



Office of the Ohio Consumers' Counsel

Before
The Ohio House of Representatives
Finance Committee
Finance Subcommittee on Agriculture, Development, and Natural Resources
Testimony on House Bill 166 – Agency Budget

Presented by Bruce Weston
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April 2, 2019

Hello Chair Hoops, Ranking Member Hicks-Hudson and Members of the Subcommittee. Thank you for this opportunity to testify about the Consumers' Counsel's services to the Ohio public. I am Bruce Weston, the Ohio Consumers' Counsel. I am testifying in general support of the Administration's budget proposal for the Office of the Ohio Consumers' Counsel. The budget funds our services on behalf of 4.5 million Ohioans regarding their electric, natural gas, telephone, and water utility services. With me today are Deputy Consumers' Counsel Larry Sauer, Analytical Director Dan Shields and Chief of Staff Monica Hunyadi.

Overview

I thank the Administration for proposing an annual budget of \$5.54 million for our consumer services. (Sub. H.B. 166, Lines 44829 to 44833.) We use the budget to represent and educate Ohio's residential utility consumers. And, as I have said to legislators over time, I want the Agency to be helpful to you and your constituents on utility consumer issues. I have been, and will continue to be, committed to delivering value for Ohioans with our budget.

The Ohio General Assembly created the Agency in 1976, to represent Ohio's residential consumers on issues related to their utility services. Those consumer issues include the price and quality of utility services.

The Agency's Mission is to "advocate for Ohio's residential utility consumers through representation and education...." The Agency's Vision is for "Informed consumers able to choose among a variety of affordable, quality utility services with options to control and customize their utility usage."

The Consumers' Counsel provides a customer perspective in utility-related cases at regulatory agencies and the courts. Most of our cases are at the Public Utilities Commission of Ohio (PUCO). Similar to a judge, the PUCO makes decisions about utility rates and services that affect Ohioans, based on evidence and the law. We provide evidence and consumer recommendations for the PUCO to consider along with the recommendations from the utilities and others. The Consumers' Counsel provides residential utility consumers with a voice where they otherwise would have little or none.

Utility cases are complex and technical. Technical expertise is required to participate effectively in the process, which is a significant use of our budget. Individual Ohioans are unlikely to have the time or resources to advocate on their own behalf in these cases where utilities and other parties are represented by lawyers and technical experts.

Also, we appreciate the opportunity to provide legislators with consumer perspectives for the legislative process. As mentioned, I want to be helpful to Members with inquiries from constituents, with our consumer recommendations on legislation and in any other way.

Additionally, we provide outreach and education to Ohioans as a way to help them save money on their utility bills. For example, we educate consumers regarding their choices for energy suppliers.

During our 40 years of service, the Consumers' Counsel has helped Ohioans save a lot of money on their utility bills. And those savings far outweigh the cost of our budget.

Funding

The source of the Consumers' Counsel's funding is not from taxes and Ohio's General Revenue Fund. Instead, the General Assembly decided the Agency would be funded through a fee on the intrastate gross earnings of utilities and other entities regulated by the PUCO. That process is similar to how the PUCO is funded in part.

If all regulated entities charged their customers for the cost of the Consumers' Counsel's budget, this charge would cost consumers a few cents for every \$100 in utility bills. This amount is equivalent to less than a dollar a year for a typical residential consumer. We typically are able to save consumers much more money than this cost, either individually or by working with other stakeholders.

Cost Reductions and Efficiencies

For background, in Fiscal Year 2012 (beginning July 1, 2011), the Agency's annual operating budget was reduced from \$8.5 million to \$5.64 million. This led to a reduction of about half of the Agency's staff. The Consumers' Counsel has continued to serve Ohioans, consistent with this reduced budget. Cost reductions that were developed at that time are continuing, as are our efforts for more efficiencies. The continuing cost reductions from the decreased budget include: the earlier workforce reductions (several dozen positions); closing the consumer call center; and reducing floor space from the rent. I am grateful to the Consumers' Counsel's staff for their dedication and productivity in our services to Ohioans.

