer and Environmental Advocates.

"By prepaying costs which the Public Utilities Commission of Ohio already approved for FirstEnergy to recover, customers will get rid of hundreds of millions in interest costs," Consumers' Counsel Janine Migden-Ostrander said. "In return for prepaying, consumers will receive more bill payment assistance and increased incentives to produce renewable energy."

"The creation of this program will jumpstart residential renewable energy in Ohio," Migden-Ostrander said. "With customer-sited renewable energy, bills for these customers can become more manageable while supplying themselves with clean and reliable electricity."

FirstEnergy said it was authorized to collect \$636 million in previously deferred costs over up to 25 years starting in 2011. The new proposal has the company collecting \$316 million between September of this year and May of 2011.

The money would only be collected in "non-summer months," when rates are typically lower.

"With electric generation prices at the lowest levels in several years, we have a unique opportunity to accelerate the recovery of past costs while keeping electricity rates stable," Mr. Alexander added. "And, we are able to enhance the company's cash flow, helping reduce the need to borrow at today's higher cost of capital."

Under the plan, the utility also agreed to deposit \$2.5 million into a fund that helps low-income customers and improve an energy credit program that benefits customers that generate power from renewable sources.

OHIO'S LATEST FORECLOSURE PREVENTION EFFORTS RANGE FROM ATTORNEY GENERAL PUSH TO COMMERCE'S STATE FAIR BOOTH

State officials' most recent efforts to stem the tide of foreclosures include lobbying the Obama administration in Washington to counseling at-risk homeowners attending the Ohio State Fair in Columbus this week.

Fairgoers can take a break from attractions like the life-size butter cow, the watermelon seed-spitting contest, and Kiddieland to discuss ways to save their homes from foreclosure with counselors from the Department of Commerce's "Save the Dream" initiative, the agency announced Tuesday.

Homeowners can talk about foreclosure prevention with representatives of the DOC program's partners, which include the Attorney General's Office, Mid-Ohio Regional Planning Commission, Department of Development, Ohio Housing Finance Agency, and Ohio State Legal Services Association, the agency said.

DOC agents will also be on hand to provide fairgoers with information about unclaimed funds and fire safety.

"The Department of Commerce's State Fair booth is a great resource where Ohioans can obtain important educational resources to help them save their home from foreclosure, check for unclaimed funds, and obtain valuable fire safety information," Director Kimberly Zurz said in a statement.

Although Ohio's foreclosure rate for the first half of 2009 decreased 5.8% from the previous six months in and 14.7% from the first half of 2008, it remains among the 10 state with the highest number of foreclosures, according to a recent report from RealtyTrac, a company that lists distressed properties online.

Nearly 59,000 properties in Ohio received a foreclosure filing between January and June, the company said.

The DOC's foreclosure initiative urges homeowners to get in touch with their mortgage loan servicer at the first sign that they may have difficulty in making their payment, the agency said. They should also contact "Save the Dream" to housing counselor or a legal aid or pro bono attorney.

WEDNESDAY, JULY 29 2009

AGRICULTURE GROUPS READY TO SPEND MILLIONS ON LIVESTOCK BALLOT ISSUE CAMPAIGN

Ohio's major agricultural and commodities groups are pooling resources and preparing to unveil a campaign to promote a constitutional amendment on livestock care that will cost as much a \$7 million, an Ohio Farm Bureau official said Wednesday.

Meanwhile, Gov. Ted Strickland, who has expressed support for amending the constitution to create the Livestock Standards Board, said he would not take an especially high-profile position on the issue.

"I think my responsibility is to express my opinion regarding the initiative, and I have and will continue to do so when asked, but its not something I'm likely to hold rallies in support of," he told reporters at the Ohio State Fair.

Jack Fisher, executive vice president of the Ohio Farm Bureau, said a coalition of agriculture organizations was nearly ready to unveil the Ohioans for Animal Care campaign. In addition to the Farm Bureau, Mr. Fisher said the campaign get support from

major statewide agribusiness and commodities groups that represent producers of beef, poultry, pork, corn, soybeans and other commodities.

