

The seal of the Office of Ohio Consumers' Counsel is a circular emblem. It features a central landscape with rolling hills, a river, and a field of crops. Two sheaves of wheat are positioned in the foreground. The text "OFFICE OF OHIO CONSUMERS' COUNSEL" is written around the perimeter of the seal, and a single star is located at the bottom center.

# **Senate Finance and Financial Institutions Committee**

Budget Testimony

Presented by:  
**Janine L. Migden-Ostrander**  
**Consumers' Counsel**

May 22, 2007

**Office of the Ohio Consumers' Counsel  
Budget Testimony 2008-09**

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Chairman Carey, and members of the Senate Finance & Financial Institutions Committee, thank you for allowing me the opportunity to address you today and present an overview and review of the 2008-2009 budget priorities for the Office of the Ohio Consumers' Counsel (OCC). I am Janine Migden-Ostrander, Ohio's Consumers' Counsel and the director of the state agency that was created 30 years ago to serve as the residential utility consumer advocate. With me today are the Deputy Consumers' Counsel, Bruce Weston, Director of Government Relations, Dennis Stapleton and other key staff members.

The Ohio General Assembly created our agency in 1976 to represent the interests of your constituents, some 4.5 million residential households, who purchase utility services from Ohio's investor-owned utility companies. This includes electricity, natural gas, telephone services, and water. By statute, the Attorney General appoints a bi-partisan, nine-member board that governs our agency. Currently, the OCC has 65 employees.

The legislature, in establishing the Office of the Ohio Consumers' Counsel, decided that the funding for our agency would not come from the taxpayers, but instead that the budget for our agency would be underwritten by assessing the intrastate gross earnings or receipts of the utility companies, the corporate entities that we were entrusted by statute to monitor. The General Assembly sets the level of funding but the agency is not

supported by tax dollars. In other words, we are a non-General Revenue Fund (or non-GRF) agency.

While the OCC serves as the advocate for the state's residential utility customers, more specifically the role of the agency is dictated by Chapter 4911 of the Ohio Revised Code, which reads in part that the counsel "has the powers granted and duties granted under this chapter, and all necessary powers to carry out the purposes of this chapter." The counsel among other things, "may institute, intervene in, or otherwise participate in proceedings in both state and federal courts and administrative agencies on behalf of the residential consumers concerning review of decisions rendered by, or failure to act by, the public utilities commission." We were created, in part, to be the "watchdog" agency over the proceedings at the Public Utilities Commission of Ohio (PUCO) and we take that job very seriously.

In looking over the funding requirements of our agency over the next two years, we will continue our record of accomplishment within the parameters of the proposed budget, of providing residential consumer protections in an environment of increasing change and complexity within the industry. As you can see in your budget document, the Governor has recommended a funding level for our agency of \$8,498,070 in each year of the biennium and the House version maintained the same level of funding. That is an increase over the present biennium, but that budget was one in which we saw a 16% reduction. The proposed budget in front of you would restore approximately half of the funding reduction OCC received in the 2006-2007 budgets. This small increase will allow us to add additional employees to our legal staff and our analytical and operations

staff. These new employees are greatly needed to assist our office in the upcoming two years in its mission of advocating on behalf of Ohio's residential utility consumers. In the 2008 through 2009 biennium, OCC will continue to face a number of tasks and responsibilities that traditionally defined the services OCC provides to the public. These include:

- Providing legal representation and initiating dialogue on hundreds of utility filings presented to the PUCO, Federal Energy Regulatory Commission (FERC) and the Federal Communications Commission (FCC);
- Analyzing utility rates and company earnings to ensure that residential customers are paying just and reasonable rates;
- Advocating for policies and regulations that protect the affordability, reliability and quality of service for residential customers;
- Developing and implementing policies to provide value to customers with respect to their utility services such as long term energy planning, programs to assist low and near low-income customers, and policies to make alternative telecommunications technologies available statewide;
- Educating consumers about their choices for utility services and how to make their use of utility services cost effective;
- Assisting residential consumers to better understand utility issues, payment assistance programs, and how to take control of their energy usage;
- Monitoring all PUCO proceedings involving residential utility consumers.

In the next biennium, OCC anticipates that the work of this agency will increase not only in terms of the number of cases but also in complexity. Some highlights of the areas in which we expect to be greatly involved include:

Proceedings to address aging distribution and transmission infrastructures of the electric companies;

Proceedings to address the post-2008 Standard Service Offer rates for generation service for electric customers;

Rate proceedings for natural gas companies;

Proceedings in which the natural gas companies seek to change the way they purchase natural gas on behalf of their customers and move toward competitively bidding the supply of gas;

Telecommunications proceedings to further deregulate the industry;

Implementation of energy efficiency programs and renewable energy programs; and

Involvement with the Regional Transmission Organizations (both PJM and the Midwest Independent System Operator) and FERC on issues that impact residential customers' costs.

Ohio is at a crossroad in the regulatory utility environment. Deregulation in the natural gas and telecommunications industries can and has provided a myriad of opportunities for residential consumers. However, the road on which we are traveling to develop viable choices and reasonable rates for electricity customers is a long one and the solutions are very complex. The OCC is well positioned to continue our advocacy efforts on behalf of

residential consumers. With the passage of this funding request, our agency will be able to address the significant amount of utility rate increase requests that we expect will flow through the PUCO over the next two years and the other energy issues that are at the forefront. To receive less than the request now before you would be to the detriment of Ohio's residential consumers in that OCC's advocacy resources would be impaired.

We continue to serve the residential utility customers of Ohio, protect them against unfair practices in the utility marketplace, provide them with options for improved services and empower them to take control of their energy, telecommunications and water needs.

Through our advocacy, we are striving for solutions that are enduring, that can provide consumers with affordable and reliable service and create an environment favorable to the deployment of new technologies which will benefit consumers. In the process of accomplishing these goals, the OCC is dedicated to actively working with industry leaders, policymakers and other stakeholders to facilitate a healthier utility environment for consumers.

I would also like to mention that one change in our budget language from the last biennium will be particularly beneficial to residential consumers. As you can see from the Redbook, the Executive and House version of the budget repeals the language that was changed in the last budget that prevented our agency from operating a call center for consumer complaints. Since that time our office has been more than diligent in making sure that any calls our office received from consumers that were of the complaint nature were handed over to the PUCO. We are pleased that the Governor and the House both agree that our office should be able to once again settle consumer complaints as we had

for the previous 28 years. We hope that the Senate also sees the importance of a consumer advocate having the ability to handle and help resolve consumer complaints.

Thank you for your time and consideration in this review of our agency. I stand ready to answer any questions committee members might have at this time.