

Office of Consumers' Counsel

- Advocate for Ohio's residential utility consumers
- OCC is funded by annual assessments on utility companies operating in Ohio
- Governor's recommended funding for FY 02 is 2.7% over FY 01 estimated expenditures
- Recommended funding for FY 03 is 5.7% over FY02 level

OVERVIEW

The Office of Consumers' Counsel is committed to achieving reasonably priced, quality utility service for Ohio residential consumers through professional representation, dedicated leadership, public education, and innovative and progressive advocacy.

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. OCC educates consumers on utility issues and resolves complaints individual ratepayers may have with utilities. Furthermore, OCC empowers consumers to participate and make informed choices in the emerging competitive utility environment. OCC has worked through partnerships with private industry and government policymakers to help lower gas rates, respond to consumer needs, and prepare for future changes in the utility industry. OCC strives to keep rates reasonable for consumers and provides consumers with cost saving options. To better inform utility consumers, OCC distributes fact sheets, handbooks and alerts consumers to changes in the market.

OCC is embarking on a new endeavor to consolidate utility choices, payments, and options into easy to use packages that provide all the information needed for the consumer to make a thoughtful decision regarding their utility distributor and current rates. A fundamental service that OCC provides is communication. OCC communication efforts via outreach and education programs have been well received. OCC will continue to be at the forefront in providing Ohio consumers with current and precise information they need to make utility decisions. The continuation of innovative ideas and the implementation of new programs that expand and enhance education and outreach will allow OCC to achieve its mission and to be fully responsive to Ohio citizens.

The executive budget recommends appropriations of \$7,995,372 in FY 2002 (a 2.7% increase over the FY 2001 estimate) and \$8,450,506 in FY 2003 (a 5.7% increase over the FY 2002 recommended amount).

ADDITIONAL FACTS AND FIGURES

Education, Outreach & Communications

OCC will continue to expand its outreach, education and communications efforts to Ohio all consumers. OCC considers the fact that certain individuals have different means of obtaining essential utility information. Some Ohioans do not have Internet access or other means to obtain the necessary information to make an accurate decision regarding their utilities. OCC realizes this condition exists among Ohio consumers and strives to lower the barriers impeding consumer utility knowledge and provide Ohio consumers with the best, most accurate information and advocacy services available.

Informative speakers from OCC provide information and resources to Ohio consumers. The outreach and education efforts OCC is currently engaged in are numerous. Some of those initiatives include: OCC speakers attending and presenting at meetings throughout the state; participating in consumer shows and fairs; providing newsletter articles about utility issues; providing large print brochures and materials printed in Spanish; participating in and assisting community advisory panels; and employing Program Specialists who serve as liaisons between local regions and OCC.

Another aspect of OCC education, outreach and communications efforts include providing residential consumers with information about electric suppliers, natural gas suppliers, and telecommunication suppliers offering service in their area. The OCC provides consumers with a breakdown of the available suppliers in the consumer's geographic area, the supplier's current rate, contract details and limitations, and other noteworthy information about a particular supplier.

For residential utility consumers that have access to the Internet, OCC provides extensive information, contact sources, editorial articles, and archive press releases. Furthermore, the OCC website contains billing information, choice options, and conservation techniques regarding natural gas, electric, telephone and water industries.

The OCC education, outreach and communication initiatives use existing consumer networks (such as the Department of Aging and the Department of Development Office of Energy Efficiency) to reach consumers statewide to understand how best to serve them. To accommodate as many people as possible OCC is engaged in a Remote Office Project where they send staff members to various places throughout Ohio. This project allows Ohioans the opportunity to interact one-on-one with OCC staff thereby clarifying billing matters and informing individuals of the current and future changes in the utility industry.

