

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

House Finance Subcommittee on Agriculture, Development
and Natural Resources
FY2022-FY2023 Biennial Budget

February 25, 2021



Introduction

Chairman Kick, Ranking Member O'Brien, 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) and also the Ohio Power Siting Board (OPSB), an agency that resides within the PUCO. I appreciate the opportunity to address the committee regarding the PUCO's portion of Governor Mike DeWine's proposed biennial budget.

PUCO overview

The PUCO is governed by a chairman and four commissioners, each is appointed by the governor to 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.

As you may know, The PUCO's budget is not dependent upon the General Revenue Fund (GRF). Rather, the agency is completely self-supporting and is funded through utilities assessments, motor carrier registrations and federal grants. By statute, utility assessments must equal our appropriations, and therefore our appropriations have no impact on the GRF nor are they available for general use. In fact, over the past biennium, the PUCO has actually been a GRF contributor, providing nearly \$1 million through utility forfeitures and motor carrier fines.

I think we can all agree that 2020 was a challenging year. However, I am pleased to say that our staff of over 300 professional accountants, auditors, engineers, economists, investigators, and attorneys who carry out our mission everyday remain committed to serving Ohio and its citizens. Our mission – of assuring all residential and business consumers have access to adequate, safe and reliable utility services at fair prices, while facilitating an environment that provides competitive choices – remains the standard for our agency.

As you know, the PUCO oversees investor-owned electric distribution companies, natural gas distribution companies, natural gas pipelines, landline telephone, privately-owned water and wastewater systems, railroad crossings, 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.

As I mentioned at the beginning of my testimony, the PUCO chair also chairs the OPSB, which is responsible for approving and overseeing the installation of major utility facilities. These facilities include power plants, electric and natural gas transmission lines, and industrial scale solar and wind farms.

Before going into the budget, I would like to take a moment to share a few areas where the PUCO and its employees work to serve all Ohioans.

Utility Regulation

- The PUCO serves all classes of utility customers, which include commercial, industrial and residential. The PUCO's customer service standards help protect utility customers from poor service quality, unfair denial or disconnection of service, or long waits for repair or installation. When violations are found, the PUCO can order corrective action, in addition to fining utilities for non-compliance.
- A service that the PUCO provides to Ohioans is the Consumer Call Center. The Call Center is a direct link to the public and is used daily by consumers across the state. When a customer encounters a utility issue, they are encouraged to contact our customer service representatives who help them navigate the issues they may be facing. The Call Center receives tens of thousands of contacts each year. In fact, in Fiscal Year 2020, the Call Center received 56,845 contacts through the hotline, email, fax, walk-ins and legislative inquiries. These contacts resulted in 10,398 investigations in fiscal year 2020. Our 32 customer service representatives take the contacts they receive very seriously. In FY 20, the PUCO's Consumer Call Center helped save consumers over \$1.1 million dollars.
- We also assist vulnerable Ohioans during the winter heating season. Each year the PUCO issues a 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 due to nonpayment 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 2019-2020 heating season, 196,715 customers utilized the Winter Reconnect Order.
- In fact in 2020, due to the impact of COVID-19, the PUCO issued an order to extend its Winter Reconnect Order through May 1, 2020. The Commission also worked with the regulated utilities to coordinate and communicate with local community action agencies

and other community-based organizations to ensure customers were able to maintain their utility service.

- The PUCO also assists low-income Ohioans with a program called Percentage of Income Payment Plan Plus, or PIPP Plus. To be eligible for the program, a household must have a gross yearly household income at or below 150 percent of the federal poverty guidelines. The PIPP Plus program helps customers who carry debt on their utility bills by helping to make monthly payments more affordable. When a PIPP Plus customer makes their monthly payment on time and in full, some of their old debt and the rest of that month's bill goes away in the form of a credit on their utility account.

Gas Pipeline Safety

- Ohio is home to over 71,000 miles of regulated gas pipelines and 113 gas pipeline operators. PUCO field inspectors perform compliance inspections of gas pipelines to ensure they are following the proper safety regulations. During fiscal year 2020, staff conducted 219 audits of natural gas pipelines.
- As part of that important safety mission for our agency, for example, our gas pipeline experts, our attorneys and Ohio's Attorney General were successful in ending a "rogue" pipeline operator in Trumbull County. With the help of local elected officials—were successful in transferring ownership to a licensed and bonded natural gas company to ensure that the 500 customers in Western Trumbull County continued to receive natural gas service without interruption or hardship and in a safe manner.

