

FY 2019



Annual Report

MESSAGE FROM THE **CHAIRMAN**

Members of the General Assembly,

I am pleased to present the Public Utilities Commission of Ohio (PUCO) Fiscal Year 2018 Annual Report.

Actions taken or not taken by the PUCO affect the price, availability and safety of competitive and non-competitive services which are needed by nearly every household and business located in Ohio. Similarly, PUCO actions taken or not taken affect the financial condition and competitiveness of suppliers of competitive and non-competitive services. That is because the General Assembly has charged the PUCO with the responsibility of regulating retail commerce so as to strike an appropriate balance between the interests of consumers and suppliers of competitive services, electric and natural gas companies, landline telephone companies, water and wastewater companies, steam companies, pipeline companies and rail and trucking companies.

In discharging this regulatory responsibility, we must operate within a legal framework that divides authority between local, state and federal authorities and strive to advance and protect the evolving public interest in safe, reliable and reasonably priced services using a mix of market-based and more traditional regulatory tools. The use of these tools is guided by the customer-centric policies that the General Assembly has set forth in R.C. Sections 4927.02, 4928.02 and 4929.02. Additionally, we are continuing to identify ways to improve agency process, timeliness and performance and, in doing so, we are taking assistance and guidance from Executive Order 2019-15D and the InnovateOhio Platform.

From PUCO Commissioners to its dedicated staff, we appreciate the support of Ohio's government, businesses, stakeholders and consumers. With such support, we will continue to seek opportunities to be helpful to Ohio and its citizens.

Sincerely,

Sam Randazzo
Chairman

PUCO

COMMISSIONERS



Chairman Sam Randazzo

Term ends: April 10, 2024



Commissioner M. Beth Trombold

Term ends: April 10, 2023



Commissioner Daniel R. Conway

Term ends: April 10, 2022



Commissioner Lawrence K. Friedeman

Term ends: April 10, 2020



Commissioner Dennis P. Deters

Term ends: April 10, 2021

CASES FILED IN FISCAL YEAR (FY) 2019

In a balanced and transparent manner, the PUCO decides matters ranging from rate cases to service complaints. Regulated utilities, consumers and interested parties regularly participate in the proceedings. During FY 2019, 1832 cases were filed. Each category of utility, along with the number of formal cases opened in fiscal year 2019 in each category is represented below.

Industry Code	Industry	Number
AU	Two or more industries	15
CC	Cooling company	1
CT	Competitive telephone	7
EL	Electric	1180
GA	Gas	189
GE	Gas and electric	11
HT	Heating	2
PL	Pipeline	2
RC	Radio common carriers	2
RR	Railroad	69
ST	Sewage treatment	4
TP	Telephone	154
TR	Transportation	56
WS	Water and sewer	5
WW	Waterworks	6
Total cases filed		1703

** No cases were filed under the following industry codes during FY 2018: BR (Bridge), BS (Bus), BT (Bus and Truck), DE (Depot), HC (Heating and Cooling), Non-Regulated Industries, UN (Industry Not Regulated by PUCO), or WT (Water Transportation).*

FINANCIAL INFORMATION, FY 2019

Revenues FY 2019	
Assessment to utilities	\$29,549,291
Federal gas pipeline safety	\$991,377
Federal motor carrier safety	\$12,866,931
Federal railroad	\$45,989
Gas pipeline assessment	\$281,939
Hazardous materials and civil forfeitures	\$2,901,383
Fines and penalties - Attorney General collected	\$256,151
Miscellaneous revenues	\$357,401
Motor carrier registration	\$5,667,847
Power siting	\$1,191,352
State grade crossing protection	\$1,200,000
Total revenues received by the PUCO	\$55,309,661
Revenue contributed to the General Revenue Fund	\$1,320,211

Expenditures FY 2019	
Personnel service - payroll	\$33,841,984
Purchased personal services	\$3,201,605
Supplies and maintenance	\$6,667,080
Equipment	\$1,874,581
Subsidies and shared revenue	\$1,580,064
Transfers	\$7,373,392
Total expenditures by the PUCO	\$54,538,706

PUCO

OUTREACH

ONLINE OUTREACH

Social media is one of the key ways that the PUCO connects with Ohioans. Using Facebook, Twitter, LinkedIn and Instagram, the PUCO continued to educate consumers, post updates on cases and promote the agency's overall work across the state.