Supporters of the amendment (SJR 6), which the General Assembly passed prior to the summer recess, are prepared to spend anywhere between \$2 to \$7 million to support the ballot issue, he said in an interview.

"Campaigns in Ohio aren't cheap," he said. "Over the last couple years we haven't been speaking up as much as some folks who have a different philosophy about animal care. We think it's our responsibility to speak up and we intend to do that."

Mr. Fisher said the campaign would focus on protecting consumer choice to ensure Ohioans can continue to choose what they want to eat, including meat.

"But its also about consumer choice relative to hunting and fishing, going to the zoo, our opportunity to use animals for health care and quality of life by way of animal research," he said. "Always remembering that humane treatment of the animal, the best treatment we can give them under the circumstances, is very important."

Mr. Fisher said a proposal from the Humane Society of the United States, which prompted the constitutional amendment, was "one-sided."

"We think there are unintended consequences for all of us if you go to that extreme. Some place in the middle is the quality of animal care that we can all support," he said.

Paul Shapiro, senior director of HSUS's Factory Farming Campaign, said the group vehemently opposes the amendment, but still hadn't decided whether to run an aggressive counter campaign this fall or hold its fire until next year.

"We're more focused on promoting a pro-animal campaign, rather than fighting against this anti-animal campaign," he said. If the ballot issue passes, HSUS might promote a constitutional amendment to nullify it in 2010.

"Our contention is that they're creating an industry-dominated council for the purpose of preserving the status quo. So by them passing this, the only change is that for us to run an actual pro-animal campaign is we would have to go constitutional as opposed to statutory," he said. "They are the ones going nuclear here. We will encourage Ohioans to vote no and not allow the foxes to guard the henhouse."

Ohio Department of Agriculture Director Robert Boggs said he saw his agency's role as explaining how the ballot issue would standardize animal care standards that currently vary in each of the state's 88 counties.

"People have to remember that this is not an issue that will decide what the livestock care regulations will be, but it is a process," he said.

"So I think, no matter where you stand on the issue of what type of standards there should be, I think people should support this in terms of standardizing the process, having better enforcement and adjudication of the wrongdoers," he said.

HIGH COURT LIMITS MALPRACTICE SUITS AGAINST LAW FIRMS; STIMULUS MONEY ALLEGATIONS PROMPT MANDAMUS FILING

The Ohio Supreme Court said Wednesday that a law firm could not be directly sued for malpractice because it does not practice law as an entity.

In responding to a certified question of state law submitted by the U.S. 6th Circuit Court of Appeals, the high court found that firms could only be vicariously liable for malpractice if one or more of its principals or associate attorneys is also found liable for malpractice.

The decision stems from a malpractice case involving the Columbus law firm Lane Alton & Horst, which had been retained to defend a claims adjustment firm in a separate federal case.

The federal district court initially found that the firm could not be sued as an entity for malpractice because it is not an attorney and does not practice law, according to court documents. In reviewing the appeal, the 6th Circuit court found Ohio law unsettled on the issue and asked the Ohio Supreme Court for guidance.

In writing the lead opinion, Justice Terrence O'Donnell said the federal court's answer could be found in several past state court decisions involving attorneys and physicians.

"This precedent concerning medical malpractice is consistent with the general definition of 'malpractice' that we set forth in *Strock v. Pressnell* (1988) wherein we stated, 'The term "malpractice" refers to professional misconduct, *i.e.*, the failure of one rendering services in the practice of a profession to exercise that degree of skill and learning normally applied by members of that profession in similar circumstances,'" Justice O'Donnell wrote. "As with the practice of medicine, it is apparent that only individuals may practice law in Ohio."

Regarding the issue of vicarious liability, the justice also cited past case law in noting, "Although a party injured by an agent may sue the principal, the agent, or both, a principal is vicariously liable only when an agent could be held directly liable.... There is no basis for differentiating between a law firm and any other principal to whom Ohio law would apply."

