

Redbook

LBO Analysis of Executive Budget Proposal

Office of the Ohio Consumers' Counsel

Russ Keller, Senior Economist
February 2021

TABLE OF CONTENTS

Quick look.....	1
Agency overview	1
Analysis of FY 2022-FY 2023 budget proposal.....	2
Overview	2
Executive recommendations by expense category	2
Proposed law changes	3

LBO Redbook

Office of the Ohio Consumers' Counsel

Quick look...

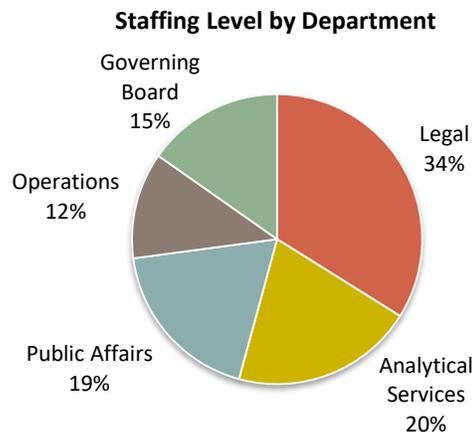
- Since the agency's inception in 1976, the Office of the Ohio Consumers' Counsel (OCC) has served as the advocate for Ohio's residential consumers before regulatory authorities.
- OCC is a self-supporting agency with no GRF appropriation. Funding for the agency's one appropriation line item is derived through assessments to utilities and deposited into a dedicated purpose fund.
- OCC has 46 funded employee positions, in addition to the nine-member, bipartisan governing board. The staffing chart below contains additional detail about OCC job functions.

FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimate	FY 2022 Introduced	FY 2023 Introduced
Fund 5F50 ALI 053601, Operating Expenses					
\$5,024,203	\$5,303,216	\$5,176,278	\$5,541,043	\$5,641,043	\$5,641,043
% change	5.6%	-2.4%	7.0%	1.8%	0.0%

Agency overview

The Office of the Ohio Consumers' Counsel (OCC) is the statewide legal representative for Ohio's residential consumers in matters related to their investor-owned electric, natural gas, telephone, and water services. The agency advocates for consumers in proceedings before the Public Utilities Commission of Ohio (PUCO), federal regulatory agencies, appellate courts, and the Ohio General Assembly. Additionally, the agency monitors public utilities' compliance with regulatory standards for consumer protection. OCC also educates consumers about utility issues that affect their bills and quality of service.

The Consumers' Counsel is selected by a nine-member, bipartisan governing board representing family farmers, organized labor, and residential consumers. Each governing board member is appointed by the Ohio Attorney General to serve a three-year term.



Analysis of FY 2022-FY 2023 budget proposal

Overview

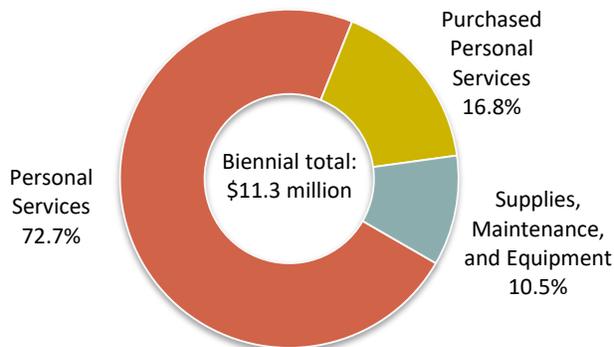
The Office of the Ohio Consumers' Council (OCC) operating costs are funded by a single DPF appropriation item 053601, Operating Expenses. The agency anticipates challenges to continue its current level of consumer advocacy at this funding level. OCC's operations are enabled by the agency's legal and technical expertise on utility issues. The agency requested an additional \$700,000 in each fiscal year to hire more staff. OCC described periods when there are "simultaneous litigation preparation and settlement negotiation processes, overlapping case processes," and other external deadlines for various projects and assignments that challenge OCC's existing resources. The agency says additional funding would enable adequate time for writing and reviewing discovery responses during case preparation, as well as legal research and preparation for cases in which OCC advocates for consumer protection. When requesting the additional \$700,000 per year, the agency remarked that its budget was reduced by \$100,000 in 2017, and it absorbed nearly \$600,000 in state salary parity increases and benefit costs.

OCC is funded through an assessment on the intrastate gross receipts of entities regulated by PUCO. Section 4911.18 of the Revised Code authorizes the annual assessment for OCC, and PUCO receives most of its operating funds from a similar assessment. The level of the annual assessment for each public utility company will vary based upon the number of public utilities, the amount of their intrastate gross revenues, and the amount of lapsed funds that are credited back to the utility companies. Any lapsed or unspent funds that were derived from the assessment supporting OCC or PUCO are credited ratably back to the utility companies. The total amount of the assessments each year equals the amount of the appropriation in this line item for that year. According to OCC, the typical consumer in Ohio pays less than 3¢ for every \$100 in utility bill expenses for the services of OCC; this cost is equivalent to less than a dollar a year for a typical utility customer.

Executive recommendations by expense category

The accompanying chart presents OCC's recommended FY 2022-FY 2023 biennial budget by expense category. OCC allocates 73% of its budget for personal services, which provide the wages and benefits for its staff. Utility issues that impact consumers are complex and technical, so OCC employs a team of attorneys, financial analysts, and public affairs professionals who have requisite knowledge and expertise. The next most prominent expense category is purchased personal services at 17%, which may be used to access independent contractors

OCC Budget by Expense Category
FY 2022-FY 2023 Biennium



with whom OCC can consult on specialized issues. Much of OCC's public service is responsive to initiatives undertaken by utilities or regulators, so it is difficult to estimate in advance precisely

how many expert consultants will be necessary. Supplies, maintenance, and equipment represent less than 11% of total biennium funding. This category includes the agency's information technology equipment as well as interagency charges paid to the Department of Administrative Services' Office of Information Technology. OCC maintains an agency computer network, related applications, hardware, software, PCs, laptops, and website. Network files include many legal records that are privileged and confidential because they contain trade secret materials that are the property of utilities and related to various legal proceedings.

Proposed law changes

The executive budget includes a proposed law change sought by OCC for virtual meeting attendance. The provision removes the codified reference to "in person" attendance for purposes of Ohio Consumers' Counsel Governing Board member compensation. Virtual attendance could occur without jeopardizing board members' compensation, if such attendance is otherwise allowed.

Separately, OCC sought a change to R.C. 4911.021 allowing it to operate a call center for "limited purposes and special projects for consumer protection." The agency did not seek additional funds to specifically operate a call center; its request for an additional \$700,000 in annual funding was unrelated to this proposal. OCC last operated a telephone call center in 2011, but ceased doing so when it was prohibited by law enacted that year. OCC's requested call center proposal was not included in the introduced version of the main operating budget bill, H.B. 110 of the 134th General Assembly.