Railroad Grade Crossings

- 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. We work alongside the Federal Railroad Administration (FRA) to ensure safety. Making railroad crossings safer is an ongoing process, and a vital part of the PUCO's mission. In 2020, a total of 77 safety upgrades were ordered. These upgrades include installation of lights and gates, supplemental assistance upgrades, circuitry upgrades, and closings.
- These projects are being completed across the state. For instance, I am pleased to report that a crossing at River Corners Road and County Road in western Medina County is scheduled for flashing lights and gates to be installed by March 3 of this year. Since the PUCO began implementing these evaluations, the annual number of train-motor vehicle crashes in Ohio has decreased significantly, from 356 in 1990 to 68 in calendar year 2020. We plan to assist in this effort through the allocation of an additional \$1

million dollars in grant funding for railroad crossing upgrades as proposed in the administration's budget.

Motor Carrier Safety and Enforcement

- As the lead agency for the Motor Carrier Safety Assistance Program, the PUCO is also responsible for helping to keep highways safe. Along with the Ohio State Highway Patrol, inspectors conducted more than 61,600 inspections during fiscal year 2020. These thorough inspections ensure both the driver and vehicle meet state and federal safety regulations.
- The PUCO also conducts motor carrier and shipper compliance reviews to ensure that proper state and federal safety and hazardous materials regulations are followed. Outside of inspections and reviews, PUCO staff works with motor carriers to help them understand and comply with these safety regulations.
- Additionally, the agency awards hazardous materials training grants to local government subdivisions, educational institutions, and state agencies. These funds are used for emergency response planning and to educate professionals on proper techniques for the management of hazardous material releases. In 2020, the PUCO awarded 10 hazardous materials training grants totaling \$800,000.

Operational Efficiencies

- We have and continue to work diligently to improve agency operations and customer service by investing in cloud technologies and online reporting functionalities for businesses and organizations that interact with the agency.
- Online solutions are continuing to be implemented for annual reporting, registration fees, data warehousing and consumer complaint investigations, among many others.

Budget overview

PUCO's budget recommendations are a continuation of investments and priorities of the previous Fiscal Year 20-21 budget with no proposed fee or assessment increases or changes.

The Fiscal Year 22-23 budget provides the PUCO with flexibility to prepare for expected staff attrition, and to align with the administration's InnovateOhio efforts. Specifically, this PUCO budget proposes to invest in continued IT modernization, including upgrades to our electronic docketing information system and work towards a "one stop shop" for our customers.

To support furthering our efforts, the agency is requesting continued funding with the following proposed authority growths.

- \$1 million has been directed towards the aforementioned rail grade crossing improvement grants and LED upgrade projects for those crossings,
 - Utilizing cash unexpended due to construction delays from the pandemic.
- \$110,000 to hire additional OPSB staff to assist in the statutory review of Ohio Power Siting Board applications,
 - Supported by stakeholder application deposits.

As reflected in the table below, the PUCO is requesting \$62.79 million for Fiscal Year 2022 and \$62.77 million for Fiscal Year 2023.

