Public Utilities Commission of Ohio

Senate Finance and Financial Institutions Committee

Ross Miller, Economist

Legislative Service Commission

May 1, 2003

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LSC Redbook

for the

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OVERVIEW

The Public Utilities Commission of Ohio (PUCO) regulates investor-owned public utilities and commercial carriers in Ohio. The public utilities regulated by PUCO today include electric, natural gas, and pipeline utilities, heating and cooling companies, local and long-distance telephone companies, and waterworks and wastewater companies.[1] The commercial carriers regulated by PUCO include railroad companies, commercial trucking companies, household moving companies, bus companies, and ferryboat operators. Despite significant changes in the PUCO's role in recent years, its mission continues to be "to assure all residential and business customers access to adequate, safe, and reliable utility and transportation services at fair prices, while facilitating an environment that provides competitive choices."

The PUCO undertakes to accomplish this mission while receiving no budgetary resources from the General Revenue Fund (GRF). The agency receives funding through assessments on utilities, as well as through fees generated by intrastate and interstate motor carriers' registrations, and federal assistance. The amount of the total assessment on utilities must equal the appropriation for utility regulation; any unused funds are returned to the utilities according to statute. It is currently estimated that the agency's FY 2003 expenditures will total $53.7 million.

The PUCO is governed by five commissioners, including the chairman, who are appointed by the Governor for five-year terms. The Commission employs 373 full-time staff members as of January 2003, and 20 part-time staff, in addition to the five commissioners. The majority of these staff members, 291 full-time equivalents, are employed in the Consumer Services Department, the Transportation Department, or the Utilities Department of the PUCO. The remainder are employed in support or administrative roles.

Many changes have come about in the utility industries in the past few years. Many aspects of the telephone, natural gas and electric industries have been opened up to competition in a process known as restructuring; one might consider this concept synonymous with deregulation. Specific issues related to restructuring of individual industries are covered in the "Facts and Figures." Despite these efforts, the

[1] The PUCO regulates the quality of long-distance services, but does not regulate long-distance rates. Also, although the PUCO certifies cellular companies to operate in Ohio, it does not regulate cellular rates. The PUCO does not regulate utilities owned and operated by municipalities, cooperatives, or non-profit entities.

PUCO retains a transitional role in setting rates that utilities may charge their customers, and a more permanent role in monitoring the actions of utility companies to ensure that they provide customer service of at least the required level of quality, and to ensure that monopoly owners of pipeline, electric, and telephone networks truly provide access to their networks as required by law.

The transportation regulation program has attained a higher profile since homeland security has emerged as an important concern of governments at both the state and federal levels. The Federal Motor Carrier Safety Administration (FMCSA) has recognized the PUCO as operating the best hazardous materials program in the United States.

The executive budget recommends total funding of $56,074,085 in FY 2004, an increase of 4.4% over estimated FY 2003 expenditures, and of $54,921,608 in FY 2005 (a decrease of 2.1% compared to the FY 2004 recommendation). This recommendation fully funds the agency's budget request. For the most part, the request seeks funding for the continuation of current programs and operations. The most significant new program is the Commercial Vehicle Information Systems and Networks (CVISN) program, a federally-mandated program. The CVISN will streamline the licensing, registration, regulation and taxation of commercial motor carriers through a shared database. For commercial motor carriers, CVISN represents a single contact point for all interactions with the state of Ohio, as opposed to separate contacts with four separate agencies (the PUCO and the Departments of Public Safety, Transportation, and Taxation). For state government CVISN should reduce confusion between agencies, and even within agencies, by ensuring that each company is registered with the same name in every state database. The FMCSA has provided nearly $1.6 million in grant money toward the implementation of the CVISN.

ANALYSIS OF EXECUTIVE PROPOSAL

Utility Regulation — Program Series 1

Purpose: To ensure Ohio residential and business customers access to adequate, safe, secure, and reliable utility services at fair prices, while facilitating an environment that provides competitive choices where appropriate.

