

Public Utilities Commission of Ohio
M. Beth Trombold, Interim Chair

House Finance Subcommittee on Agriculture, Development
and Natural Resources
FY2020-FY2021 Biennial Budget

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Introduction

Chairman Hoops, Ranking Member Hicks-Hudson, and members of the House Finance Subcommittee on Agriculture, Development and Natural Resources, good afternoon. I am Beth Trombold and I have the honor to testify before you today as the interim chair of the Public Utilities Commission of Ohio (PUCO). I appreciate the opportunity to address the subcommittee regarding the PUCO's portion of Governor DeWine's proposed biennial budget. As you may be aware, Governor DeWine has appointed Sam Randazzo to chair the PUCO, and his term begins on April 11, 2019.

PUCO overview

The PUCO is governed by a chairman and four commissioners. Each commissioner is appointed by the governor to serve staggered, five-year terms. The governor's selection is made from a list of names submitted by the PUCO Nominating Council, a separate 12-member panel charged with screening commissioner candidates. We employ a staff of over 300 professional accountants, auditors, engineers, economists, investigators and attorneys who assist us in carrying out our mission.

The PUCO oversees investor-owned electric distribution companies, natural gas distribution companies, retail energy providers, natural gas pipelines, landline telephone, privately-owned water and sewer companies, railroads, hazardous material carriers, commercial transportation, including passenger carriers and towing operators, and even moving companies. The PUCO is the only state agency charged with ensuring that essential utility services are safe, reliable, adequate, and operate in a competitive market.

Additionally, the PUCO chairman also chairs the Ohio Power Siting Board (OPSB), which is responsible for approving and overseeing the installation of major utility facilities such as power plants, electric and natural gas transmission lines, and economically significant wind farms.

Before digging into the budget, I would like to take a moment to highlight a few areas where the PUCO gladly serves Ohioans.

The PUCO serves all classes of utility customers, which include commercial, industrial and residential. The PUCO's service standards help protect utility customers from poor service quality, unfair denial or disconnection of service, and long waits for repair or installation. When violations are found, the PUCO can order corrective action, in addition to fining utilities for non-compliance.

The Consumer Call Center is a direct link to the public that is used daily by consumers all across the state. When a customer encounters a utility issue, they are encouraged to contact our customer service representatives who will help the customer navigate the issues they may be facing. Our Call Center receives tens of thousands of contacts each year. In fact, in calendar year 2018, the Call Center received over 70,000 contacts by phone, email, fax, walk-ins and legislative inquiries. These contacts resulted in over 10,000 investigations. Last year, the PUCO's Consumer Call Center helped save consumers over \$920,000.

In order to assist vulnerable Ohioans during the winter heating season, the PUCO issues the Winter Reconnect Order. The first Winter Reconnect Order was issued in 1982, and the Commission has issued it every year since. This order helps customers who have had their home heating service disconnected, or who face imminent disconnection due to nonpayment. It allows them an opportunity to pay a maximum of \$175, plus a reconnection fee, to restore or maintain their utility service. The reconnect order may be used once per heating season. During the last heating season, more than 217,000 customers utilized the Winter Reconnect Order.

The PUCO also assists eligible Ohioans to manage their energy bills year round with a program called the Percentage of Income Payment Plan Plus (PIPP Plus). To be eligible for PIPP Plus, the household income must be at or below 150 percent of the federal poverty guidelines. Payments are based on a percentage of the monthly household income and are consistent year-round. When a PIPP Plus customer pays their monthly payment on time and in full, the rest of that month's bill goes away and any outstanding balance is reduced in the form of a credit on their utility account.

Ohio is home to over 71,000 miles of regulated natural gas pipelines and 113 natural gas pipeline operators. PUCO field inspectors perform compliance inspections of gas pipelines to ensure that they are following the proper safety regulations. During fiscal year 2018, staff conducted 187 audits of natural gas pipelines.