OCC's long range goals

- Increase OCC's recognition as the resource in state government to help residential consumers with their inquires and complaints about energy and telecommunication services
- Continue to produce benefits for residential consumers in the competitive market place for energy and telecommunication services
- Anticipate and respond to trends and events resulting from the increasing convergence of services in the regulatory and competitive energy and telecommunications markets

- Achieve recognition as providing the most comprehensive array of educational tools to inform residential consumers about energy and telecommunications services and selecting new providers
- Increase consumer awareness of the services of OCC
- Create additional education programs to address emerging trends in the energy and telecommunications industry
- Possess properly aligned resources, to continue the role of OCC as it is redefined by the competitive energy and telecommunications markets

OCC Governing Board

The Consumers' Counsel Governing Board appoints the Consumers' Counsel. The governing board is made up of nine individuals: three who represent family farmers; three who represent the interests of Ohio labor; and three who represent residential consumers. The Attorney General, with the advice and consent of the Senate, appoints each member to a three-year term. The members may receive minimal compensation (up to \$1,200 per year) for attending board meetings in addition to being reimbursed for actual and necessary expenses incurred in the performance of official duties. No action of the Consumers' Counsel may be taken without concurrence from a majority of the governing board members.

OCC Organizational Changes and Increased Efficiency

- ❑ OCC merged Compliance staff and Legal staff forming the Advocacy Services Department. This merger resulted in the elimination of 1 Director position. The merger improves OCC's ability to handle residential consumer complaints from beginning to end and coordinate formal and informal compliant resolution activities.
- ❑ OCC merged the Outreach and Education unit with the Public Information unit into a Communications department. The merger will allow better coordination of OCC's critical public awareness and education efforts.
- ❑ These mergers allow for the OCC to operate under 4 departments instead of 5. These departments include:
 - **Administration** (formerly Staff Development division, no changes in function)
 - **Advocacy Services** (former Compliance and Legal divisions combined)
 - **Analytical Services** (formerly Technical division, no changes in function)
 - **Communications** (formerly Outreach & Education & Public Information divisions combined)
- ❑ The functional department mergers have made the organization easier to manage and streamlined internal processes, resulting in better, faster and more efficient services to Ohio's residential consumers.

- ❑ Looking at the previous budgetary years, OCC has requested conservative amounts of funding for essential needs and the growing demand for consumer advocacy. OCC believes that streamlining operations and promoting organizational efficiencies is essential in today's utility advocacy industry

Staff Descriptions

Executive – Provides vision and leadership and directs development of the agency. Executive staff provide residential utility consumers a voice in the Ohio General Assembly and the Congress.

