



Office of the Ohio Consumers' Counsel

**Before
The Ohio Senate
Finance Committee
Finance Subcommittee on General Government and Agency Review
Testimony on Substitute House Bill 49 – Agency Budget**

**Bruce Weston
Ohio Consumers' Counsel**

May 23, 2017

Chairman Jordan, Vice Chair O'Brien and Members of the Subcommittee, thank you for this opportunity to testify. I am Bruce Weston, the Ohio Consumers' Counsel. I am testifying in support of the budget proposal in Sub. House Bill 49 (the "bill") for the Office of the Ohio Consumers' Counsel ("Agency"). With me today are Deputy Consumers' Counsel Larry Sauer and Chief of Staff Monica Hunyadi.

The budget funds our services on behalf of 4.5 million Ohioans regarding their electric, natural gas, telephone, and water utility services. In addition, I support a related matter in the House-passed version of the budget bill that allows for the Agency to assist Ohioans who call us with their utility-related complaints. And finally, I oppose the bill's deletion of a few words from Ohio law that are needed to ensure unlimited local calling at a flat rate for low-income telephone consumers.

Overview

I thank the Administration and the House for proposing an annual budget of \$5.54 million for our consumer services, which is somewhat below the Consumers' Counsel's current annual budget of \$5.64 million. (Sub. H.B. 49, Lines 128546 to 128550.) 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.

Here is a brief history about the Agency and its consumer protection. 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."

In this regard, 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 certain 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 welcome the opportunity to help Members with inquiries from constituents, with consumer input on legislation and in any other way that is helpful to you.

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 outweigh the cost of our budget.

Funding

The Consumers' Counsel's funding does not come from Ohio's General Revenue Fund (taxes). 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

In Fiscal Year 2012 (beginning July 1, 2011), the Agency's annual operating budget was reduced from \$8.5 million to the current level, \$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.

In addition, there are new efficiencies through technology upgrades. An example is the Administration's centralizing of IT licensing. The Agency also has endeavored to deploy contract services for technical expertise where effective in lieu of hiring salaried personal services. And we use our website, Twitter account and YouTube videos to reach more Ohioans.

Office Structure

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

The Agency's budget for delivering services is mainly payroll at about 74 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, Federal Communications 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 provides constituent assistance to legislators. Public Affairs maintains our educational publications and website for assisting consumers.

Consumer Rate Information

Consumers' Counsel Board Chair Gene Krebs encourages me to share consumer data with legislators. I have attached two charts to my testimony. These charts are based on data from the U.S. Energy Information Administration, as indicated on the charts.

The first chart reflects the need for continuing efforts by the Agency to reduce Ohioans' electric bills, given that 33 states are identified with lower average residential electric rates than Ohio. The second chart shows that, since 2008, Ohioans have experienced the second greatest increase in

their electric rates compared to their counterparts in other restructured (deregulated) states, some of whom are seeing rate decreases. These results of higher charges could be improved for Ohio electric consumers by giving Ohioans more of the benefits of competition under the 1999 energy law. That means using market pricing for what consumers pay for electric generation, among other things that the Agency recommends. And it means protecting Ohioans from paying subsidies to electric utilities. Ohioans have paid billions of dollars in subsidies, above the market price of electricity, to Ohio electric utilities since 2000.

The Agency Governing Board issued a report last year, entitled “Everyone is Unhappy,” with information for policymakers and others regarding the impact of electric services on Ohio consumers. Also, at the request of Chair Krebs and the Board, the Agency prepared and distributed a legislative notebook to you, for assistance with utility issues affecting your constituents.

Consumer Assistance

Substitute House Bill 49 also contains a change for one sentence in current law, to enable the Agency to again assist Ohioans who call with utility-related complaints. (Sub. H.B. 49, Lines 77586 to 77589.) I support this change to help consumers.

The current wording of ORC 4911.021 is:

The consumers’ counsel shall not operate a telephone call center for consumer complaints. Any calls received by the consumers’ counsel concerning consumer complaints shall be forwarded to the public utilities commission’s call center.

