



Office of the Ohio Consumers' Counsel

**Before
The Ohio House of Representatives
The Finance Subcommittee on Agriculture, Development and Natural Resources**

Testimony on House Bill 110 – OCC Budget

**Bruce Weston, Agency Director
Office of the Ohio Consumers' Counsel**

February 25, 2021

Hello Chair Kick, Ranking Member O'Brien and Members of the Subcommittee. I hope you and your colleagues are well. Thank you for this opportunity to testify about the Consumers' Counsel's services to Ohioans. And thanks to the Chair and the Ranking Member, respectively, for meeting with OCC in advance during this busy time for you.

I am Bruce Weston, the Ohio Consumers' Counsel. I am testifying in support of *most* of the Administration's budget proposal for the Office of the Ohio Consumers' Counsel. The budget provides the funding for our services on behalf of millions of Ohioans regarding their electric, natural gas, telephone, and water utility services. OCC's budget is funded by assessments on utilities, not taxes. OCC Governing Board Chair Mike Watkins, Vice-Chair Stuart Young, Deputy Consumers' Counsel Larry Sauer, and I appreciate your consideration.

Proposals

I thank the Administration for proposing an annual budget of \$5.64 million for OCC's protection of residential utility consumers. (H.B. 110, Lines 52245 to 52249.) That amount reflects an increase of \$100,000. However, OCC had proposed an increase of \$700,000, for a budget of \$6.24 million. **I respectfully ask that this Subcommittee propose a budget of \$6.24 million for each year of the biennium.**

The \$700,000 budget increase approximately would restore OCC's purchasing power for about \$580,000 in costs that OCC has absorbed in recent years. Those costs have been for the state employee salary increases for "parity" with collective bargaining increases and for benefits cost increases. To this amount we added the \$100,000 from a budget reduction by the Kasich Administration in fiscal year 2018, which is nearly \$700,000.

The Administration's proposal of \$5.64 million is just two-thirds of OCC's budget of \$8.5 million in the beginning of 2011. But later in 2011 the Kasich Administration initiated a slashing of the \$8.5 million budget by nearly \$3 million. Also, OCC's call center for helping consumers was then prohibited by law, in R.C. 4911.021.

The 2011 budget cut of about \$3 million no doubt protected some influential industry special interests – meaning it protected them (regulated entities) from more of OCC’s consumer advocacy. But greatly reducing OCC’s funding didn’t protect residential consumers. For some historical perspective on the slashing of OCC’s budget, there is the news article, “*Kasich friends in high demand*,” J. Hallett, Columbus Dispatch (May 23, 2011).

Looking further back, OCC’s budget was at \$9.3 million in 2003 to 2005. That figure would be even higher today if accounting for the time value of money. OCC has not had a budget increase since fiscal year 2008.

We use the budget to provide legal representation for Ohio’s residential utility consumers in cases opposite Ohio’s lawyered-up utilities. And we provide education to consumers. Also, 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.

As stated, my primary proposal is for adopting a \$6.24 million budget for consumer protection.

We also asked the Administration to remove the prohibition against operating a call center for consumers, in R.C. 4911.021. My proposal is to allow OCC to operate a call center for limited purposes and special projects for consumer protection. Assisting consumers during the pandemic would be an example.

Overview

The Ohio General Assembly created OCC in 1976. 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.”

The Consumers’ Counsel provides a customer perspective in utility-related cases at state and federal regulatory agencies and the courts. OCC provides residential utility consumers with a voice where they otherwise would have little or none. Also, we appreciate the opportunity to provide legislators with consumer perspectives for the legislative process.

Additionally, we provide outreach and education to Ohioans to help them save money on their utility bills. For example, we help educate consumers regarding their choices for energy suppliers. Attached is an example of one of OCC’s Fact Sheets for informing consumers.

During our nearly 45 years of service, the Consumers’ Counsel has helped Ohioans save a lot of money on their utility bills. And those savings far surpass the cost of our budget.