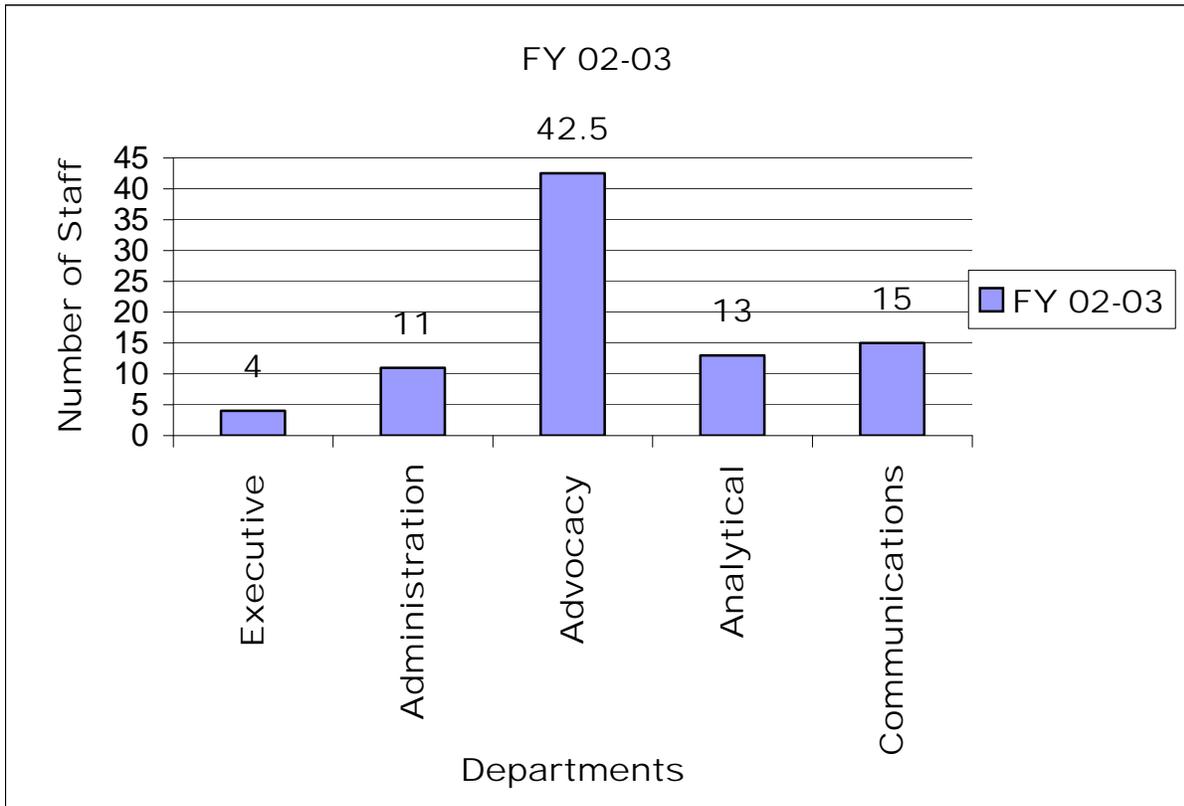
Administrative – Responsible for fiscal and administrative functions. This division also directs information management services, budgeting, purchasing, strategic planning, docketing services, contract management, and library services.

Advocacy – Represents residential consumers' interests in court, recommends policies regarding utility issues, responds to consumer complaints and inquiries, and monitors utility legal compliance.

Analytical – Conducts technical analysis of utility operations in utility rate filing and other regulatory proceedings through the use of accounting, economic and financial analysis.

Communications – Responsible for creating consumer awareness provided by OCC. This division presents educational speeches, distributes informational materials, updates the agency Website, and alerts consumers to changes in the utility marketplace.

FY 02-03 Staffing levels



OCC Funding

OCC is funded by annual assessments against utility companies operating in Ohio. The total amount of the assessments is set equal to the appropriation for the OCC, and apportioned to each of the utilities based on their intrastate revenues. There is however, a \$50 minimum assessment per utility, which is paid primarily by sewage companies, water works companies, and small natural gas and telephone companies. The assessments are deposited in the Consumers' Counsel Operating fund (Fund 5F5) in the state General Services Fund group. Any amount lapsed in the previous year (i.e. money not spent by OCC) is credited back to the utilities on a prorated basis, and the following year's assessment is correspondingly reduced. The average consumer in Ohio has traditionally paid approximately 4 cents for every \$100 in utility bills for OCC's services.

Information Systems Project Plan

The OCC has targeted four main areas for improvement in its Information Systems Project Plan:

1. Converge voice, video and data services on the same network
 - This convergent communications service will simplify the work of support staff, provide considerably more scalability and flexibility, and video-conferencing capabilities.
 - Total anticipated cost: \$78,000 ; completion date 2002-2003.
2. Provide increased bandwidth for computer servers on the network
 - The use of gigabit fiber cards and switch modules will increase the amount of data that can be transmitted from the server to its requesting clients.
 - Total anticipated cost: \$33,000 ; completion date 2002.
3. Replace the Viewstar Document Management System
 - The current system does not have sufficient capabilities and does not provide OCC with the current technology to adequately interface with other agencies.
 - Total anticipated cost: \$42,500 ; completion date 2002.
4. Replace the agency's PC's and laptops
 - Replacement PC's and laptops are needed to remain current with advancements in technology.
 - Total anticipated cost: \$332,000 ; completion date 2003.