The following table shows the line items that are used to fund this program series, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2004	FY 2005
5F6	870-622	Utility and Railroad Regulation	30,622,222	30,622,222
5F6	870-624	NARUC/NRRI Subsidy	167,233	167,233
558	870-602	Salvage and exchange	16,477	4,000
333	870-601	Gas Pipeline Safety	597,957	597,957
4L8	870-617	Pipeline Safety-State	187,621	187,621
559	870-605	Public Utilities Territorial Administration	4,000	4,000
560	870-607	Special Assessment	100,000	100,000
561	870-606	Power Siting Board	337,210	337,210
638	870-611	Biomass Energy Program	40,000	40,000
Total funding: Utility Regulation			**$32,072,720**	**$32,060,243**

Please note that there is an inconsistency between the program classification of line items used by the executive proposal and that used in the agency's budget request. The agency classifies line item 4A3 870-614, Grade Crossing Protection Devices – State, under the Utility Regulation program, while the executive proposal classifies it under the Motor Transport Regulation program. The classification used in the executive proposal is employed here to simplify making comparisons between this redbook and the executive proposal.

Specific programs within the Utility Regulation program series on which this analysis will focus include:

- ***Utility Market Monitoring and Financial Oversight***
- ***Utility Safety and Service Standard Compliance***
- ***Power Facility Siting***
- ***Consumer Quality Analysis and Enforcement***
- ***Railroad Safety Compliance***

Utility Market Monitoring and Financial Oversight

Program Description: Commission jurisdiction over water, gas, electricity, and telephone service was established by the Ohio legislature in 1911. This program involves the traditional economic oversight by PUCO of private companies in these industries; the OBM publication *The State Government Book* calls this program "Utility Economic Oversight." The role of this program is to facilitate, monitor, and help develop the market place.

The program continues to carry out the core regulatory functions of the Commission, such as the establishment of prices to facilitate the "sharing" of networks between competing entities, and the regulation of the transmission and distribution functions of utilities. The program also utilizes PUCO staff expertise in policy making, such as developing codes of conduct and assessing the competitive merits of mergers involving public utilities.

Funding Source: GSF: The program is funded predominantly by assessments against utilities, for either general or specific purposes.

Line Items: This program is funded out of lines 870-622, Utility & Railroad Regulation; 870-601, Gas Pipeline Safety; 870-607, Special Assessment; 870-605, Public Utilities Territorial Administration; and 870-602, Salvage & Exchange.

Implications of the Executive Recommendation: The executive proposal matches the agency's budget request. This budget would not change the number of staff that the PUCO is approved to hire during either year of the biennium.

The executive budget maintains the funding for 5F6 ALI 870-622, Utility & Railroad Regulation, at the FY 2003 estimated expenditure level for both FY 2004 and FY 2005. The PUCO budget request proposes increases in funding for personal services of 2.1% in FY 2004 and 1.6% in FY 2005. In order to keep the overall expenditure level for this line item level, the increase is paid for in FY 2004 by proposed decreases in purchased services, maintenance, and equipment. In FY 2005, the agency proposes a slight increase in purchased services as well as in personal services, with further reductions in maintenance and equipment.

Temporary Law: None.

Utility Safety and Service Standard Compliance Program

Program Description: The program ensures that electric, telephone, gas, water, and nuclear power operations provide safe and reliable service to all Ohioans. It involves the regular on-site inspection of utility plants and the issuance of rules and regulations regarding safety and service standards.

The Enforcement Division in the Consumer Services Department is chiefly responsible for carrying out the program. The majority of staff are natural gas pipeline inspectors. Field inspectors are also involved in each of the electric, telephone, and water service areas. Compliance issues are growing as the number of companies involved in providing telephone and natural gas services are growing. The companies themselves are a major source of information about compliance issues, as they raise issues and complaints about each other's operations.

In FY 1998 the PUCO implemented new service standards for telephone and electric utilities to ensure that neither the implementation of competition nor the prospect of that implementation adversely affect the quality of service that utility consumers may expect. With the implementation of service standards comes the need to monitor compliance with respect to those standards. The increasing number of service providers increases the demands that this monitoring places on the enforcement division.

Funding Source: Federal grant money, application fees, and assessments on utilities

Line Items: The compliance activities involved with monitoring and ensuring compliance with the gas pipeline safety program are funded out of 870-601, Gas Pipeline Safety (a Federal Special Revenue fund), and 870-617, Pipeline Safety-State (a State Special Revenue fund). Other compliance activities are funded out of 870-622, Utility & Railroad Regulation.