Here are some examples of our advocacy. We put our budget to good use for consumers with our advocacy that is pro-market (where competition can be effective) and anti-subsidy. We testified seven times against subsidies in House Bill 6 and now seven times for a repeal of that tainted legislation. There has been a lot of talk about \$60 million that FirstEnergy, at least in part, used toward achieving the passage of House Bill 6. That

incredible amount of money alone is eleven times OCC's annual budget for all of our activities. It epitomizes our challenge in a field where powerful, influential utilities have so much money to spend for advocacy.

Attached is OCC's Subsidy Scorecard, where we keep track of Ohio's subsidy culture affecting electric customers, despite deregulation in 1999. There are circumstances where we and others succeed in consumer protection appeals when the Ohio Supreme Court overturns a PUCO-approved charge (such as an unlawful subsidy). But a travesty of justice has occurred for decades where consumers have been denied refunds of charges found to be improper. A pie chart is attached, showing that electric consumers have lost about \$1.5 billion in denied refunds since the awful ratemaking enacted in the 2008 energy law. FirstEnergy cashed in on nearly a half-billion dollars from its so-called distribution modernization charge, resulting from denied refunds despite the Supreme Court finding the charge unlawful. We've used our budget to advocate for reform of this injustice.

During the pandemic we have advocated for consumer protections. Our message has been that *Ohio should lead with its heart*. For example, we recommended a much longer moratorium against utility disconnections of consumers for nonpayment, given the health and financial crises afflicting many Ohio families. Losing utility services can be disastrous for Ohioans, affecting nearly every aspect of their lives.

Funding

The source of the Consumers' Counsel's funding is not from taxes or Ohio's General Revenue Fund. 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 hundred dollars in utility bills. This amount is equivalent to less than a dollar a year for a typical residential consumer. We have saved consumers much more money than this cost, individually or by working with other stakeholders.

Cost Reductions and Efficiencies

We are dedicated to serving consumers with less funding since the big cut in OCC's budget in 2011 – not that it's adequate for consumer protection. It's not. The continuing cost reductions from the decreased budget include: the many earlier workforce reductions; closing the consumer call center; and lowering office rental cost by reducing occupied floor space. I am grateful to OCC staff for their dedicated services to Ohioans. And I appreciate that we've maintained continuity of consumer services during the Administration's transition from office to remote work in the pandemic.

Agency Structure

The Agency is structured as follows.

Governing Board: The Ohio Attorney General appoints the Agency's nine-member, bi-partisan Governing Board. The Board Chair is Mike Watkins and the Vice-Chair is Stuart Young. The Agency Governing Board appoints two officials: the Ohio Consumers' Counsel and the Deputy Consumers' Counsel. Attached is an example of a Board Resolution (opposing both House Bill 6 and House Bill 246).

Analytical Department: This Department provides the analytical expertise needed for technical utility issues. This expertise can include accounting, economics, engineering, finance, and other disciplines.

Legal Department: This Department provides the consumer representation involving issues with lawyered-up, influential utilities. OCC advocates in cases at the PUCO, Federal Energy Regulatory Commission, the Supreme Court of Ohio and elsewhere.

Operations Department: This Department provides fiscal and administrative support for the Agency. These functions include Human Resources, Fiscal Processing and IT.

Public Affairs Department: This Department provides education for consumers, responds to media requests, answers contacts from Ohio consumers, and provides constituent assistance to legislators. OCC's website is www.occ.ohio.gov. Our Twitter handle is [@OCC4Consumers](https://twitter.com/OCC4Consumers).

In conclusion, we thank you for your consideration. *At OCC we put consumers first.*



Office of the Ohio Consumers' Counsel

Your Residential Utility Consumer Advocate

CONSUMER FACT SHEET

Office of the Ohio Consumers' Counsel

65 East State Street
7th Floor, Columbus, OH
43215

TWITTER:
@OCC4Consumers

E-MAIL:
occ@occ.ohio.gov

WEBSITE:
www.occ.ohio.gov

HOW TO AVOID UTILITY SCAMS AND FRAUD

Scams targeting consumers are a widespread problem. There are hundreds of known scams, and new ones are always emerging. The Office of the Ohio Consumers' Counsel (OCC), your residential utility consumer advocate, has developed this fact sheet to help you avoid common utility scams.

What is a scam?

