



Office of the Ohio Consumers' Counsel

**Before
The Ohio House of Representatives
Finance Committee**

Testimony on Substitute House Bill 110 – OCC Budget

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

April 15, 2021

Hello Chair Oelslager, Vice Chair Plummer, Ranking Member Crawley and Members of the Committee. 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 Finance Subcommittee members, led by Chair Kick and Ranking Member O'Brien, for considering our budget proposal.

I am Bruce Weston, the Ohio Consumers' Counsel. The OCC Governing Board and I appreciate your consideration. The Agency's Mission is to "advocate for Ohio's residential utility consumers through representation and education..." Therefore, the budget provides the funding for our consumer protection 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. Our consumer advocacy last year was framed by the pandemic's health and financial crises and the utility consumer issues involving the House Bill 6 scandal.

Some issues for our consumer work are reflected in the attached pie chart showing improper utility charges and the unfortunate denials of about \$1.5 billion in refunds to electric consumers since 2009. And issues involving our advocacy for competitive power plant markets and avoidance of subsidies are reflected in the attached Subsidy Scorecard.

There are a number of state agencies that help OCC in our work for consumers. Those agencies include the Administration and DAS for HR, IT, office space, and other matters. Other agencies include but are not limited to OBM, the AG's Office, the PUCO, and the Auditor's Office. I am grateful for all their assistance. And I thank the General Assembly and the applicable standing committees, such as the Public Utilities Committee with Chair Hoops, for your kind consideration of our consumer proposals. Please call me if ever OCC may help with consumer issues for legislation or constituents.

I appreciate that this Committee is proposing an annual budget of \$5.64 million for OCC's protection of residential utility consumers. (Sub. H.B. 110, Lines 65172 - 65176) That amount reflects an increase of \$100,000. But, respectfully, I ask that you consider and adopt OCC's budget proposal of an additional \$600,000 for the increase, for a total increase of \$700,000 and a budget of \$6.24 million for our consumer protection.

Our justification for a \$700,000 budget increase includes that it would help solve the *erosion* of our purchasing power for consumer advocacy, resulting from state salary “parity” increases and employee benefits cost increases. When I testified in February, OCC was absorbing about \$580,000 annually. Now, added to this amount will be that the Administration last month unfroze the most recent state parity increase, which will help employees – and cost OCC about \$70,000 more annually. The “parity” reference means that non-union state employees can receive the increases that are in the collective bargaining agreements. Additionally, we want to offset the \$100,000 budget reduction initiated by the Kasich Administration in fiscal year 2018.

Please also repeal the 2011 prohibition against OCC operating a call center for consumers, in O.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. I have not asked for additional budget funding to implement this request.

I will conclude my testimony with some OCC budget history. The Kasich Administration, with industry support,¹ initiated what resulted in nearly a \$3 million budget cut in 2011 for OCC’s consumer advocacy, from \$8.5 million to \$5.64 million. OCC’s \$5.64 million budget from ten years ago is the level in Substitute House Bill 110 today. OCC last had a budget increase in 2007. OCC’s budget was above \$9 million in 2002. OCC’s budget today is lower than its budget 24 years ago.

However, we are competing on behalf of consumers against lawyered-up utilities in ratemaking and policymaking forums. The utilities don’t really have a fixed limit on what they spend for advocacy. The \$60 million that FirstEnergy allegedly spent in connection with House Bill 6 is about eleven times OCC’s budget for all our consumer advocacy in a year.

That concludes my testimony. Thank you for your consideration.