Implication of the Executive Recommendation: The executive proposal provides sufficient funding to continue the program at its current level.

Power Facility Siting

Program Description: The Power Siting Board, which has been located within the PUCO since 1985, reviews all applications to build or significantly alter electric power facilities and electric and gas transmission facilities. The applications are reviewed with respect to the facilities' environmental and societal impact. With the passage of S.B. 3 of the 123rd General Assembly, the board's oversight of electric generation facilities is limited to environmental concerns. The number of power cases grew and increased in complexity after the passage of S.B. 3, but the number of new cases is anticipated to level off in FY 2003. Despite the growth in caseload, the agency has been able to maintain the costs of the program at approximately the same levels as in the past.

Funding Source: SSR: Filing and processing fees. A utility pays a fee when submitting an application to the power siting board. At the end of the application process the utility may be assessed additional amounts if the cost of the process exceeds the initial filing fee.

Line Item: This program is funded by 870-606, Power Siting Board

Implication of the Executive Recommendation: The executive proposal provides sufficient funding to continue the program at its current level.

Consumer Quality Analysis and Enforcement

Program Description: The Consumer Services Department serves all consumers of utility and transportation services in the state. It has had a significant role in the implementation of the Gas Choice Programs in the state. It also helped to develop the minimum service standards in electric and telephone service and codes of conduct in the natural gas industry.

The public interest center (PIC) maintains an 800-number "hot-line" to receive utility consumer inquiries and complaints.[2] The center answers questions, provides information on programs, such as the Gas Choice Programs, and helps to resolve complaints. In 2002, the main driver for increased customer contacts was local telephone competition and continued confusion in the long-distance industry. The volume and type of calls also fluctuate with seasonal changes. The volume of calls is expected to continue to increase.

In the process of operating the hot-line, the center often receives information on compliance issues. This information, in turn, is provided to the enforcement division where it is used to help determine how to most effectively allocate the division's scarce investigation resources.

Funding Source: GSF: assessments against utilities operating in the state

Line Item: This program is chiefly funded out of 870-622, Utility & Railroad Regulation.

Implication of the Executive Recommendation: The executive proposal provides sufficient funding to continue the program at its current level.

Railroad Safety Compliance

Program Description: The original title of the Public Utilities Commission was the Railroad Commission. The PUCO has had jurisdiction over railroad companies since 1867. However, the role of the PUCO has decreased with the increased federal regulation of railroads, but the PUCO is still involved with safety issues. The PUCO inspects railroad track, signals, and rolling stock to ensure that they are well maintained and operated in a safe manner.

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[2] The hot-line number is (800) 686-7826.

Most of the 6,600 miles of railroad track in the state is inspected annually by state inspectors certified by the Federal Railroad Administration (FRA).

Funding Source: GSF: assessments against utilities and railroads

Line Item: This program is funded out of 870-622, Utility & Railroad Regulation.

Implication of the Executive Recommendation: The executive proposal provides sufficient funding to continue the program at its current level.

Transportation Regulation — Program Series 2

Purpose: To achieve safe commercial transportation on public highways, on railroads, and at transportation facilities.

The following table shows the line items that are used to fund this program series, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2004	FY 2005
5F6	870-625	Motor Transportation Regulation	5,361,239	5,361,239
350	870-608	Motor Carrier Safety	7,027,712	7,027,712
4A3	870-614	Grade Crossing Protection Devices-State	1,349,757	1,349,757
4S6	870-618	Hazardous Material Registration	899,325	614,325
3V3	870-604	Comm. Vehicle Info Systems/Networks	870,000	300,000
4U8	870-620	Civil Forfeitures	719,986	434,986
661	870-612	Hazardous Materials Transportation	900,000	900,000
Total funding: Transportation Regulation			**$17,128,019**	**$15,988,019**

Specific programs within the Transportation Regulation program series on which this analysis will focus include:

- ***Motor Carrier Registration and Insurance Certification***
- ***Motor Carrier Safety and Service Standard Compliance***
- ***Railroad Grade Crossing Protective Devices Upgrade***

Motor Carrier Registration and Insurance Certification

Program Description: This program oversees the registration of all motor transportation companies operating in the state. The registration program allows the Commission to monitor the operating practices of the motor carriers and to insure that the companies have adequate insurance coverage. The program also provides funds to support the hazardous material training program of Cleveland State University and to provide training grants to local fire departments and emergency assistance units.