Updates to social media strategy in FY19 showed positive results. Tweets from the PUCO had an average of **39 thousand** impressions per month, a 10 percent increase over FY18. Facebook posts reached an average of **226** people per day and the number of followers increased by 13 percent. On LinkedIn, the PUCO took the important step of becoming affiliated with the State of Ohio - an opportunity for an increased audience. On Instagram, the PUCO increased followers by **55 percent** and expanded coverage of several different events.

The PUCO website continues to be a resource for consumers, stakeholders and Ohioans that are looking for more information about the industries regulated by the PUCO. In FY 2019, www.PUCO.ohio.gov received over **464,000** visitors and more than **1.37 million** page views. The PUCO also serves over **45,000** individual consumers and stakeholders through email lists. These lists publish consumer updates, job opportunities and keep businesses informed on required filings.

PUCO CALL CENTER SAVES OHIOANS \$1 MILLION

Throughout FY 2019, the PUCO Call Center received **64,149** calls and **6,551** email, letter, fax and walk-in inquiries from consumers. Many of these consumers have a question a representative can quickly handle. In other instances, issues require a closer examination. At that point, a PUCO investigator is assigned to look into the matter. In FY 2019, the PUCO Call Center saved Ohio consumers a total of **\$1,222,893**.



PUCO IN THE COMMUNITY

Staff at the PUCO found several ways to be involved in their community over the year. As a long-standing contributor to the Combined Charitable Campaign, PUCO employees raised **\$34,511** for charity through a variety of events including jeans days, bake sales, chili cook-offs and more.

Additionally, the PUCO took larger efforts this year to incorporate volunteer work into the agency. Two such notable events included community service at the Clarfield Urban Farm and with the Central Ohio Damage Prevention Council.

ACROSS THE STATE

As the state agency that regulates public services, the PUCO can and often does provide Ohioans with helpful information on a variety of utility issues. Community and business organizations can request speakers from the PUCO with a simple phone call.



Here are some of the ways that the PUCO reaches out to consumers across the state:

- Public speaking engagements
- Fairs such as the **Ohio State Fair** and the **Farm Science Review**
- Senior outreach events like the **Older Adult Expo** and presentations at local service organizations
- Children's events like **Buckeye Boys State** and **Children's Water Festival**



IMPROVING BUSINESS PROCESSES

The PUCO has continued last year's work of improving business processes and agency operations. In FY19, the PUCO added online functionality to issue and pay invoices for gas pipeline safety and allow motor carriers to manage their insurance, renew registration and pay assessments. These investments will improve response times, customer tracking and efficiency across multiple departments.

Additionally, the PUCO has added new interactive dashboards on electric and natural gas choice activity.

The dashboards take the place of equivalent static documents, providing more ability for consumers and interested parties to filter, organize and view data effectively.

The PUCO has also updated the Ohio Railroad Information System webpage to be more user-friendly with easy navigation, links to common forms and a help center. These improvements will allow consumers to easily find information about blocked rail crossings and crossing accidents.

KEY CASES

2019

PUCO ADOPTS AGREEMENT IN DUKE ENERGY OHIO RATE CASES

The PUCO adopted a settlement agreement resolving a number of high profile cases in the Duke Energy Ohio electric service territory. The Commission's order resolves Duke Energy Ohio's distribution rate case, electric security plan (ESP), reliability standard case, and power purchase agreement.

Duke's base distribution rates will be lowered by more than \$19 million annually, and establish a rate of return of 7.54 percent. Duke's ESP will continue to set default generation rates through competitive auctions through May 2025.