Strickland Sued: Separately, an Illinois-based business has filed a mandamus request with the Ohio Supreme Court over the Strickland administration's handling of federal stimulus funds.

National Building Resources alleges Gov. Ted Strickland "intentionally slowed down the process of awarding nearly \$1.9 billion in economic stimulus money and for political purposes put thousands of struggling construction workers in financial straits," according to a news release.

"We're saying that the governor had politics in mind when he slowed the awarding of the money and he did this on the backs of hard-working Ohioans for his own gains," said attorney Jay Edelson, of the law firm KamberEdelson.

The writ of mandamus filed by the attorney seeks to "compel the governor to perform his duties correctly," according to the firm. Strickland spokeswoman Amanda Wurst said of the filing, "This lawsuit appears to be nothing more than an unfortunate, bizarre distraction from our work to create and retain jobs in Ohio."

The administration said \$1.9 billion in federal stimulus funds was appropriated in the state transportation budget (HB 2), and those funds include \$774 million for 149 previously announced projects that are expected to create or retain more than 20,000 jobs."

"In addition to ensuring the federal transportation stimulus resources were distributed broadly to provide Ohioans in every region with an opportunity to participate in the economic recovery, we also targeted funds to develop unique regional economic assets to strengthen the state's infrastructure system while also bolstering each region's economic vitality in many ways," Ms. Wurst said.

USEC SEEKS PRESIDENTIAL RECONSIDERATION FOR PIKETON PLANT, STRICKLAND OPTIMISTIC

An energy company asked the president Wednesday to reconsider its loan application to build a uranium enrichment plant, while a business group called the decision "short sighted," and the governor expressed hope the project would survive.

The day after the U.S. Department of Energy denied a \$2 billion loan guarantee for USEC, Inc. to build the American Centrifuge Plant at the former Portsmouth Gaseous Diffusion Plant near Piketon, the company sent a letter asking President Barack Obama to review the agency's decision.

"Absent this review, I am concerned that we are on a path that will increase the nation's unemployment, jeopardize this vital project, and an action may be taken that will increase costs for the U.S. economy and taxpayers in the longer run," USEC President and CEO John Welch said.

Without the federal loan, Mr. Welch said he would be forced to "demobilize" the project and initiate layoffs that would affect nearly 2,000 USEC employees and contractors in 11 states.

The company is willing to negotiate an agreement that "protects taxpayer interests while providing the financing needed to deploy the American Centrifuge Plant," he said.

Asked about the development during the Ohio State Fair, Gov. Ted Strickland told reporters he was disappointed by U.S. DOE's decision, but said he was hopeful the plan could eventually move forward.

"The USEC project is not dead," he said, noting DOE offered \$45 million for research and encouraged the company to reapply for the loan after further development.

The governor said he was meeting with Mr. Welch later Wednesday and was hopeful the company would take DOE up on its offer.

Gov. Strickland declined to second-guess the agency's decision, saying he lacked the necessary technical expertise in complex nuclear technology.

"It's bitter-sweet. The bitter part is the guaranteed loan was not granted. The sweet part is that there are going to be significant resources made available that will create many hundreds of other jobs," he said. "But I wish we could have had both."

Meanwhile, the Ohio Chamber of Commerce issued a statement expressing its "extreme disappointment."

"At a time when our state is advocating for new, alternative energy jobs, the U.S. Department of Energy's decision is both disappointing and short-sighted", said Jennifer Klein, the Ohio Chamber's Director of Energy and Environment.

The project was expected to create more than 3,000 direct and indirect jobs in Ohio and 8,000 across the U.S., the group said, noting the company already invested about \$1.5 billion and had lined up an additional \$1 billion in corporate support.

"USEC invested a lot of time and money in this project and it is extremely unfortunate the project will not come to fruition", Ms. Klein said. "The American Centrifuge Plant would have provided the dependable U.S.-owned nuclear fuel production capability needed to support our country's nuclear power plants."