The PUCO was given jurisdiction over truck and bus companies in 1923. House Bill 647 of the 120th General Assembly added hazardous materials transporters to the list of motor carriers covered by the program, and S.B. 132 of the 122nd General Assembly added household movers.

Funding Source: GSF: Taxes, fees, fines, and civil forfeitures

Line Items: This program is funded out of 870-625, Motor Transportation Regulation; 870-618, Hazardous Material Registration; 870-620, Civil Forfeitures; and 870-612 Hazardous Materials Transportation.

Implication of the Executive Recommendation: The executive proposal provides sufficient funding to continue the program at its current level.

Motor Carrier Safety and Service Standard Compliance

Program Description: The PUCO is the lead agency to accomplish the goal of commercial vehicle safety for the state of Ohio. It is the program manager for the Motor Carrier Safety Assistance Program (MCSAP) in the state. Commission staff conduct safety audits and compliance reviews. They also carry out random inspections, in conjunction with the State Highway Patrol. Inspectors from the highway patrol perform most of the roadside inspections; they may be joined by PUCO hazardous material (HAZMAT) inspectors. For the most part, however, the PUCO focuses its audit and inspection activities at the company level. Information regarding any violation is dealt with by the PUCO; the Commission holds hearings and may assess forfeitures from motor carriers found to be in violation of state and federal safety rules and regulations.

Some HAZMAT inspectors are trained to perform inspections of both railroads and motor carriers. A long-term goal of the Commission is to have as many HAZMAT inspectors as possible certified by the Federal Railroad Administration (FRA).

In FY 2004, the PUCO will receive funds from the federal government for the Commercial Vehicle Information Systems and Networks Project (CVISN) and for the Motor Carrier Safety Assistance Program. The PUCO will receive a $1.59 million federal grant for CVISN to improve highway safety through electronic technologies. Funding for the Motor Carrier Assistance Program will enable PUCO to conduct safety audits and inspections of commercial motor carriers. The PUCO is the administrator of these funds, which are also utilized by the Departments of Taxation, Public Safety (State Highway Patrol and Bureau of Motor Vehicles), and Transportation, and the Ohio Trucking Association.

Funding Source: Federal grant money, taxes and fees on motor carriers

Line Items: This program is funded out of 870-604, Commercial Vehicle Information Systems/Networks; 870-625, Motor Transportation Regulation; 870-608, Motor Carrier Safety; and 870-618, Hazardous Material Registration. When HAZMAT inspectors carry out inspections of railroads they are funded out of the 870-622, Utility and Railroad Regulation line.

Implication of the Executive Recommendation: The executive proposal provides expanded funding to implement the new CVISN program in addition to carrying out other program activities at current levels.

Railroad Grade Crossing Protective Devices Upgrade

Program Description: The program works to reduce the number of accidents at railroad crossings within the state by inspecting, upgrading, and replacing dangerous crossings. The PUCO maintains a database of the approximately 6,100 railroad crossings in the state. Commission staff inspect the crossings annually and rate them for degree of danger based on the number of trains per day, speed of the trains, and other factors. Each year the Commissioners determine the locations to receive upgrades – typically in the form of lights and gates.

At least 150 crossings are upgraded each year (over 50% of all crossings in Ohio now have some form of device). Certain crossings are eligible for federal funds. In such cases, the Commission orders the railroad company to upgrade the crossing. The costs are then submitted to the Department of Transportation and the railroads are reimbursed using federal funds. Other crossings that do not meet the standard for federal funds are upgraded using funds controlled by the Commission. The railroad typically pays 10% of the cost and the state and local government share the remainder. Since the Commission has received jurisdiction for the program it has reduced the average time taken to upgrade crossings.

The state has made substantial progress in increasing the safety of railroad crossings. Since 1990 the number of car-and-train accidents in the state has decreased from around 330 per year to around 120 per year. With the Conrail merger there was a concern that the increased traffic in the northern half of the state would increase the number of fatal encounters between railroads and motor vehicles. The Commission was able to get the railroads to pay a larger share for some grade crossing improvements by modeling how the merger would affect the potential danger in certain locations.