PUCO INITIATES INVESTIGATION OF TWO RETAIL ENERGY PROVIDERS

The PUCO initiated an investigation into two retail energy providers' marketing and sales practices, PALMco (d/b/a Indra Energy) and Verde Energy. In April 2019, PUCO staff filed notices to the Commission alleging potential misleading and deceptive practices by PALMco Energy OH and PALMco Power OH, which together do business as Indra Energy, and Verde Energy's marketing and sales practices, and recommended the Commission conduct thorough investigations.

PUCO APPROVES NORTHEAST OHIO GAS MERGER

The PUCO approved the merger of Brainard Gas Corporation, Northeast Ohio Natural Gas Corporation (NEO), Orwell Natural Gas Company, and Spelman Pipeline Holdings. The merged utilities will continue to operate as Northeast Ohio Natural Gas Corporation. PUCO staff noted that the merger will not result in any change in customer charges or distribution service rates to the more than 29,000 NEO customers.

PUCO FINES COLUMBIA GAS OF OHIO FOLLOWING AVON HOME FIRE

The PUCO ordered Columbia Gas of Ohio to pay a fine of \$400,000 following the PUCO's investigation of an August 2017 home fire in Avon, Ohio. The investigation determined that Columbia records failed on multiple occasions to identify the presence of a natural gas service line that eventually ended up feeding the fire. PUCO staff also concluded that Columbia did not follow operating procedures when abandoning the service line in 2012 and did not respond and shut off the flow of natural gas in a timely matter. The PUCO is committed to ensuring the safe, reliable and environmentally sound operation of Ohio's natural gas pipeline systems. PUCO investigators inspect each natural gas pipeline system in the state at least once every two years and review records and procedures implemented by utilities.

EMERGING TRENDS

2019

Per Ohio law, the PUCO provides the following information identifying emerging trends related to energy supply, demand and costs of energy to consumers, and specifying statewide and regional energy needs.

Ohio is part of a regional electric market served by PJM Interconnection — the regional transmission operator. The region includes 13 states and the District of Columbia wherein PJM is responsible for maintaining the reliability of the grid, developing regional transmission expansion plans, and administering wholesale energy capacity, and ancillary services markets.

Each year, PJM procures enough electric supply resources (capacity) to ensure reliability three years ahead. The reliability target includes an excess reserve margin to address unforeseen widespread outages. PJM's current projections indicate a 19.8 percent reserve margin beginning June 1, 2018, and a 21.5 percent reserve margin beginning June 1, 2021. Both reserve margins are above PJM's target reserve margin of 15-17 percent.



For purposes of meeting our statutory load forecasting requirement for fiscal year 2019, the PUCO expects Ohio's peak load, or maximum electric demand, to increase minimally by a total of 4.1 percent over the 20 year horizon (2017–2037). This is equivalent to a 0.2 percent electric demand increase per year. Ohio consumed 146.6 million MWh of electricity in 2017 and is forecasted to consume 157.7 million MWh in 2037.

MONITORING SAFETY AND INFRASTRUCTURE

Ohio is home to more than 71,000 miles of regulated gas pipelines, and 86,000 miles of electric overhead distribution. The PUCO employs field inspectors who perform compliance inspections of gas pipelines and electric distribution facilities to ensure they are following design, construction, operation and maintenance safety regulations.

Each year, PUCO field inspectors work to ensure the safety of gas pipelines and electric infrastructure all over the state. During fiscal year 2019, staff conducted **213** audits of natural gas pipelines and worked **877** total days inspecting electric distribution facilities.

The PUCO also annually inspects water and wastewater systems with most inspections occurring in the second half of a calendar year. In FY 2019, inspectors visited **42** water facilities and **13** wastewater facilities for a total of **55** inspections.

Additionally, the PUCO conducted **5** audits of telephone companies' central offices and **53** field inspections of telecommunications infrastructure.