ANALYSIS OF EXECUTIVE PROPOSAL

Office of Consumers' Counsel

Purpose To represent Ohio utility consumers in utility-related matters.

The OCC is a single-purpose agency. The following table shows the line items that are used to fund the agency, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2002	FY 2003
5F5	053-601	Operating Expenses	\$7,995,372	\$8,450,506
Total funding: Office of the Consumers' Counsel				

Office of Consumers' Counsel

Program Description: The Office of Consumers' Counsel was established in 1976 to serve as an advocate for Ohio's residential utility consumers.

Funding Source: The office is funded out of assessments against the intrastate revenues of utility companies operating in Ohio. These assessments are deposited in the Consumers' Counsel Operating Fund, a General Services Fund.

Implication of the Executive Recommendation: The executive budget funds current staffing levels. However, the current staff levels may not be sufficient to handle all the demands on the agency in the coming biennium given the massive changes to the public utilities. The executive budget also provides funding for four additional staff to assist with consumer education, outreach, and services to handle the increased demands on the agency resulting from the natural gas choice program, electric deregulation and telecommunications regulatory guidelines. However, it is unclear if the OCC will be able to fill the new positions, since the overall amount of funding recommended by the governor falls short of the OCC's requested funding levels. OCC's request for new staff totals \$935,685 for the biennium while the executive recommendation provides for only \$540,000, a difference of \$395,685. Furthermore, with the recommended funding levels, OCC may not be able to make the necessary improvements to its Information Systems, which are estimated to cost \$485,500 (see "Additional Facts and Figure"). The recommendation will require the agency to adjust resource allocations to continue its contribution to Ohio utility consumers and enhance its services.

The winter of 2000 - 2001 has tested the limits of OCC capabilities. With the evident concern that has risen from the low supply of natural gas and increased demand because of cold winter temperatures, Ohio consumers have relied on the information, support and efforts OCC has put forth to protect the consumer. If OCC does not have the resources and staff to successfully develop and implement new, innovative programs relative to the changing regulatory environment, residential utility consumers may shoulder a considerable burden.

Electric aggregation and telecommunication competition will only add to the complexity of choices facing residential utility consumers, placing further demands on OCC services.

PERMANENT AND TEMPORARY LAW

This section describes permanent and temporary law provisions contained in the executive budget that will affect the department's activities and spending decisions during the next biennium.

There are no permanent or temporary law provisions affecting this agency.

REQUESTS NOT FUNDED

Core budget request						
Fund Line Item	FY 2002 Requested	FY 2002 Recommended	Difference	FY 2003 Requested	FY 2003 Recommended	Difference
5F5 053-601	\$8,169,160	\$7,730,372	(\$438,788)	\$8,732,855	\$8,175,506	(\$557,349)

OCC has built into their budget request the following eight positions to be filled in the upcoming biennium:

- *Principal Regulatory Analyst*
- *Network Administrator*
- *Compliance Investigator (2) – FY 2002*
- *Compliance Investigator (2) – FY 2003*
- *Communications and Outreach & Education Specialist*
- *Communications Specialist*

The executive budget does provide funding for four additional staff to assist with consumer education, outreach, and services to handle the increased demands on the agency resulting from the natural gas choice program, electric deregulation and telecommunications regulatory guidelines. However, it is unclear if the OCC will fill any of these positions, since the overall amount of funding recommended by the Governor falls short of the OCC's requested funding levels. Furthermore, with the recommended funding levels, OCC may not be able to fully implement its Information Systems Plan. The improvements to the Information Systems are estimated to cost \$485,500.

The executive recommendation for FY 2002 matches the OCC's request for purchased services and maintenance but falls short of the agency's request for personal services and equipment. For FY 2003, the executive recommendation falls short of the agency's request for all but the purchased services line. In OCC's initial request, OCC reduced its purchased services request in order to increase funding for personnel (a network administrator) and maintenance expenses. The idea was to gain long run efficiencies in the operation of its IT system. If the executive recommendations are maintained, the OCC might not be able to hire a network administrator, in which the agency would have to rely more on consultants. Hence, the agency's purchased service expenses may grow and the efficiency gains would not be realized.