Funding Source: SSR: each year the program receives $1.2 million from the state gasoline tax.

Line Item: This program is funded out of 870-614, Grade Crossing Protection Devices-State

Implication of the Executive Recommendation: The executive proposal provides sufficient funding to continue the program at its current level.

Revenue Distribution — Program Series 3

Purpose: To facilitate Ohio's participation in uniform registration programs for motor carriers

The following table shows the line items that are used to fund this program series, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2004	FY 2005
4S6	870-621	Hazardous Materials Base State Registration	373,346	373,346
4G4	870-616	Base State Registration Program	6,500,000	6,500,000
Total funding: Revenue Distribution			**$6,873,346**	**$6,873,346**

Specific programs within the Revenue Distribution program series include:

- ***Base State Registration Program***
- ***Hazardous Materials Base State Registration Program***

Base State Registration Program

Program Description: The program was initiated through Controlling Board action in 1991. It allows Ohio motor carriers to participate in the Single State Registration Program (SSRP, formerly known as the Base State Registration Program.) Commercial trucking companies are granted the authority to operate interstate by the Federal Motor Carrier Safety Administration. The SSRP allows trucking companies based in participating states to register annually that authority to operate with their base state only, rather than registering separately with each and every state that belongs to the SSRP.

Funding Source: AGY: Registration fees collected from Ohio motor carriers that are ultimately to be transferred to other states

Line Item: 870-616, Base State Registration Program

Implication of the Executive Recommendation: The executive proposal provides sufficient appropriation authority to continue the program at its current level.

Hazardous Materials Base State Registration Program

Program Description: The program was originally established by Am. Sub. H.B. 117 of the 121st General Assembly. It receives and disburses funds received under a base-state registration program for hazardous material carriers. Under this program, carriers who operate in more than one state can register for all states in their home state.

Funding Source: SSR: Registration fees of hazardous material carriers who register in Ohio

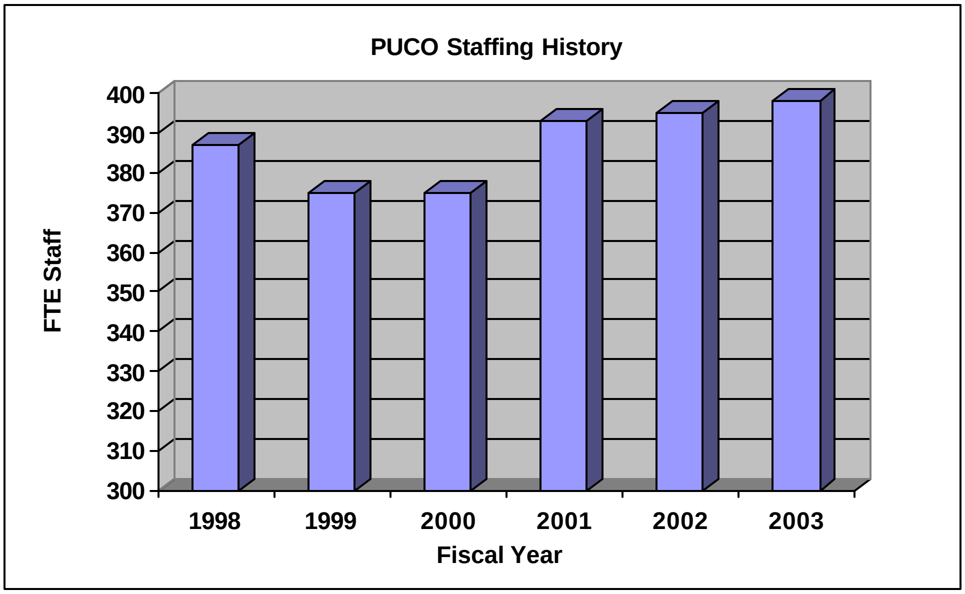
Line Item: 870-621, Hazardous Materials Base State Registration

Implication of the Executive Recommendation: The executive proposal provides sufficient appropriation authority to continue the program at its current level.

ADDITIONAL FACTS AND FIGURES

PUCO Staff and Organization

The Public Utilities Commission employed 373 full-time staff members, five commissioners, and 20 part-time staff members on January 28, 2003, for a total of 398 workers. The agency currently has 25 vacancies. The PUCO intends to hold staffing at current levels during the coming biennium. The accompanying chart illustrates recent trends in staffing levels.