WINTER RECONNECT ORDER

The Winter Reconnect Order allows customers who have had their home heating service disconnected for nonpayment or who have been threatened with disconnection the opportunity to pay a maximum of \$175, plus a reconnection fee, to restore or maintain their utility service. Ohioans can utilize the Winter Reconnect Order once per winter heating season. Customers who use the Winter Reconnect Order are required to make payment arrangements with their natural gas or electric company on any outstanding balance. During the 2018–2019 heating season **219,650** consumers utilized the Winter Reconnect Order.

UPDATES IN TELECOM

The PUCO approved a plan to implement the new 326 area code. The 326 area code will overlay the existing 937 area code, which is expected to run out of available phone numbers in 2021. Mandatory 10 or 11-digit dialing for all local calls will begin on Feb. 8, 2020, and the new 326 area code will take effect on March 8, 2020. Current telephone numbers, including area codes will not change.

The 132nd Ohio General Assembly adopted Substitute House Bill 402 in December 2018, revising state regulation of telephone companies. Among other things, the bill directed the Commission to: adopt rules that permit incumbent local exchange companies (ILECs) to increase rates for basic local exchange service (BLES) by up to \$2.00 on an annual basis; docket a report to examine the number of exchange lines in service, the aggregate amount of line loss in the state of Ohio since the bill was enacted, and the change in price for those services in each exchange area since the effective date; and permit an ILEC to apply for an exemption from the price cap requirements for BLES.

The Commission has delegated authority by the Federal Communications Commission to handle issues regarding eligible telecommunications carrier (ETC) designation and recertification. In 2018, a total of three new applications for ETC designation were filed. All of these applications involved financial awards from the Federal Connect America Fund phase II. In September 2018, the Commission recertified the ETC status of those carriers eligible to receive federal high-cost support. 42 wireline providers had their ETC status recertified. ETC recertification allows these carriers to continue to receive federal support.

PUCO AWARDS HAZARDOUS MATERIALS TRAINING GRANTS

Throughout fiscal year 2019, the PUCO awarded seven hazardous materials training grants totaling **\$231,029**. The funds will be used to train more than **2,300** public safety and emergency services professionals in Ohio. The PUCO awards hazardous materials planning and training grants to local government subdivisions, educational institutions and state agencies. Money for these grants comes from fines paid by hazardous material carriers and shippers. Individual grants are based upon applications to the PUCO and are awarded on a reimbursement basis. The grant funds are used for emergency response planning and proper techniques for the management of hazardous material releases.



RAIL CROSSING SAFETY UPGRADES AND INSPECTIONS

The PUCO ordered a total of **87** rail crossing safety upgrades during FY 2019, including the installation of lights and gates, supplemental assistance upgrades and circuitry upgrades. These upgrades are funded through federal, state and local monies. The rail division also conducted **643** federal rail safety inspections and all 5,708 grade crossings in the state were inspected for state compliance. The number of train-motor vehicle crashes in Ohio in 2018 was 66.



PUCO KEEPS OHIO HIGHWAYS SAFE

The PUCO serves as the lead agency for the Motor Carrier Safety Assistance Program and in this capacity partners with the Ohio State Highway Patrol (OSHP) to ensure that commercial motor vehicles are safely traveling throughout Ohio. PUCO and OSHP inspectors conducted more than **86,537** driver/vehicle inspections during FY19. Each inspection follows a thorough process to ensure that the driver and vehicle meet necessary state and federal regulations. Vehicles, drivers and companies that fail to meet these regulations may be declared out-of-service and cannot continue operating until they comply. FY19 inspections resulted in **10,405** vehicles and **3,655** drivers being placed out-of-service due to severe violations.

Additionally, the PUCO conducted **465** motor carrier and shipper compliance reviews to ensure proper state and federal safety and hazardous materials regulations were followed. PUCO staff worked with more than **1,385** motor carriers during FY19 to help them understand and comply with applicable safety and hazardous materials regulations.



180 East Broad Street
Columbus, Ohio 43215

www.PUCO.ohio.gov

Sam Randazzo, Chairman
Mike DeWine, Governor
Jon Husted, Lt. Governor

The Public Utilities Commission of Ohio is an Equal Opportunity Employer and Service Provider.