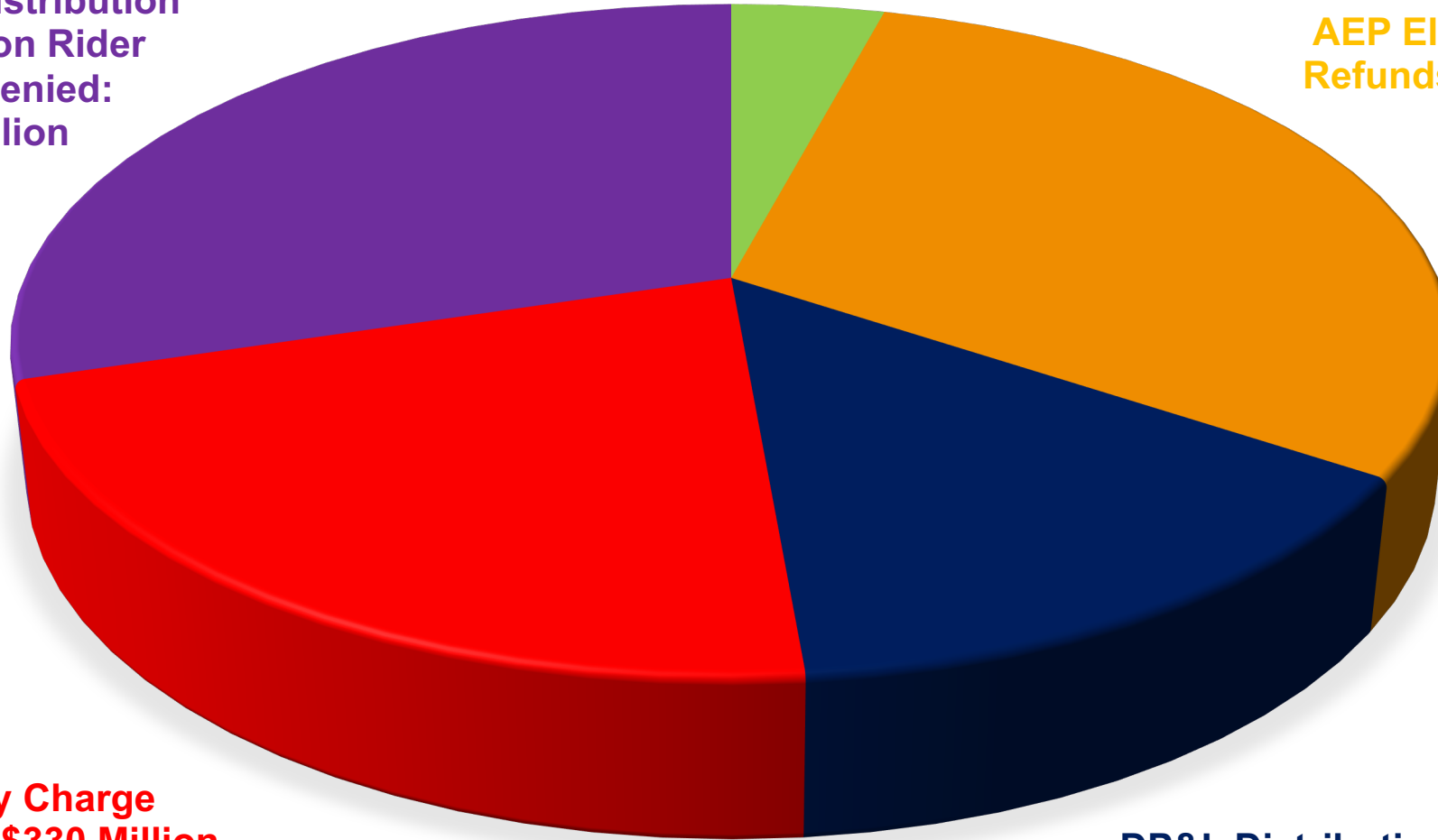
¹ The Columbus Dispatch, “Kasich friends in high demand,” J. Hallett (May 23, 2011); <https://www.dispatch.com/article/20110523/NEWS/305239825>