The second sentence of ORC 4911.021 does not allow the Consumers’ Counsel to assist Ohioans who call with complaints about utility-related services. Substitute House Bill 49 changes the second sentence in ORC 4911.021 to:

However, for any calls received by the consumers’ counsel concerning consumer complaints, the consumers’ counsel may assist the consumers

with their complaints or forward the calls to the public utilities commission's call center.

This change, to allow the Agency to assist consumers, would be consistent with providing services that the public would reasonably expect from a government agency that represents them. This clarification would not change the prohibition in the first sentence of ORC 4911.021 against the Consumers' Counsel operating a telephone call center. And, in supporting this statutory change, I am not proposing any budget increase for assisting consumers with their complaints.

Protecting Low-Income Telephone Consumers

The Bill would remove a few words from current law (ORC 4927.13(A)(1)(a)) that requires phone companies to offer landline "Lifeline" service to low-income Ohioans at a flat rate for unlimited local calling. (Sub. H.B. 49, Lines 78047 to 78048.) Lifeline is a financial assistance program for low-income telephone consumers.

Flat rate service for unlimited local calling is a traditional mainstay of residential voice service, and it should be assured for consumers enrolled in the Lifeline program. Allowing telephone companies to charge Lifeline customers for local usage (such as for minutes of use), were this to occur, could adversely affect these consumers by increasing the amount they pay for local phone service or leaving them to limit their local calling to save money. I recommend preserving Ohio law in its current form on this issue. In this regard, the Consumers' Counsel and other groups advocating for low-income Ohioans have submitted joint written testimony to this Subcommittee with further information about this consumer protection issue. A proposed amendment is attached to that testimony.

In conclusion, 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.

U.S. Energy Information Administration Data: Table 5.6.B. Average Retail Price of Electricity to Ultimate Customers by End-Use Sector, by State, Year-to-Date through December 2016