State of Ohio

Public Utilities Commission of Ohio

Executive Recommendations by Line Item

| Fund | ALI | ALI Name | Actual | | | Estimated | | Recommended | | |
|--|--------|---|-------------------|-------------------|-------------------|-------------------|-------------------|--------------|-------------------|--------------|
| | | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | % Change | FY 2023 | % Change |
| 3330 | 870601 | Gas Pipeline Safety | 396,202 | 977,861 | 1,118,062 | 1,397,959 | 1,397,959 | 0.0% | 1,397,959 | 0.0% |
| 3500 | 870608 | Motor Carrier Safety | 9,504,864 | 10,496,836 | 11,019,906 | 10,082,069 | 10,082,069 | 0.0% | 10,082,069 | 0.0% |
| 3500 | 870648 | Motor Carrier Administration High Priority Activities Grants and Cooperative Agreements | 0 | 162,956 | 1,314,066 | 450,000 | 450,000 | 0.0% | 450,000 | 0.0% |
| 3V30 | 870604 | Commercial Vehicle Information Systems/Networks | 1,563 | 35,538 | 145,863 | 100,000 | 21,000 | -79.0% | 0 | -100.0% |
| Total Federal | | | 9,902,629 | 11,673,191 | 13,597,897 | 12,030,028 | 11,951,028 | -0.7% | 11,930,028 | -0.2% |
| 4A30 | 870614 | Grade Crossing Protection Devices-State | 664,669 | 1,103,010 | 827,322 | 1,200,000 | 2,200,000 | 83.3% | 2,200,000 | 0.0% |
| 4L80 | 870617 | Pipeline Safety-State | 330,795 | 283,293 | 346,094 | 346,253 | 346,253 | 0.0% | 346,253 | 0.0% |
| 5610 | 870606 | Power Siting Board | 511,023 | 993,433 | 889,858 | 1,095,195 | 1,205,185 | 10.0% | 1,205,185 | 0.0% |
| 5F60 | 870622 | Utility and Railroad Regulation | 30,915,439 | 31,518,248 | 32,728,285 | 36,015,760 | 36,615,760 | 1.7% | 36,615,760 | 0.0% |
| 5F60 | 870624 | NARUC/NRRI Subsidy | 65,919 | 66,442 | 25,925 | 67,521 | 85,000 | 25.9% | 85,000 | 0.0% |
| 5LT0 | 870640 | Intrastate Registration | 174,329 | 156,147 | 200,525 | 195,000 | 195,000 | 0.0% | 195,000 | 0.0% |
| 5LT0 | 870641 | Unified Carrier Registration | 419,869 | 407,211 | 505,495 | 450,000 | 450,000 | 0.0% | 450,000 | 0.0% |
| 5LT0 | 870642 | Hazardous Materials Registration | 695,500 | 665,720 | 77,306 | 0 | 0 | 0.0% | 0 | 0.0% |
| 5LT0 | 870643 | Non-Hazardous Materials Civil Forfeiture | 264,574 | 297,709 | 283,819 | 299,942 | 299,942 | 0.0% | 299,942 | 0.0% |
| 5LT0 | 870644 | Hazardous Materials Civil Forfeiture | 536,454 | 686,350 | 241,189 | 1,165,000 | 1,165,000 | 0.0% | 1,165,000 | 0.0% |
| 5LT0 | 870645 | Motor Carrier Enforcement | 4,397,333 | 4,775,138 | 6,147,391 | 4,919,696 | 4,919,696 | 0.0% | 4,919,696 | 0.0% |
| 5Q50 | 870626 | Telecommunications Relay Service | 2,010,661 | 1,853,834 | 1,579,798 | 1,500,000 | 3,000,000 | 100.0% | 3,000,000 | 0.0% |
| 5QR0 | 870646 | Underground Facilities Protection | 0 | 0 | 0 | 0 | 50,000 | NA | 50,000 | 0.0% |
| 5Q50 | 870647 | Underground Facilities Administration | 332,059 | 58,977 | 0 | 0 | 316,000 | NA | 316,000 | 0.0% |
| Total Dedicated Purpose | | | 41,318,624 | 42,865,512 | 43,853,007 | 47,254,367 | 50,847,836 | 7.6% | 50,847,836 | 0.0% |
| Grand Total Public Utilities Commission of Ohio | | | 51,221,253 | 54,538,703 | 57,450,904 | 59,284,395 | 62,798,864 | 5.9% | 62,777,864 | 0.0% |

Finally, in keeping with the principles to innovate and respond to our customer needs, the budget removes specified operating hours from the Revised Code. The statutory hours are currently set at 8:30 a.m. to 5:30 p.m. Removing these specific hours gives the PUCO the flexibility to adapt operating hours around its operations, which may include having earlier hours for different departments within the PUCO where this may better serve the Ohioans and regulated entities.

The budget also would permit the Ohio Power Siting Board the ability—if needed—to hire temporary experts and analysts outside of the staff of the OPSB and its member agencies. The statutory duties imposed on OPSB may at times, depending on the complexity of the applications, require additional assistance from legal, accounting, engineering, finance, economics, technology, communication, hazardous material handling and other expertise. Increasingly, this expertise is in demand. This budget would provide the OPSB with the expressed ability to bring in outside consultants, at no increased cost to consumers, when these consultants may aid the OPSB’s consideration of a complex or technologically advanced issue before it.

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. We do so at the guidance of the Ohio General Assembly. Thank you for providing us the statutory framework to serve Ohio.

Chairman Kick, Ranking Member O’Brien, and members of the Finance Subcommittee on Agriculture, Development, and Natural Resources, thank you this opportunity to provide a high-level overview of Governor DeWine’s budget for the Public Utilities Commission of Ohio and for allowing me to testify before you today. I would be happy to answer any questions at this time.