A scam is a scheme that involves tricking people into giving away their personal information or money to a fraudulent individual or company. Consumers become scam victims when they pay for fraudulent products or services or compromise their personal or account information.

Scam information is also available from the Ohio Attorney General, www.ohioattorneygeneral.gov, and the Federal Trade Commission, www.consumer.ftc.gov.

Common scam tactics

Imposters pretending to be from your utility company may demand immediate payment by threatening to disconnect your service. Scammers may also seek access to your home or personal information or make other false claims about products and services or special programs to help pay utility bills.

Emergency payment scams.

Beware of anyone claiming you will be disconnected if you do not pay

immediately. Utilities are required to provide prior notice well before services can be disconnected for non-payment and do not disconnect service outside normal business hours.

Utility companies do not require immediate payment by prepaid debit card or gift card or contact you for personal information. If you are told your account is past due, check your account's status online or call the customer service number listed on your utility bill. Learn about your rights from OCC's Your Guide to Energy Disconnection and Reconnection at www.occ.ohio.gov.

Utility worker imposters. Someone may claim to be at your home to reset, repair, replace or inspect your meter or other utility-related devices. If utility employees or authorized contractors have a legitimate need to access your home, you will be notified in advance with time to confirm the appointment. Utility service or equipment related charges will typically be added to your bill.

After widespread power outages a scammer may offer to restore power for an upfront fee. Utilities do not require payment to restore service after a natural disaster or related outages. Learn more, including about the critical customer list, from OCC's Power Outages: Safety Tips and Consumer Rights fact sheet at www.occ.ohio.gov.

HOW TO AVOID UTILITY SCAMS AND FRAUD

CONSUMER FACT SHEET

The Office of the Ohio Consumers' Counsel (OCC), the residential utility consumer advocate, represents the interests of 4.5 million households in proceedings before state and federal regulators and in the courts.

The state agency also educates consumers about electric, natural gas, telephone and water issues.

For more information, please visit the OCC website at www.occ.ohio.gov.



The Office of the Ohio Consumers' Counsel is an equal opportunity employer and provider of services.

False refunds or discounts. You may be promised refunds, free products, or services. Always thoroughly check out claims before providing any information or allowing a stranger into your home. If a legitimate overpayment has occurred, your account will be credited without any need to provide or verify utility account information.

Caller ID spoofing. "Spoofing" technology can be used to change the readout appearing on Caller ID. Do not answer calls when you are unsure. Hang up if a call seems suspicious. Do not call questionable or unverified numbers. Contact your utility with the number found on your bill.

Door-to-door. Scammers posing as utility representatives or as natural gas or electric service suppliers have been reported. Always ask to see a picture ID and check them out before allowing anyone to enter your home. Be cautious about sharing any personal information, including utility bills.

Avoid being scammed

Be aware of common tactics and use these best practices to avoid fraud.

Protect personal information. Utilities will not contact you to ask for your personal or account information. Be wary about sharing or verifying sensitive information like account numbers, credit card information or any personal information. Do not show your utility bill to anyone claiming to need to check or verify charges.

Be cautious. Be wary of allowing an unknown salesperson into your home. Be cautious of calling unfamiliar numbers. Hang up on callers who ask you to press a number or dial a toll-free phone number.

Take your time. Scammers often use high pressure tactics and want you to act fast, so you cannot verify their claims. Review your bills monthly and question unfamiliar charges.



Report scams

If you suspect fraud contact local law enforcement. The Attorney General's Office can also address utility scams. Call 1-800-282-0515, or complete their online complaint form at www.ohioattorneygeneral.gov. A form can also be printed and mailed to:

**Office of the Attorney General
Consumer Protection Section**
30 E. Broad St., 14th Floor
Columbus, Ohio 43215

Direct questions and complaints about utility services, including scams, to the Public Utilities Commission of Ohio. File informal complaints via their online complaint form at www.puco.ohio.gov, call 1-800-686-7826, or write to them at:

**Public Utilities
Commission of Ohio**
Attn: CSD
180 E. Broad St.
Columbus, Ohio 43215-3793

\$14.7 Billion
Charged to Customers
(2000 - 2019)