LSC Budget Spreadsheet by Line Item, FY 2002 - FY 2003

<i>Fund</i>	<i>ALI</i>	<i>ALI Title</i>	Revised Estimated 2001	As Introduced 2002	House Sub Bill 2002	% Change Est. 2001 to House 2002	As Introduced 2003	House Sub Bill 2003	% Change House 2002 to House 2003
OCC Consumers' Counsel, Office of									
5F5	053-601	Operating Expenses	\$7,784,119	\$ 7,995,372	\$ 8,560,182	10.0%	\$ 8,450,506	\$ 9,277,518	8.4%
General Services Fund Group Total			\$ 7,784,119	\$ 7,995,372	\$ 8,560,182	10.0%	\$ 8,450,506	\$ 9,277,518	8.4%
Total All Budget Fund Groups			\$ 7,784,119	\$ 7,995,372	\$ 8,560,182	10.0%	\$ 8,450,506	\$ 9,277,518	8.4%

General Revenue Fund

GRF 053-100 Personal Services

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
\$4,100	\$0	\$0	\$0	\$0	\$0
	-100.0%	N/A	N/A	N/A	N/A

Source: GRF assessments on the intrastate revenues of utility companies operating in Ohio

Legal Basis: ORC 4911

Purpose: Funds in this line item are for the expenditures associated with personal services. Beginning in FY 1998 these assessments are deposited in the Consumers' Counsel Operating Fund (Fund 5F5), in the General Services Fund group. These expenditures are funded out of Operating Expenses, 053-601.

GRF 053-320 Maintenance And Equipment

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
\$391,854	\$0	\$0	\$0	\$0	\$0
	-100.0%	N/A	N/A	N/A	N/A

Source: GRF assessments on the intrastate revenues of utility companies operating in Ohio

Legal Basis: ORC 4911

Purpose: Funds in this line item are used for the expenditures associated with maintenance and equipment. Beginning in FY 1998 these assessments are deposited in the Consumers' Counsel Operating Fund (Fund 5F5), in the General Services Fund group. These expenditures are funded out of Operating Expenses, 053-601.

GRF 053-401 Consultants

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
\$23,280	\$0	\$0	\$0	\$0	\$0
	-100.0%	N/A	N/A	N/A	N/A

Source: GRF assessments on the intrastate revenues of utility companies operating in Ohio

Legal Basis: ORC 4911.18; ORC 4911.12

Purpose: Funds in this line item are used to hire expert witnesses to testify on behalf of utility consumers in all legal cases and forums where the outcome of the case may affect Ohio utility consumers. Beginning in FY 1998 these assessments are deposited in the Consumers' Counsel Operating Fund (Fund 5F5), in the General Services Fund group. These expenditures are funded out of Operating Expenses, 053-601.

General Services Fund Group

5F5 053-601 Operating Expenses

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
\$5,151,822	\$6,092,251	\$6,768,545	\$7,784,119	\$7,995,372	\$8,450,506
	18.3%	11.1%	15.0%	2.7%	5.7%

Source: GSF: Assessments against intrastate revenues of utility companies operating in Ohio, subject to a minimum assessment of \$50. The total assessments are based on the agency's current appropriation for operating expenses. At the end of each fiscal year any unused funds are credited back to the utilities.

Legal Basis: ORC 4911.18

Purpose: Funds in this line item are used for the expenditures associated with salaries, maintenance, equipment and consultants.

As Introduced

As Passed by the House

Temporary Law Changes

Subject: Consumers' Counsel Transfer

Section: 35

Transfers \$349,758.12 from Fund 5F5, Consumers' Counsel Operating Fund, to the GRF, on July 1, 2001, or as soon as possible thereafter.

Section: 35

No change.