The PUCO also works to make Ohio's railroad crossings safer. There are over 5,700 public railroad crossings and roughly 5,100 miles of railroad track in Ohio that the PUCO and the Federal Railroad Administration (FRA) work on collectively to ensure safety. Making railroad crossings safer is an ongoing process, and a vital part of the PUCO's mission. In fiscal year 2018, a total of 91 safety upgrades were ordered at public railroad crossings. These upgrades include installation of lights and gates, supplemental assistance upgrades, circuitry upgrades, and closings.

These projects are being completed all across the state, including in your own districts. Chairman Hoops, you may be familiar with the County Road 5 project in Leipsic, Ohio. This past September, the Commission ordered that new active warning devices be installed at this crossing by September 26, 2019.

Ranking Member Hicks-Hudson, a similar project was ordered in the City of Toledo this past November. The Commission directed for active warning devices to be installed at the Norwood Avenue crossing by November 28, 2019.

As the lead agency for the Motor Carrier Safety Assistance Program, the PUCO is also responsible for helping keep Ohio's highways safe. Along with the Ohio State Highway Patrol, inspectors conducted more than 89,000 roadside inspections during fiscal year 2018. These thorough inspections ensure that both the driver and vehicle are meeting state and federal safety regulations. In addition to driver/vehicle inspections, the PUCO also conducts motor carrier and shipper compliance reviews to ensure that proper state and federal safety regulations are followed. Outside of inspections and reviews, PUCO staff works with motor carriers to help them understand and comply with these safety regulations.

Also, in order to help ensure safety, the PUCO awards hazardous materials training grants to local government subdivisions and educational institutions. These funds are used for emergency response planning and education on proper techniques for the management of hazardous material releases. In fiscal year 2019, the PUCO awarded 16 hazardous materials training grants totaling \$231,000.

Last fall the PUCO published its policy review regarding the modernization of the Ohio electric distribution system. *PowerForward: A Roadmap to Ohio's Electricity Future* contemplates ways in which the PUCO can foster innovation through technological and regulatory innovations that will benefit Ohio's electricity consumers. As new energy technologies and smart communication devices proliferate, the PUCO knows Ohio must be on the forefront of these changes and ensure that our residential, commercial and industrial customers alike are able to benefit from them.

The PUCO has and continues to work diligently to improve agency operations and customer service by investing in cloud technologies and online reporting functionalities. For example, online solutions allow businesses to file annual reports and pay registration fees electronically. Additionally, PUCO Call Center software has improved efficiencies in assisting utility consumers.

Budget overview

As you may know, the PUCO's budget is not dependent upon the General Revenue Fund (GRF). Rather, the PUCO is a completely self-supporting agency and is funded through utility assessments, motor carrier registrations and federal grants. By statute, our utility assessments must equal our appropriations, and therefore our appropriations have no impact on the GRF nor are the funds available for general use. Rather, the PUCO regularly contributes to the GRF. Over the previous 12 months, the PUCO has provided nearly \$1.5 million to the GRF through utility forfeitures and motor carrier fines.

As you examine the governor's executive budget, you will see a reduction in the fund for hazardous materials registration. This is simply a reflection of a change made in HB 49 during the previous General Assembly, which removed a redundant registration requirement between Ohio and the U.S. Department of Transportation. Our oversight of hazardous materials carriers is unaffected.

This budget also provides the PUCO with flexibility to prepare for expected staff attrition, align payroll with the state contract and account for the extra pay period during FY2020.

Conclusion

As the PUCO provides crucial and essential services to Ohioans, it strives to do so in the most innovative and efficient way possible. Each day, we stand ready to carry out our mission of assuring all consumers access to adequate, safe and reliable utility services.

Chairman Hoops, Ranking Member Hicks-Hudson, and members of the Finance Subcommittee on Agriculture, Development, and Natural Resources, thank you for allowing me to testify before you today. I would be happy to answer any questions at this time.