THURSDAY, JULY 30 2009

NEW FORESTRY CORPS TO EMPLOY 132 PEOPLE, TRAIN OHIOANS FOR INDUSTRY CAREERS

The state announced Thursday that it is accepting applications from people interested in joining a new 132-member Ohio Woodlands Job Corps, which will work to improve the condition of Ohio's state forests.

Members of the corps, funded by the American Recovery and Reinvestment Act, will work to remove invasive species, learn to fight wildfires and work toward receiving training and certification, the Ohio Department of Natural Resources said.

"This program will help improve both our forests and our economy," Gov. Ted Strickland said in announcing the program at the Ohio State Fair. "The stimulus dollars used to fund the Ohio Woodlands Job Corps is a wise investment that will encourage healthier forests while creating jobs in regions of our state that are severely challenged by underemployment."

The corps members will work 1,000 hours at the Blue Rock, Hocking, Maumee, Pike, Scioto Trail, Shawnee and Zaleski state forests.

ODNR Director Sean Loan said the program provides a "unique" educational opportunity and important jobs for Ohioans. "This program will provide valuable training and real world learning experience for corps members interested in making a career in Ohio's \$15 billion wood industry, which directly employs 119,000 people."

Members will spend four of the 25-week program training with Ohio State University and Hocking College. Those hired will also be eligible to secure \$2,300 to assist with college education costs.

FRIDAY, JULY 31 2009

O'BRIEN TO CHALLENGE HUSTED IN PRIMARY FIGHT AS 'THE TRUE FISCAL CONSERVATIVE'

With a war chest of more than \$1.25 million, Jon Husted is the favored Republican candidate for secretary of state, but GOP contender Sandra O'Brien's shoestring campaign could prove more than a thorn in his side.

Ms. O'Brien has a history of unseating well-funded frontrunners and most notably took out former Treasurer Jennette Bradley in the 2006 GOP primary before losing to Richard Cordray in the general election. Previously she ousted the incumbent Ashtabula County auditor in 1995, where she subsequently served three terms.

"That's sort of what I've become known for - defeating sitting incumbents," she said in an interview Friday.

She attributes her primary victories to her close ties to conservative grassroots organizations and flatly dismisses the importance that money plays in politics. "In any Republican primary, just as in Democratic primary, you have very educated voters and what I proved the last time I ran in '06 is organization can trump money, and that's how I won."

In 2006 Ms. O'Brien spent only \$13,000 compared to Ms. Bradley's \$204,000, according to the post-primary filing. Her 2009 semiannual campaign finance report shows about \$95,000 in her campaign fund, which includes \$310 in contributions for the year and nearly \$140,000 in loans.

"Any candidate who believes they can buy a primary is sadly mistaken. I'm very comfortable with the way the race is shaping up," she said.

Mr. Husted, who last week announced he had more than \$1.25 million in the bank for his campaign, dismissed any insinuation he was trying to purchase the nomination.

"It's an election - it's not an auction," he said.

The Kettering senator, who disclosed more than \$800,000 in contributions this year and about \$103,000 in expenditures, said he released his fundraising results early to avoid being lost in the shuffle.

"You have a lot of people who are wondering where the campaign is going and sometimes it can get lost on reporting day," he said. "I think we have demonstrated that we have put together a good team, that we are generating the resources necessary to run a winning effort."

Asked whether he was concerned about a potential primary challenge, Mr. Husted said, "What we have is a statewide network of financial support, grassroots support, and a winning message that talks about changing a failed system of election oversight and a hyper-partisan system of drawing legislative districts."

The former House speaker said his campaign, with its focus on overhauling the partisan redistricting process, would appeal to Republicans, Democrats and independents alike.

"What I want to do is change the very flawed system that allows the politicians to pick the voters, rather than the voters picking the politicians," he said. "I want to change it to a bipartisan process."

Moreover, his campaign will highlight the need to ensure more bipartisan elections oversight, he said. "That's what my focus will be - changing the system that we have to ensure that Ohioans will not be embarrassed in the way that their elections are run."