SUBSIDY SCORECARD

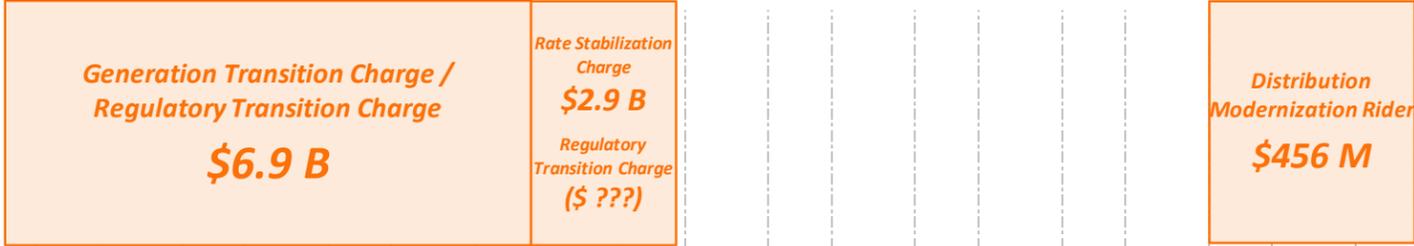
\$1.7 Billion Projected
Charges to Customers
(2020 - 2030)

- ELECTRICITY CHARGES TO OHIOANS -

2000 2002 2004 2006 2008 2010 2012 2014 2016 2018 2020 2022 2024 2026 2028 2030

FirstEnergy

\$10.2 Billion



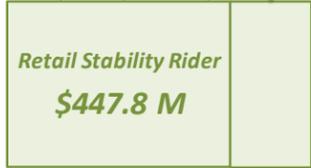
DP&L

\$1.5 Billion



AEP

\$1.8 Billion



Duke

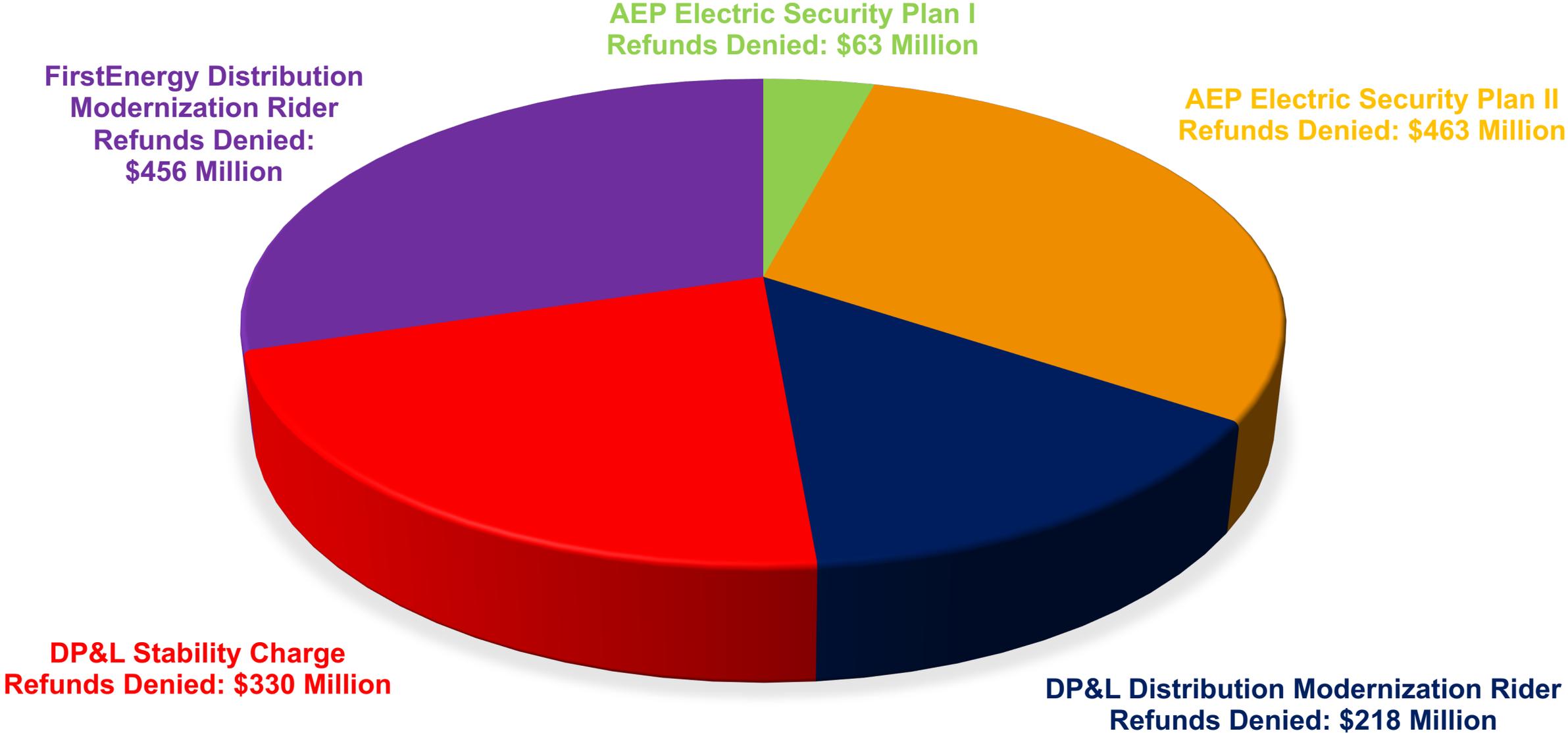
\$1.2 Billion



B=Billions; M=Millions

Rev. 09/22/2020

OHIOANS DENIED \$1.5 BILLION IN ELECTRIC REFUNDS SINCE 2009





Resolution

Office of the Ohio Consumers' Counsel Governing Board

In Support of the Ohio General Assembly's Vision for an Energy Future Based on Competition by Power Plants, Not Subsidies by Consumers. And In Support of a Strong and Independent Office of the Ohio Consumers' Counsel to Represent and Educate Residential Utility Consumers for Consumer Protection

- WHEREAS,** Electricity, natural gas, telephone, and water services are essential for Ohioans; and
- WHEREAS,** Ohio consumers should have retail electric service that is reliable, safe and reasonably priced; and
- WHEREAS,** The Ohio General Assembly deregulated power plants in 1999 to give Ohio families and businesses the benefits of lower prices and higher innovation through power plant competition, among other things; and
- WHEREAS,** Despite deregulation, Ohio consumers have paid more than \$15 billion in subsidies to the electric utilities since 1999; and
- WHEREAS,** House Bill 6 was introduced on April 12, 2019, to mandate subsidies of power plants (including nuclear plants), at a cost to Ohioans of \$300 million annually with no end date for the subsidies; and
