

Office of Consumers' Counsel

Ross Miller, Senior Economist

- The Office of Consumers' Counsel is funded by annual assessments on utility companies; no GRF funding.
- The enacted budget accelerates payment of a portion of the assessments.

OVERVIEW

Duties and Responsibilities

The Office of Consumers' Counsel (OCC), established in 1976, is the statutory advocate for residential utility customers. The OCC has the statutory responsibility to represent the interests of 4.5 million residential customers of Ohio's investor-owned electric, natural gas, telecommunications, and water companies. The OCC resolves complaints individual customers may have with utilities, either through informal dispute resolution or through litigation, and educates consumers on utility issues. The Office's consumer education activities have become both more complex and more sought after as Ohio has moved toward a competitive utility environment; during the past two fiscal years the OCC has distributed over 700,000 educational materials to utility consumers.

Agency in Brief

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Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2006	2007	2006	2007	
71	\$7.77 million	\$7.77 million	\$0	\$0	Am. Sub. H.B. 66

*Employee count obtained from the Department of Administrative Services payroll reports as of June 2005.

Funding for the agency is derived solely from an assessment on utilities operating in Ohio. The amount appropriated in the main operating budget is apportioned between those utilities based on their intrastate gross revenues. The OCC receives no funding from the General Revenue Fund. The agency's FY 2005 expenditures were \$8.24 million.

Summary of FYs 2006-2007 Budget Issues

All operations and programs of the OCC are funded through a single appropriation line item. The enacted budget appropriates \$7,770,000 to that line item in FY 2006 (a 5.7% decrease compared with FY 2005 expenditures) and the same amount in FY 2007. Any funds appropriated but not spent during a fiscal year are returned to the utilities that fund the agency's budget.

Am. Sub. H.B. 66 changes the annual assessments of public utilities that constitute the sole source of funding for the agency. Operating costs for OCC are funded by the assessments levied against utilities that are deposited into Fund 5F5. The enacted budget increases the minimum annual assessment against a public utility from \$50 to \$100. It also revises the schedule by which the OCC collects the

assessments. Currently OCC assesses these companies on or before October 1 of each year and the money is typically received in October. The current system requires the Director of Budget and Management to transfer money from the GRF to Fund 5F5 at the beginning of each fiscal year to cover operating costs until receipts from the assessment are received (at which time the amounts transferred are returned to the GRF). This provision alters this schedule beginning in calendar year 2006, allowing OCC to assess companies half the amount they were assessed on October 1 by the following May 15 if the company paid more than \$1,000 in assessments for that fiscal year, with the amount assessed due by June 20. The remainder of the assessment will be payable on the current schedule. This provision essentially accelerates payment of a portion of the annual assessment, in the process increasing the total assessment paid in FY 2006, but not changing it significantly in future fiscal years. The acceleration means that approximately half of the assessment will be due by June 20 rather than October.

The enacted budget also created a prohibition against OCC operating a telephone call center for consumer complaints. The Public Utilities Commission (PUCO) is required to "expeditiously provide the consumers' counsel with all information concerning residential consumer complaints" received by PUCO through the operation of its call center.

ANALYSIS OF THE ENACTED BUDGET

For budget purposes, as detailed below, the Office of Consumers' Counsel is considered a single program series agency and its activities are not subdivided into separate programs.

Program Series 1

Consumer Advocacy

Purpose: To advocate for and educate Ohio's residential utility consumers.

The following table shows the line item that is used to fund the Consumer Advocacy program series, as well as the funding levels provided in the enacted budget.

Fund	ALI	Title	FY 2006	FY 2007
General Services Fund				
5F5	053-601	Operating Expenses	\$7,770,000	\$7,770,000
General Services Fund Subtotal			\$7,770,000	\$7,770,000
Total Funding: Consumer Advocacy			\$7,770,000	\$7,770,000

This analysis focuses on the following specific program within the Consumer Advocacy program series.

Consumer Advocacy

Program Description: The Office of Consumers' Counsel resolves complaints individual customers may have with utilities, either through informal dispute resolution or through litigation. OCC operates a call center that received approximately 230,000 calls during the FY 2003-2004 biennium. The staff of OCC handled consumer complaints against utilities in 2003 that resulted in \$390,000 in direct savings to consumers through refunded charges and bill credits. Note that, as described above, H.B. 66 enacted a prohibition against operating a call center to handle consumer complaints.

The coming year will see a milestone in the ongoing effort at utility restructuring: Am. Sub. S.B. 3 of the 123rd General Assembly (S.B. 3), often referred to as the electric restructuring law, defined "market development periods" during which the Public Utilities Commission of Ohio would retain authority over electric rates. The market development periods will end on December 31, 2005, after which PUCO will not have authority over electric rates, but will have authority to approve standard service offers by the electric utilities. PUCO is working with electric utilities to establish rate stabilization plans to ensure that electric rates do not increase substantially in markets where competition has not developed. OCC staff will represent Ohio's residential consumers in proceedings before the PUCO as the Commission makes decisions about rate stabilization plans for electric utilities.

The OCC also educates consumers on utility issues. OCC speakers attend and present at meetings throughout the state, participate in consumer shows and fairs, provide newsletter articles about utility issues, provide large print brochures and materials printed in Spanish, participate in and assist community advisory panels, and employ program specialists who serve as liaisons between local regions and OCC. The OCC has distributed over 700,000 educational materials over the last two years.

Funding Source: GSF - assessments on utilities

Implication of the Enacted Budget: The appropriation levels in the enacted budget are less than FY 2005 expenditures by \$469,754, or 5.7%, but higher than expenditures in preceding years – 10.6% higher than FY 2004 expenditures. The prohibition against operating a call center for consumer complaints should reduce the volume of telephone calls handled in the OCC call center, which will remain operative to field calls from consumers that do not involve complaints – calls seeking information, for example. The expected reduction in call volume, together with the reduction in the FY 2006 appropriation, has lead OCC management to implement staffing reductions in the call center, and to leave vacant some open positions on the staff. Management also expects to reduce purchased services in order to avoid exceeding spending authority; for example, the budget for expert consultants to provide technical testimony before PUCO has been reduced. Discussions with PUCO are continuing, as of this writing, regarding how to implement both the forwarding of complaints received by telephone to PUCO and a system for PUCO to provide information regarding complaints to OCC. Those discussions have not yet yielded final decisions about a number of implementation issues.