

# Redbook

## LBO Analysis of Executive Budget Proposal

### Office of the Ohio Consumers' Counsel

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# LBO Redbook

## Office of the Ohio Consumers’ Counsel

### Quick look...

- Since the agency’s inception in 1976, the Office of the Ohio Consumers’ Counsel (OCC) has served as the advocate for Ohio’s residential consumers before regulatory authorities.
- OCC is a self-supporting agency with no GRF appropriation. Funding for the agency’s one appropriation line item is derived through assessments to utilities and deposited into a Dedicated Purpose Fund.
- OCC has 38 funded employee positions, in addition to the nine-member, bipartisan governing board. The staffing chart below contains additional detail about OCC job functions.

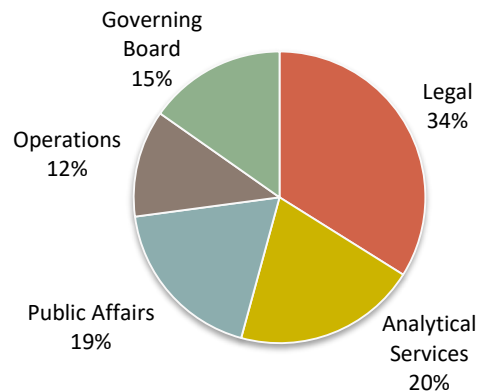
FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Estimate	FY 2024 Introduced	FY 2025 Introduced
<b>Fund 5F50 ALI 053601, Operating Expenses</b>					
\$5,176,278	\$4,745,628	\$5,387,800	\$5,813,267	\$6,313,267	\$6,313,267
% change	-8.3%	13.5%	7.9%	8.6%	0.0%

### Agency overview

The Office of the Ohio Consumers’ Counsel (OCC) is the statewide legal representative for Ohio’s residential consumers in matters related to their investor-owned electric, natural gas, telephone, and water services. The agency advocates for consumers in proceedings before the Public Utilities Commission of Ohio (PUCO), federal regulatory agencies, appellate courts, and the Ohio General Assembly. Additionally, the agency monitors public utilities’ compliance with regulatory standards for consumer protection. OCC also educates consumers about utility issues that affect their bills and quality of service.

The Consumers’ Counsel is selected by a nine-member, bipartisan governing board representing family farmers, organized labor, and residential consumers. Each governing board member is appointed by the Ohio Attorney General to serve a three-year term.

**Chart 1: Staffing Level by Department**



# Analysis of FY 2024-FY 2025 budget proposal

## Overview

The Office of the Ohio Consumers' Council (OCC) operating costs are funded by a single Dedicated Purpose Fund (DPF) appropriation item 053601, Operating Expenses. The executive budget recommends an increase of \$500,000 (8.6%) in FY 2024, compared to FY 2023 estimated expenditures. This amount is just over \$925,000 (17.2%) more than actual FY 2022 expenditures. The recommended amount for the FY 2025 appropriation is the same as the FY 2024 amount.

The agency requested an additional \$700,000, i.e., \$200,000 more than the increase proposed in the executive budget, in each fiscal year to "secure more opportunities for continued and increased advocacy and education for Ohio utility consumers." The agency further remarked that "securing and retaining expert human resources for the highly technical (and arcane) field of utility regulation is a major operational issue that the agency will continue to face for its consumer protection services. OCC will face this issue in competition with recruitment by industry and others that can pay higher compensation to personnel." The agency says additional funding would enable them to hire employees and contract with technical experts, witnesses, and attorneys (special counsel) for consumer advocacy. When requesting the additional \$700,000 per year, the agency remarked that "if a present value analysis were considered, OCC's purchasing power for advocacy on behalf of Ohioans would be even lower for today's budget compared to the higher budget in 2002."<sup>1</sup>

OCC is funded through an assessment on the intrastate gross receipts of entities regulated by PUCO. Section 4911.18 of the Revised Code authorizes the annual assessment for OCC, and PUCO receives most of its operating funds from a similar assessment. The level of the annual assessment for each public utility company will vary based upon the number of public utilities, the amount of their intrastate gross revenues, and the amount of lapsed funds that are credited back to the utility companies. Any lapsed or unspent funds that were derived from the assessment supporting OCC or PUCO are credited ratably back to the utility companies. The total amount of the assessments each year equals the amount of the appropriation in this line item for that year. According to OCC, the typical consumer in Ohio pays less than 3¢ for every \$100 in utility bill expenses for the services of OCC; this cost is equivalent to less than a dollar a year for a typical utility customer.

## Executive recommendations by expense category

The accompanying chart presents OCC's recommended FY 2024-FY 2025 biennial budget by expense category. OCC allocates 76% of its budget for personal services, which provide the wages and benefits for its staff. Utility issues that impact consumers are complex and technical, so OCC employs a team of attorneys, financial analysts, and public affairs professionals who have requisite knowledge and expertise. The next most prominent expense category is purchased personal services at 16%, which may be used to access independent contractors with whom OCC

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<sup>1</sup> As background, the amount appropriated for OCC was reduced significantly in FY 2012, in a budget bill (H.B. 153 of the 129<sup>th</sup> General Assembly) that also repealed its authority to operate a telephone hotline for consumer complaints.

can consult on specialized issues. Much of OCC's public service is responsive to initiatives undertaken by utilities or regulators, so it is difficult to estimate in advance precisely how many expert consultants will be necessary. Supplies, maintenance, and equipment represent less than 9% of total biennium funding. This category includes the agency's information technology equipment as well as interagency charges paid to the Department of Administrative Services' Office of Information Technology. OCC maintains an agency computer network, related applications, hardware, software, PCs, laptops, and website. Network files include many legal records that are privileged and confidential because they contain trade secret materials that are the property of utilities and related to various legal proceedings.

**Chart 2: OCC Budget by Expense Category  
FY 2024-FY 2025 Biennium**

