



**Before
The Ohio Senate
Finance Committee
General Government Finance Subcommittee**

Budget Testimony Regarding Amended Substitute House Bill 59

**Presented by:
Bruce J. Weston
Ohio Consumers' Counsel**

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Good afternoon Chairman Peterson, Ranking Member Schiavoni and members of the Subcommittee. I am Bruce Weston, the Ohio Consumers' Counsel. Thank you for inviting me to testify regarding the budget for the Office of the Ohio Consumers' Counsel (OCC).

Overview

At the outset, I thank the Administration for submitting a budget that would continue OCC's current budget level of \$5.6 million per year during the next biennium. I also thank the Ohio House of Representatives for preserving this funding level in Amended Substitute House Bill 59 (HB 59). This budget level will provide continued support for OCC's consumer advocacy for Ohioans regarding the affordability and reliability of their utility services. I respectfully ask for your favorable consideration of HB 59 as it pertains to OCC's budget. I am committed to delivering value for Ohioans with our budget, and will further discuss this later in my testimony.

As background, OCC was created in 1976 by the Ohio General Assembly to represent Ohio's residential consumers on issues related to their electric, natural gas, telephone, and water utility services. OCC represents consumers in administrative agencies and in state and federal courts. Most of our cases for consumer advocacy are at the Public Utilities Commission of Ohio (PUCO). There, OCC appreciates the opportunity to provide evidence and law from a consumer perspective, alongside the advocacy of the public utilities and other parties. The PUCO then makes decisions based on the record in its cases, similar to a judge.

In this regard, OCC provides residential consumers with representation where they often would have little or none. For one thing, utility cases are highly technical, meaning it requires technical expertise to participate effectively in the process. Also, Ohioans are unlikely to have the time or resources to advocate on their own behalf in these complex cases where utilities are well represented by lawyers, economists, accountants and others.

OCC also provides consumer perspectives to you and your colleagues in the Ohio General Assembly for the legislative process. And we are happy to help you with inquiries from your constituents and in any other way.

Additionally, OCC provides outreach and education to consumers on utility issues. These issues include consumers' choices in the transition to competitive markets.

In its 37 years of advocacy, OCC has helped save consumers a lot of money on their utility bills. And those savings far outweigh the cost of OCC's budget.

Funding and Budget

In establishing the agency, the Ohio General Assembly decided that OCC's funding would not come from Ohio's General Revenue Fund (taxes). Instead, OCC's budget is funded through a fee on the intrastate gross earnings of utilities and other entities regulated by the PUCO, similar to how the PUCO is funded in part.

The entities that pay for OCC's assessment can choose to absorb this cost or pass it on to their customers. If all regulated entities charged their customers for the cost of OCC's budget, this charge would cost consumers approximately 2.35 cents for every \$100 in utility bills. This amount is equivalent to less than a dollar a year for a typical residential consumer. As stated earlier, OCC saves consumers much more money than it costs.

In Fiscal Year 2012 (beginning July 1, 2011), OCC's annual operating budget was reduced from \$8.5 million to \$5.6 million. Just last year, in the Mid-biennium Budget Review Bill (HB 487 – 129th General Assembly), the Ohio General Assembly voted to maintain OCC's funding at the \$5.6 million level. Thank you for preserving OCC's budget for consumer advocacy at the \$5.6 million level.

House Bill 59 maintains OCC's funding for consumer advocacy at the \$5.6 million level. This funding level will enable OCC to maintain its current level of advocacy for Ohio's utility consumers.

Creating Efficiencies

To adjust to the earlier decrease of about \$3 million, and on a continuing basis after that, OCC has reviewed its operations toward creating further efficiencies.

OCC's cost-saving measures included:

- Major workforce reductions (40 fewer positions);
- Closing its consumer call center (required by HB 153);
- Consolidating departments and senior management positions, and combining other staff positions;
- Reducing its vehicle fleet by three;
- Creating efficiencies through technology upgrades;
- And, to set the tone for our approach, I declined the kind offer of a raise in my salary when I was appointed Ohio's Consumers' Counsel.

Structure of the Office

The Office of the Ohio Consumers' Counsel Governing Board is charged with the duty of hiring the Ohio Consumers' Counsel and the Deputy Consumers' Counsel. The Ohio Attorney General appoints the nine-member, bi-partisan, Board. The Board consists of three members representing farmers, residential customers and organized labor, respectively. The Board Chairman is Gene Krebs.

OCC's staff is organized into four departments working together to achieve its mission and vision for consumer advocacy:

Analytical: Utility cases are highly complex. Technical expertise, for analysis and expert testimony, is needed to advocate for Ohio consumers in utility

cases. The needed expertise can include the areas of accounting, economics, engineering, finance, and other disciplines.

Legal: OCC is the legal representative for Ohio residential utility consumers in cases at the PUCO, Federal Energy Regulatory Commission, and the Supreme Court of Ohio. These cases can take months or sometimes years to complete. The legal process can include written discovery, oral depositions, preparation and presentation of expert testimony, cross-examination of expert witnesses, and filing motions, briefs and pleadings.

Operations: The Operations Department provides fiscal and administrative functions for the agency.

Public Affairs: The Public Affairs Department provides education for consumers, responds to media requests, and provides consumer perspectives and constituent assistance to legislators. Public Affairs maintains OCC's educational publications and website for assisting consumers.

Conclusion

Thank you for this opportunity to discuss OCC and its role as the residential consumer advocate for Ohioans. I welcome any questions that you have.