Efforts at cost control include hiring some contract workers through the State's staffing agencies instead of hiring permanent employees, hiring some employees on a part-time basis, and hiring contractors instead of employees for some projects. Also, we have minimized travel and travel expense. In addition, there are efficiencies through technology. An example is the State's centralizing of IT licensing. We participate in that program to purchase word processing, email and related software in a way to control and reduce such expenditures through the State's buying power. The Agency has virtualized most of its network servers, meaning less hardware needs to be purchased. We use our website, Twitter account and YouTube videos to reach more Ohioans.

Having said that, the Agency has experienced increased costs since 2015 related to State "parity" increases for employee salaries and for increases in the cost of employee medical coverage benefits. Additional State parity increases for employees are anticipated during the upcoming biennium. Further, the preceding Administration reduced the Agency's budget by \$100,000 for the current biennium. Those circumstances together (at about \$600,000) have pressed our operating budget resources. I am aware of a legislator's intention to propose a corresponding increase of \$600,000 for the Agency's budget, and I would gratefully support that increase for our services to Ohio consumers. Also, at OCC Governing Board meetings there has been interest by a few Board members for seeking a budget increase for the Agency's services to Ohioans. I note that we are in a period of change for the electric industry and electric consumers, which is an important time for consumers to have a voice in those changes. During my time as Agency director since 2012, I have not sought a budget increase, even after the budget reduction of about \$3 million in 2011.

Agency Structure

The Agency is structured as follows. The Ohio Attorney General appoints the Agency's nine-member, bi-partisan Governing Board. The Board Chair is Mike Watkins and the Vice-Chair is Stuart Young. The Agency Governing Board appoints two positions: the Ohio Consumers' Counsel and the Deputy Consumers' Counsel. The Consumers' Counsel's staff and I are fortunate to have the guidance of Chair Watkins and the Board members who volunteer their time to help their fellow Ohioans.

The Agency's budget for delivering services is mainly payroll (including salaries and benefits) at about 82 percent. The Consumers' Counsel's staff is organized into four departments working together to achieve our mission and vision for Ohio consumers.

Analytical Department: Utility cases are complex. Technical expertise, for analysis and expert testimony, is needed to advocate for Ohio consumers in utility cases and for other projects.

Expertise can be needed in the areas of accounting, economics, engineering, finance, and other disciplines.

Legal Department: The Consumers' Counsel is the legal representative for Ohio's residential utility consumers in cases at the PUCO, Federal Energy Regulatory Commission, the Supreme Court of Ohio and elsewhere. These cases can take months or sometimes even years to complete. The legal process can include written discovery, oral depositions, preparation and presentation of expert testimony, hearings with cross-examination of expert witnesses, and filing briefs and motions.

Operations Department: The Operations Department provides fiscal and administrative support for the Agency. These functions include Human Resources, Fiscal Processing and IT.

Public Affairs Department: The Public Affairs Department provides education for consumers, responds to media requests and contacts from Ohio consumers, and provides constituent assistance to legislators. Public Affairs maintains our educational publications and website for assisting consumers. The website link is www.occ.ohio.gov. Our Twitter handle is @OhioUtilityUser.