OHIOANS DENIED \$1.5 BILLION IN ELECTRIC REFUNDS SINCE 2009

AEP Electric Security Plan I
Refunds Denied: \$63 Million

FirstEnergy Distribution
Modernization Rider
Refunds Denied:
\$456 Million

AEP Electric Security Plan II
Refunds Denied: \$463 Million



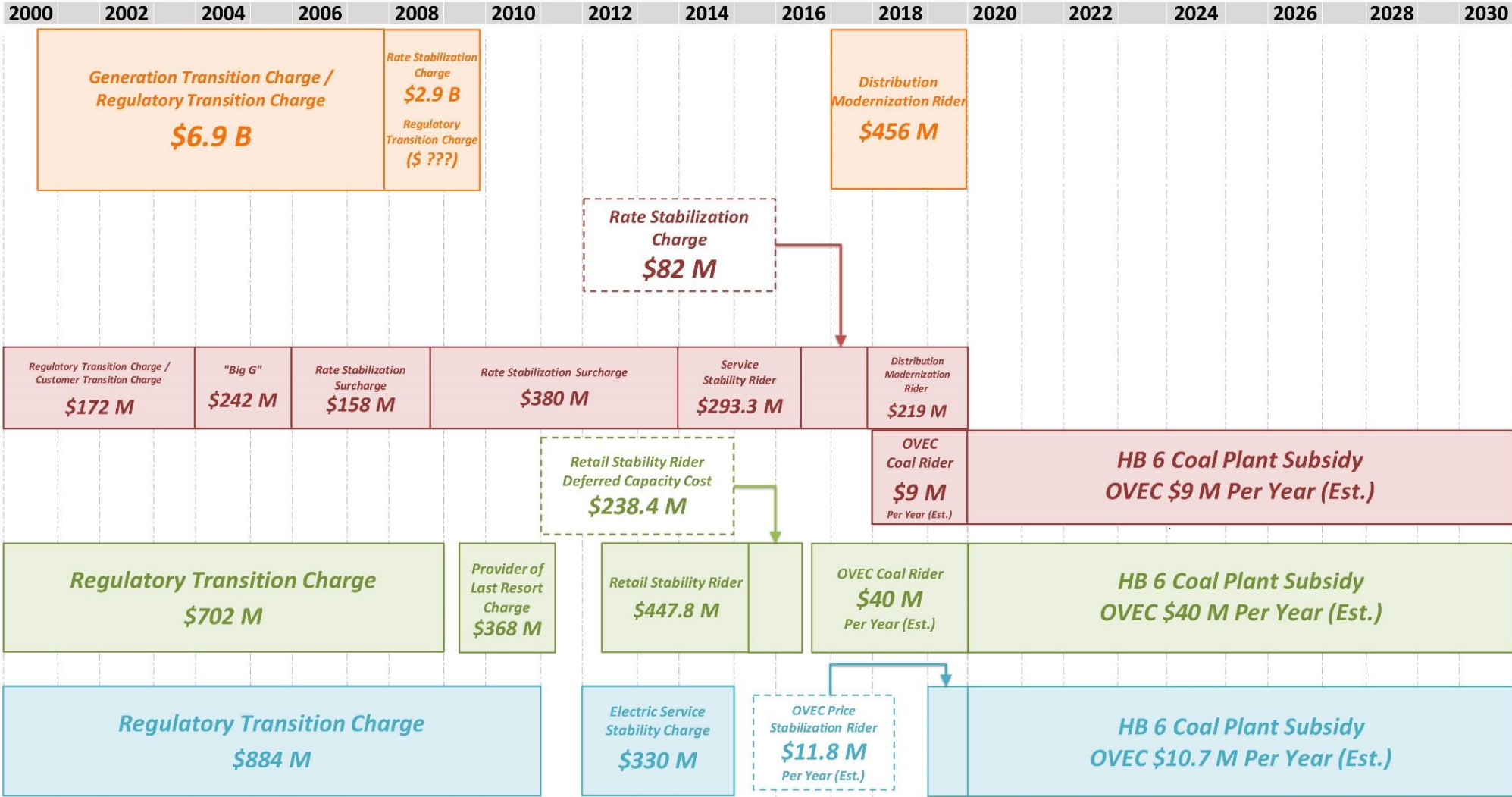
DP&L Stability Charge
Refunds Denied: \$330 Million

DP&L Distribution Modernization Rider
Refunds Denied: \$218 Million

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

SUBSIDY SCORECARD

- ELECTRICITY CHARGES TO OHIOANS -



FirstEnergy

\$10.2 Billion

DP&L

\$1.5 Billion

AEP

\$1.8 Billion

Duke

\$1.2 Billion

B=Billions; M=Millions