

Public Utilities Commission of Ohio
Jenifer French, Chair

House Finance Subcommittee
Fiscal Year 2024 – Fiscal Year 2025 Biennial Budget



Introduction

Chairman Jones, Ranking Member Troy and members of the House Finance Subcommittee on Agriculture, Development and Natural Resources, good morning. I am Jenifer French and I have the honor to testify before you today as the 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 DeWine's proposed biennial budget.

PUCO overview

The PUCO is governed by a chair 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 utility 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 contributed approximately \$6 million to the GRF, through utility forfeitures and motor carrier fines.

This budget request supports the Commission's 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. That mission is championed by our staff of over 300 professional accountants, auditors, engineers, economists, investigators, and attorneys and it 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 service, 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 detailing the budget, I would like to take a moment to share a few ways the PUCO and its employees 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 2022, the Call Center received 60,102 contacts through the hotline, email, walk-ins and legislative inquiries. These contacts resulted in nearly 13,298 investigations. Our 32 customer service representatives take the contacts they receive very seriously. In Fiscal Year 22, the PUCO's Consumer Call Center helped save consumers over \$780,000 dollars.

We also assist vulnerable Ohioans during the winter heating season. Each year the PUCO issues a Winter Reconnect Order or the Special Reconnect Order. The first Reconnect Order was issued in 1982, and the Commission has issued it every year since. This order allows customers 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 2021 heating season, 187,432 customers utilized the Special Reconnect Order.

The PUCO 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 175 percent of the federal poverty guidelines. The PIPP Plus program helps make monthly payments more affordable for customers who carry debt on their utility bills.

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 2022, staff conducted 219 audits of natural gas pipelines.

Economic Development

State Policy as directed to the Commission by the Ohio General Assembly supports measures to facilitate Ohio's effectiveness in the global economy. As such, the PUCO reviews "reasonable rate arrangements" between industrial customers and utilities that require job retention and creation and or capital investments from the customer. In the past biennium, from Purina Pet food company in Clermont County to Blue Scope Steel in Fulton County, the PUCO has worked with stakeholders, businesses, and utilities throughout Ohio to ensure the necessary rate and regulatory infrastructure to assist in the creation and retention of jobs for Ohioans.

Railroad Grade Crossings

The PUCO works to make Ohio's railroad crossings safer. There are over 5,600 public railroad crossings in Ohio and roughly 5,000 miles of railroad track in Ohio. Our federally certified inspectors work in collaboration with the Federal Railroad Administration and assist in FRA incident investigations. In FY 2022 our inspectors conducted 970 federal safety inspections. Pursuant to federal law and recent federal court decisions, the Federal Railroad Administration has exclusive jurisdiction over the transportation of hazardous materials by rail. However, the PUCO does provide safety inspections for hazardous materials, crossings, structures and railroad equipment and facilities in Ohio and making railroad crossings safer is an ongoing process, and a vital part of the PUCO's mission. In Fiscal Year 22, 187 safety upgrades were ordered. These upgrades include installation of lights and gates, supplemental assistance upgrades, circuitry upgrades, and closings. The state and federal investment for these 187 safety upgrades that have been ordered by the Commission totaled more than \$12 million in FY 22. These projects are being completed across the state. Since the PUCO began implementing these upgrades, the annual number of train-motor vehicle crashes in Ohio has decreased significantly, from 356 in 1990 to 53 in calendar year 2021.

Motor Carrier Safety and Enforcement

As the lead agency for the Motor Carrier Safety Assistance Program, the PUCO is responsible for helping to keep highways safe. Along with the Ohio State Highway Patrol, inspectors conducted more than 63,000 inspections during fiscal year 2022. 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. 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 training on proper techniques for the management of hazardous material releases. In Fiscal Years 22-23, the PUCO awarded 28 hazardous materials training grants totaling \$1.6 million to organizations throughout Ohio.

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 entities that do business with the agency. Online solutions are continuing to be implemented for annual reporting, registration fees, data warehousing and consumer complaint investigations, among many others.

Furthermore, the PUCO is diligently working towards full compliance with the Senate Bill 9 guidance from the 134th Ohio General Assembly in reducing our regulatory restrictions by 30% while still providing for appropriate oversight of Ohio's investor-owned utilities.

Budget overview

PUCO's budget request supports the agency's continued efforts to uphold its statutory obligations. The Fiscal Years 24-25 budget provides the PUCO with flexibility to prepare for expected staff attrition, and continue to invest in technology upgrades to meet our mission. Specifically, this PUCO budget proposes to invest in continued IT modernization, including upgrades to our electronic docketing information system.