- WHEREAS,** House Bill 246 was introduced on May 14, 2019, to "reform and modernize" the Office of the Ohio Consumers' Counsel (and the PUCO); and

WHEREAS, a strong and independent Office of the Ohio Consumers' Counsel is needed for the protection of millions of residential utility consumers and residential consumers of other PUCO-regulated providers in Ohio.

THEREFORE, BE IT RESOLVED, that the Governing Board of the Office of the Ohio Consumers' Counsel supports power plant competition and deregulation as envisioned by the Ohio General Assembly in 1999 to deliver lower prices and higher innovation to consumers.

THEREFORE, BE IT FURTHER RESOLVED, that the Governing Board of the Office of the Ohio Consumers' Counsel opposes any legislation (including House Bill 6) that would charge Ohio utility consumers (contrary to deregulation and the competitive generation markets that have emerged) to subsidize any type of generation (including nuclear power plants).

THEREFORE, BE IT FURTHER RESOLVED, that the Governing Board of the Office of the Ohio Consumers' Counsel opposes any legislation that would result in reductions, limits or weakening of the services and independence of the Office of the Ohio Consumers' Counsel for protection of millions of Ohio residential consumers.

I verify that this Resolution has been approved by the Governing Board of the Office of the Ohio Consumers' Counsel, this 21st day of May 2019.



Stuart Young, Vice-Chair (Acting Chair)
Governing Board of the Office of the Ohio Consumers' Counsel