While Mr. Husted's campaign will emphasize efforts to restructure the elections process, Ms. O'Brien said she would focus on restoring trust to the existing system.

"The main deficiency I see is a lack of trust and that permeates through the entire office, all the way down to all 88 local county boards of election," she said.

"These individuals that serve on the board and serve us on Election Day, they're our neighbors, they're our friends. I trust them, I believe in their education, in their experience and I'm going to let them know that. I'm going to lead by example," she said.

Ms. O'Brien, 57, said she has maintained close ties with numerous conservative grassroots organizations across the state that supported her previous campaign for treasurer and has been an active participant in events like the recent "tea parties," where activists protest government spending.

"Next year I believe the voters are going to be concerned about who is the true fiscal conservative and that's why I'm confident in this race. If you look at our records, I'm the true fiscal conservative here," she said, citing her efforts as Ashtabula auditor to lead a successful campaign that overturned a county sales tax increase instituted by the commissioners.

Mr. Husted, 41, said his record proves his credentials as a true fiscal conservative.

"When I became speaker I passed the largest income tax cut in Ohio history and the most fiscally conservative budget in over 40 years," he said.

"The fact that people from around the state at the grassroots and financial level are supporting me to the extent that they are is evidence that people believe in me," he said.

Mr. Husted said he wasn't overly concerned about a potential primary.

"It's almost a year away and a lot of things can change before then. But the one thing that's not going to change is that we are going to put together an unprecedented race for secretary of state and I'm confident it will be a winning effort," he said.

SLOTS REFERENDUM BACKERS ADD LAWYERS, FILE AMENDED SUPREME COURT COMPLAINT

Conservatives seeking a court-ordered referendum on a plan to install video slot machines at Ohio horse race tracks expanded their legal team Friday and spelled out their argument in a filing with the Ohio Supreme Court.

Let Ohio Vote, a ballot issue committee that includes former Rep. Thomas Brinkman (R-Cincinnati), added national and state constitutional litigators Michael Carvin and Douglas Cole to its legal team.

Mr. Carvin is a partner at Jones Day, focusing on constitutional, appellate, civil rights and civil litigation against the federal government.

Mr. Cole, also a partner at Jones Day, was State Solicitor for Ohio from 2002 to 2006.

They asked the Supreme Court on Friday to order Secretary of State Jennifer Brunner to treat the video lottery terminal provisions contained in the new state budget as being subject to the constitutional right of referendum.

Both the secretary of state and attorney general previously rejected summary petitions from the referendum proponents.

A section of the budget provides that the VLT provisions take immediate effect and are not subject to the 90-day referendum period.

Let Ohio Vote asked the court in a new filing to put implementation of the VLT statutes on hold until it rules in the case. It also said a 90-day referendum timetable should start to run from the date of the court's decision.

The committee contends the budget's amendments to the Ohio Lottery law are subject to referendum, and that the state's attempt to classify them as "clarifications" is legally irrelevant.

"Nothing in the text, history or spirit of the Ohio Constitution supports exempting 'clarifying' laws from the referendum process," Let Ohio Vote said.

Later on Friday, the court gave Secretary Brunner until Tuesday, Aug. 4, to file a response to the Let Ohio Vote amended complaint.

BWC TO REVIEW GROUP RATING MARKETING ACTIONS; PUBLIC FORUM SET

Leaders of the Bureau of Workers' Compensation voted Friday to increase monitoring of organizations that market group rating programs, the agency announced.

The vote from the agency's board of directors doesn't establish new standards to operate group programs, but seeks to ensure that services are marketed "accurately and responsibly."

If marketers violate standards, the agency could revoke certification for sponsoring associations or block the addition of new group members.

Violations could include offering unattainable discounts or refunds, suggesting that the group is endorsed by the BWC or advising applicants to submit false information.

The board also Friday set a public forum for Aug. 27 at which time interested parties can raise any concerns they have regarding the system.

The event, which runs from 9:30 a.m. through 11:30 a.m., will be held in the auditorium, 30 W. Spring St., Columbus.