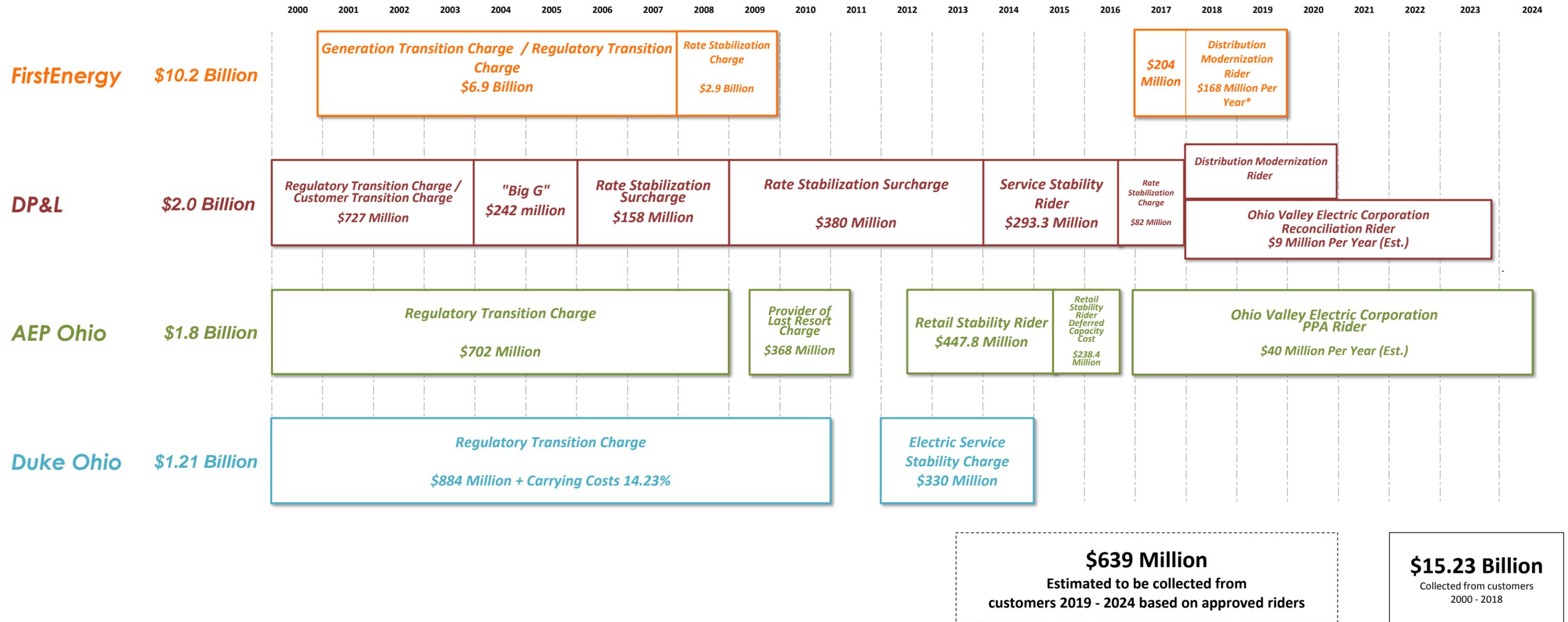
Consumer Rate Information

The Consumers' Counsel Board encourages me to share consumer data with legislators. I have attached one chart to my testimony, which is a "subsidy scorecard" that we use to show what Ohioans pay above the market price of electricity. Similarly, there is a graph by the Legislative Service Commission included on page 8 of OCC's Annual Report for 2018. The LSC graph shows how retail electric prices in Ohio since 2008 did not follow declines in wholesale electric prices.

The subsidy scorecard relates to how we use budget funds, in part, to advocate for lower electric rates based on power plant competition (not subsidies) under Ohio's 1999 deregulation law. Since 2000, Ohioans have paid billions of dollars in subsidies to Ohio electric utilities, above the market price of electricity.

In conclusion, I appreciate the Administration's budget proposal for our services to 4.5 million Ohioans. Thank you for this opportunity to discuss these issues affecting Ohioans. I look forward to working with you and your colleagues on issues affecting Ohio utility consumers.

SUBSIDY SCORECARD - ELECTRIC UTILITY CHARGES TO OHIOANS



* : FE has filed an application for an extension of the DMR for two years after the current DMR expires on December 2019.

** : DP&L has filed an application for an extension of the DMR for two years after the current DMR expires at the end of October 2020 and for an increase in the amount of collection from \$105 million to \$199 million.