The agency is respectfully requesting \$80.2 million in Fiscal Year 24 and \$80.4 million in Fiscal Year 25. Again, this budget includes no increases in fees or assessments and is not supported by the General Revenue Fund. The Fiscal Year 24 request is 1% less than Fiscal Year 23. The Fiscal Year 25 request is 0.2% increase from Fiscal Year 24. The PUCO's Fiscal Year 24 – 25 line item request is reflected in the table below.

Executive Recommendations by Line Item

Fund	ALI	ALI Name	Actual			Estimated	Recommended			
			FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	% Change	FY 2025	% Change
4A30	870614	Grade Crossing Protection Devices-State	827,321	810,485	828,887	2,400,000	2,000,000	-16.7%	1,700,000	-15.0%
4L80	870617	Pipeline Safety-State	346,094	325,372	340,489	359,377	359,377	0.0%	359,377	0.0%
5610	870606	Power Siting Board	889,858	1,222,506	1,159,598	2,388,606	3,080,000	28.9%	3,180,000	3.2%
5F60	870622	Utility and Railroad Regulation	32,728,284	32,256,949	36,893,716	39,012,561	39,012,561	0.0%	39,012,561	0.0%
5F60	870624	NARUC/NRRI Subsidy	25,925	67,521	67,892	85,000	85,000	0.0%	85,000	0.0%
5LTO	870640	Intrastate Registration	200,525	194,951	200,830	210,661	210,661	0.0%	210,661	0.0%
5LTO	870641	Unified Carrier Registration	505,495	446,676	460,670	476,636	476,636	0.0%	476,636	0.0%
5LTO	870642	Hazardous Materials Registration	77,306	0	0	0	0		0	
5LTO	870643	Non-Hazardous Materials Civil Forfeiture	283,819	291,915	312,265	311,144	311,144	0.0%	311,114	0.0%
5LTO	870644	Hazardous Materials Civil Forfeiture	241,189	984,919	1,062,339	1,165,000	1,165,000	0.0%	1,165,000	0.0%
5LTO	870645	Motor Carrier Enforcement	6,147,391	4,495,707	5,072,017	6,400,372	6,400,372	0.0%	6,400,372	0.0%
5Q50	870626	Telecommunications Relay Service	1,579,798	1,336,527	895,411	3,000,000	1,020,000	-66.0%	1,020,000	0.0%
5QR0	870646	Underground Facilities Protection	0	0	0	50,000	50,000	0.0%	50,000	0.0%
5QS0	870647	Underground Facilities Administration	0	0	0	636,368	500,000	-21.4%	500,000	0.0%
		Total Dedicated Purpose	43,853,006	42,433,527	47,294,112	56,495,725	54,670,751	-3.2%	54,470,721	-0.4%
3330	870601	Gas Pipeline Safety	1,118,062	1,204,980	1,406,195	1,397,959	1,543,289	10.4%	1,543,289	0.0%
3500	870608	Motor Carrier Safety	11,019,905	8,222,632	8,578,169	14,947,602	15,710,777	5.1%	16,103,547	2.5%
3500	870648	Motor Carrier Administration High Priority Activities Grants and Cooperat	1,314,066	547,933	328,333	687,017	750,000	9.2%	750,000	0.0%
3V30	870604	Commercial Vehicle Information Systems/Networks	145,863	8,889	80,266	0	32,300		0	-100.0%
3IE0	870650	Hazardous Material Commercial Vehicle Inspection Grants	0	0	0	414,031	414,031	0.0%	414,031	0.0%
3ID0	870649	Department of Energy Grid Resiliency	0	0	0	7,122,706	7,122,706	0.0%	7,122,706	0.0%
		Total Federal	13,597,897	9,984,434	10,392,963	24,569,315	25,573,103	4.1%	25,933,573	1.4%
		Grand Total - Public Utilities Commission of Ohio	57,450,903	52,417,961	57,687,076	81,065,040	80,243,854	-1.0%	80,404,294	0.2%

Finally, in keeping with the principles to innovate and respond to Ohioan’s needs, the budget request includes language to modify the Percentage of Income Payment Plan (PIPP) auctions to be responsive to current market conditions and ensure we are best serving Ohio’s ratepayers. The proposed language modification would provide permissive flexibility to determine the most cost-effective way to secure energy to serve low-income customers.

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 with the guidance of the Ohio General Assembly. Thank you for providing us the statutory framework to serve Ohio.

Chairman Jones, Ranking Member Troy, and members of the Subcommittee, thank you for this opportunity to provide a high-level overview of the proposed 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.