FIRSTENERGY LOOKS TO MOVE OHIO TRANSMISSION ASSETS TO PJM NETWORK

FirstEnergy Corp. announced Friday it is looking to transfer its Ohio transmission assets to a network managed by the PJM Interconnection, a shift that will leave just one Ohio utility as part of a different regional transmission organization.

FirstEnergy said its decision wasn't based on service it received from the Midwest Independent Transmission System Operator (MISO), but instead said the move reflected the company's competitive focus.

"Aligning our transmission assets with PJM will provide customers with the benefits of a more fully developed retail choice market and enhanced long-term planning that supports construction of new generation when and where it is needed," said Anthony J. Alexander, the utility's president and CEO. "In addition, PJM supports incentive-based demand response and energy efficiency programs that give customers more control over their energy use and encourage peak load reductions that drive down prices for customers."

FirstEnergy noted that PJM's member utilities generally operate in a deregulated region that has market rules that better reflect competitive forces.

The transfer, which will be filed with the Federal Energy Regulatory Commission next month, leaves Duke Energy Ohio as the only Ohio investor-owned utility with transmission assets managed by the MISO.

If approved by FERC, the move would put 86% of Ohio's energy load within the PJM region.

REPORT SHOWS OHIO WIND POWER DEVELOPMENT LAGGING

The U.S. wind energy industry installed 1,210 megawatts of new power generating capacity in the second quarter of this year, but none of it was in Ohio, according to a recent report.

No major wind power generating projects were completed in Ohio during the first half of 2009, according to the American Wind Energy Association report. Nor are there any facilities currently under construction.

All of the neighboring states, with the exception of Kentucky, far outstrip Ohio's seven-megawatt wind energy generating capacity, the AWEA report says.

Pennsylvania posted the second fastest growth in wind capacity for the second quarter, with a 28% increase to total 463 MW. Indiana has highest overall wind capacity with 531 MW. West Virginia has 330 MW and Michigan has 129 MW.

Nationally, wind farms generate more than 29,000 MW, with Texas comprising about 8,360 MW.

Although wind power generation is relatively meager in Ohio, three companies announced plans for new or expanded manufacturing facilities this year, according to the report.

SUREnergy announced development of a new facility to manufacture small turbines in Port Clinton. Kalt Manufacturing and Edco, Inc. have plans to expand components producing facilities in North Ridgeville and Toledo respectively.

Nationally, however, wind energy manufacturers reported a decline in activity, AWEA said.

"Manufacturing investment is the canary in the mine, and shows that the future of wind power in this country is very bright but still far from certain," said Bode. "The instances where manufacturing investment is moving forward in the U.S. are in states like Kansas that have demonstrated a commitment to renewable energy and passed a renewable electricity standard."

OHIO BUSINESS: AEP SHOWS SECOND QUARTER EARNINGS GAIN

American Electric Power listed 2009 second-quarter earnings of \$316 million Friday compared with \$281 million for the same period last year.

Earnings, prepared in accordance with Generally Accepted Accounting Principles, amounted to \$0.67 per share for the second quarter this year, compared with \$0.70 per share for the second-quarter 2008.

AEP said the 2009 per-share results reflected the dilutive effect of additional shares outstanding, which reduced ongoing earnings by \$0.12 per share when compared with the prior year.

Ongoing earnings (earnings excluding special items) for second-quarter 2009 were \$321 million, compared with \$280 million for second-quarter 2008.

AEP Chairman Michael Morris said the utility was pleased with its results for the quarter in light of a continued weak economy.

"Our ongoing earnings for the quarter increased from the same period last year, and earnings per share were comparable to last year's even with a greater number of shares issued," Mr. Morris said.

"The increase is attributed to improved rate structures in a number of our states and to our successful efforts to control costs. But the effects of the weak economy are obvious," he said in a news release.

AEP said electricity sold to industrial customers decreased from the same period last year. Electricity sold into the wholesale market also was down significantly from last year.