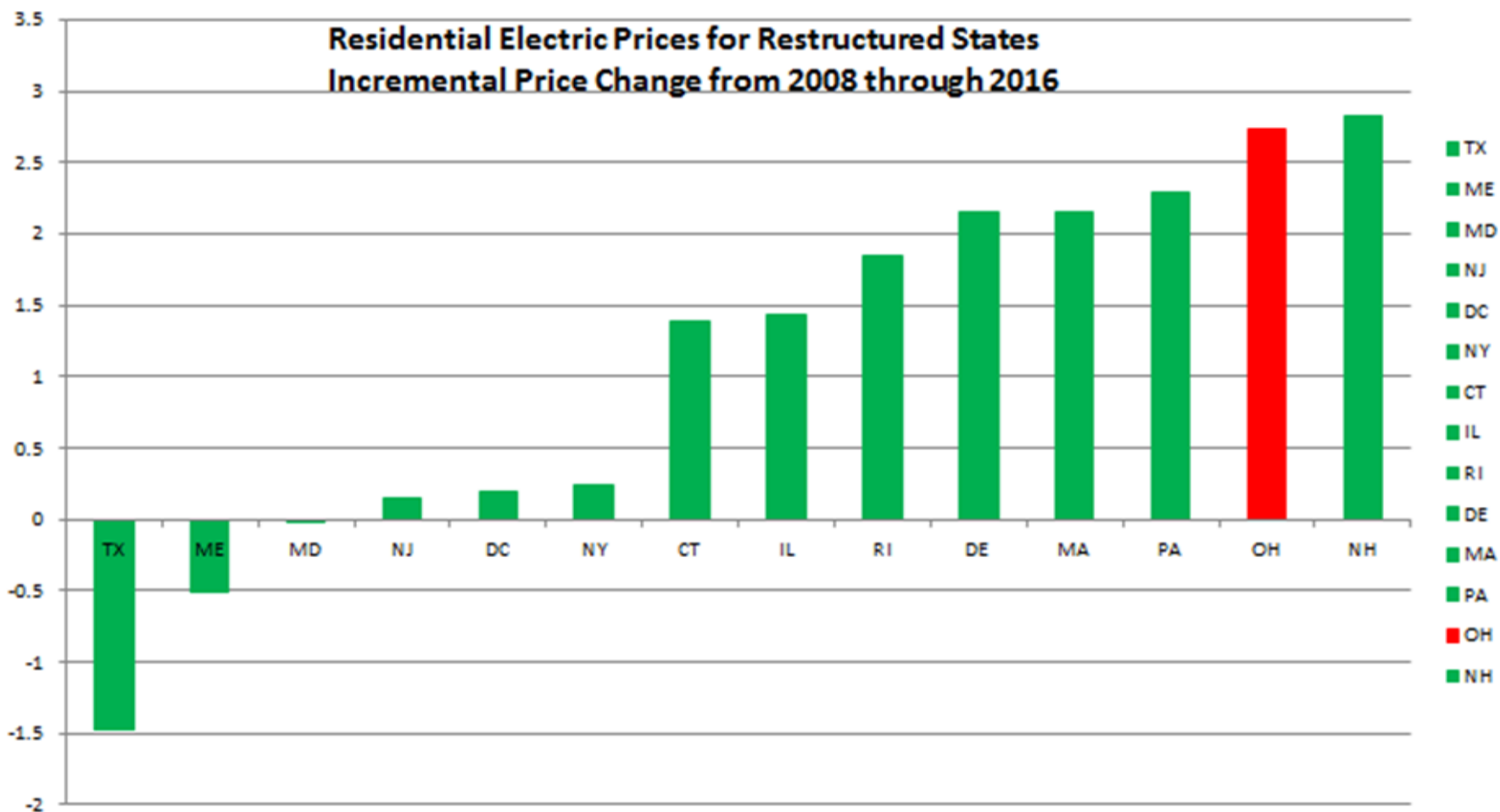
Residential	
State	December 2016 YTD
1 Washington	9.09
2 Louisiana	9.33
3 North Dakota	9.62
4 Arkansas	9.82
5 Idaho	9.93
6 West Virginia	10.08
7 Oklahoma	10.14
8 Kentucky	10.24
9 Tennessee	10.30
10 Nebraska	10.60
11 Oregon	10.66
12 Montana	10.88
13 Utah	10.88
14 Wyoming	10.97
15 South Dakota	11.08
16 Missouri	11.21
17 Mississippi	11.27
18 North Carolina	11.28
19 Virginia	11.37
20 Georgia	11.54
21 Texas	11.56
22 Indiana	11.57
23 Florida	11.58
24 Iowa	11.63
25 Alabama	11.70
26 Minnesota	12.12
27 Colorado	12.12
28 Arizona	12.13
29 Kansas	12.34
30 New Mexico	12.47
31 Illinois	12.50
32 South Carolina	12.57
33 Nevada	12.76
34 Ohio	12.80
35 District of Columbia	12.99
36 Delaware	13.42
37 Pennsylvania	13.64
38 Maryland	13.82
39 Wisconsin	14.11
40 Michigan	14.42
41 Maine	15.61
42 New Jersey	15.81
43 California	16.99
44 Vermont	17.09
45 New Hampshire	18.50
46 New York	18.54
47 Rhode Island	19.29
48 Alaska	19.83
49 Massachusetts	19.83
50 Connecticut	20.94
51 Hawaii	29.60
U.S. Total	12.67

See Technical notes for additional information on the Commercial, Industrial, and Transportation sectors.
Notes: - See Glossary for definitions. - Values for 2016 are final.

See Technical Notes for a discussion of the sample design for the Form EIA-826.

Utilities and energy service providers may classify commercial and industrial customers based on either NAICS codes or demands or usage falling within specified limits by rate schedule.

Changes from year to year in consumer counts, sales and revenues, particularly involving the commercial and industrial consumer sectors, may result from respondent implementation of changes in the definitions of consumers, and reclassifications.



Source: U.S. Energy Information Administration