

Office of Consumers' Counsel

- The Office of Consumers' Counsel is funded by annual assessments on utility companies; no GRF funding
- The enacted budget increases the appropriations by 9.4% for the biennium

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OVERVIEW

Duties and Responsibilities

The Office of Consumers' Counsel (OCC), established in 1976, is the statutory advocate for residential utility customers. OCC has the statutory responsibility to represent the interests of 4.5 million residential customers of Ohio's investor-owned electric, natural gas, telecommunications, and water companies. OCC represents consumers in cases before the Public Utilities Commission of Ohio, federal regulatory agencies, and state and federal courts. Additionally OCC educates consumers and organizations about utility issues; during the past two fiscal years OCC has distributed over 800,000 educational materials to utility consumers.

Agency in Brief

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Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
66	\$8.50 million	\$8.50 million	\$0	\$0	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

Funding for the agency is derived solely from an assessment on utilities operating in Ohio. The amount appropriated in the main operating budget is apportioned between those utilities based on their intrastate gross revenues. OCC receives no funding from the General Revenue Fund.

Summary of FYs 2008 - 2009 Budget Issues

All operations and programs of OCC are funded through a single appropriation line item. The budget appropriates \$8,498,070 to that line item in FY 2008 (a 9.4% increase compared with the FY 2007 adjusted appropriation) and the same amount in FY 2009. Any funds appropriated but not spent during a fiscal year are returned to the utilities that fund the agency's budget.

The increase in funding will provide resources needed for OCC to handle the increased workload that is expected to result from several anticipated industry developments. First, electric companies in Ohio are currently operating under rate stabilization plans (RSPs). With the exception of the Dayton Power and Light RSP, all RSPs will expire by the end of calendar year 2008. Second, natural gas companies are exiting the merchant function, i.e., they are getting out of the business of procuring natural gas supplies in favor of distributing gas purchased by others. OCC officials believe that much analysis

will be required to effectively advocate for electric and natural gas customers in light of these developments. In light of these developments and others, the increased funding is intended to allow hiring several additional full-time equivalent (FTE) staff members: two staff attorneys, one natural gas regulatory analyst, one economist, one economist/analyst, a senior energy policy analyst, and a consumer services specialist. These positions represent the Office's priorities in filling positions that have become vacant in recent years and that have not yet been filled.

The budget reversed a change made in Am. Sub. H.B. 66 of the 126th General Assembly, which enacted a prohibition against OCC operating a telephone call center for consumer complaints. The budget repeals that prohibition. The increase in the FY 2008 appropriation is intended in part to allow staffing sufficient for the call center to begin handling consumer complaints again.

ANALYSIS OF THE BUDGET

Single Program Series

Consumer Advocacy

Purpose: The Consumer Advocacy program series advocates for and educates Ohio's residential utility consumers.

The following table shows the line item that is used to fund the Consumer Advocacy program series, as well as the funding levels provided in the budget.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund				
5F5	053-601	Operating Expenses	\$8,498,070	\$8,498,070
General Services Fund Subtotal			\$8,498,070	\$8,498,070
Total Funding: Consumer Advocacy			\$8,498,070	\$8,498,070

Program Description: The Office of Consumers' Counsel advocates for residential utility customers in proceedings before the Public Utilities Commission (PUCO), federal regulatory agencies, and in state and federal courts. During 2006 OCC staff participated in around 100 state proceedings and numerous federal proceedings. It monitors utility service performance, receiving data from the PUCO regarding complaints individual customers may have with utilities. OCC operates a call center to provide information to consumers about utility matters. OCC actively disseminates information to utility customers about utility issues. OCC distributed over 800,000 educational materials during the FY 2006-FY 2007 biennium, and OCC officials visited 215 Ohio cities and 76 counties, meeting with 57,000 consumers through their outreach program.

With energy prices at historically high levels, utility issues remain as important as ever. One of the Strickland Administration's Turnaround Ohio initiatives with which OCC will be involved is developing a statewide energy policy that provides for price stability and diversity of resources. One looming issue is the expiration of rate stabilization plans for most of the electric utilities operating in Ohio before the end of 2008. OCC will advocate for consumers as this deadline approaches. S.B. 3 of the 123rd General Assembly, often referred to as the electric restructuring law, defined "market development periods" during which PUCO would retain authority over electric rates. The market development periods expired on December 31, 2005, meaning that PUCO does not have authority over electric rates but does have authority to approve standard service offers by the electric utilities. It is not clear at this time what will replace the rate stabilization plans when they expire, but hearings continue in committees in both the Ohio House and the Ohio Senate exploring this (and related) questions.

A second current issue has to do with high natural gas prices and the changing roles of industry participants in this industry. Natural gas utilities anticipate exiting the merchant function they currently perform, meaning they will no longer procure gas supplies themselves, but will simply distribute gas procured by others. This process has begun with Dominion East Ohio, which has completed Phase I of a two-phase process. In Phase I, Dominion held a wholesale auction, which OCC officials describe as having been a success. The second phase involves assigning customers to retail gas suppliers. OCC officials indicate that they are concerned about this second phase, and anticipate that it will require significant analysis to advocate effectively for consumers. A third issue relates to local telephone service. OCC officials report concerns with the way in which H.B. 218 of the 126th General Assembly is being implemented. That bill authorized PUCO to allow alternative regulation of basic local exchange

telephone service by incumbent local telephone companies if the market offered sufficient competition to these companies. OCC officials indicate that alternative regulation has in some cases been granted when there is not sufficient competition in the market, leading to higher prices for consumers. All these issues have the potential to affect Ohio utility consumers, indicating a need for analysis of the effects of the various developments, and a need to develop adequate responses to these developments in proceedings before PUCO, the Federal Energy Regulatory Commission, and other federal agencies.

Funding Source: GSF: assessments on utilities

Implication of the Budget: The appropriation in the budget for FY 2008 is \$728,000, or 9.4%, greater than the FY 2007 adjusted appropriation, and the total increase for the biennium is \$1.46 million compared with appropriations for the preceding biennium. The increase in funding will allow an increase in staffing to provide more effective advocacy services during a period of expected increase in demand for those services. The current staffing level is well below the authorized staffing level (of 81.5 FTE positions) and the budget is not intended to support an increase in the authorized staffing level. It will also support an increase in call volume in the telephone call center to handle consumer complaints, which the Office has been prohibited from handling for the last two years.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

<i>Line Item Detail by Agency</i>	<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill		Version: Enacted					
OCC Consumers' Counsel, Office of							
5F5 053-601 Operating Expenses	\$ 8,239,754	\$ 7,007,426	\$ 7,770,070	\$ 8,498,070	9.37%	\$ 8,498,070	0.00%
General Services Fund Group Total	\$ 8,239,754	\$ 7,007,426	\$ 7,770,070	\$ 8,498,070	9.37%	\$ 8,498,070	0.00%
Consumers' Counsel, Office of Total	\$ 8,239,754	\$ 7,007,426	\$ 7,770,070	\$ 8,498,070	9.37%	\$ 8,498,070	0.00%