The increases since FY 1999 shown in the table are related in part to an early retirement incentive program adopted by the Commission that ended in calendar year 1998; in FY 1996 the Commission employed 424.5 full-time equivalent (FTE) staff members.

The Public Utilities Commission is organized into five departments: the Administration Department, the Legal Department, the Consumer Services Department, the Transportation Department, and the Utilities Department. The department with the largest staff is the Utilities Department, followed by the Consumer Services Department and the Transportation Department. The table on the next page shows a history of the number of FTE staff positions by department, derived from organizational charts submitted along with the agency's budget request.

Public Utilities Commission of Ohio - Staffing Levels by Division (Full-time equivalents)				
Program Series/Division	**1997**	**1999**	**2001**	**2003**
Commission	19	19	26	14.5
Public Affairs*	NA	NA	NA	10.5
Administration	59	57	60	61
Attorney General	12	13	15	13.75
Legal	23	22	20	19.5
Consumer Services	59	70	90	90.5
Transportation	70	65	79.5	84.25
Utilities	127	116	114	116.5
Totals	**369**	**362**	**404.5**	**410.5**

* Staff currently shown as employed in the Office of Public Affairs were shown as employed in the Commission line prior to 2002.

Organizational Changes

There have been no substantive changes in the organizational structure of the PUCO since the beginning of the current biennium, however certain divisions within these five departments have been renamed or reorganized. The most extensive changes came within the Transportation Department, which added a Railroad Division, and changed the names of three divisions: the (former) Program Development Division became the Federal Programs Division, the Safety Programs Division became the Compliance Division, and the Investigations and Inspections Division became the Enforcement Division. Within the Consumer Services Department, the (former) Investigations and Inspections Division is now called the Enforcement Division. Similarly, the Project Management Division within the Utilities Department has been renamed the Forecasting Division. The division name changes have been implemented to better communicate the missions and functions of those divisions, which have not been changed.

The PUCO created the Office of Public Affairs in June 2000 in order to address legislative, media, educational, and worldwide web initiatives. The goal of the Office of Public Affairs is to ensure that all external customers receive consistent information from PUCO that is reliable, objective, complete, timely, and understandable. The office works internally with all areas of the PUCO and coordinates all external communication. Currently, the office consists of 10.5 FTE staff members. Prior to the creation of the office, the staff members that were performing comparable work for the Commission were shown in the organizational chart as employed in the Chairman's office.

Staffing Changes

The Commission employed 393 FTE staff members at the beginning of FY 2002 and employed 398 FTEs as of January 28, 2003, for a net increase of five FTE positions since the beginning of the current biennium. The Commission added five positions in the Transportation Department: three Transportation Examiners and two Hazardous Material Investigator Specialists. The federal government paid 80% of the cost to hire these new staff members. The Commission also added four information technology analysts in order to design, develop, and implement the PUCO Information Technology Plan. The net increase in staffing is only five FTEs due to staff departures that partially offset these nine new staff.

The Utilities Department

This department employed 116.5 FTE staff members as of September 2002 organized into six divisions:

1) Electricity;
2) Market Monitoring and Assessment;
3) Facilities, Siting and Environment;
4) Forecasting;
5) Gas, Water, and Steam; and
6) Telecommunications and Technology.

Utility staff carry out those regulatory functions for which the PUCO continues to be responsible and monitor utility markets to ensure that companies operating in Ohio are in compliance with the law. The Department has subscribed to a private service that enables staff members to monitor the performance of specific power plants in Ohio and in other states on a real time basis. Staff in this department process applications to install new electric generation and electric and gas transmission facilities and to upgrade existing generating facilities. And during the last year, the PUCO has conducted 105 safety inspections of gas pipelines.

The Division of Market Monitoring and Assessment is required by section 4928.06 of the Revised Code to collect monthly information on a quarterly basis from the Electric Distribution Utilities, Competitive Retail Electric Service Providers (certified electric utilities' power marketers, power brokers, aggregators or independent power producers/distributed generators), Certified Competitive Electric Cooperatives, and Governmental Aggregators. The purpose of these market monitoring requirements is to assist the PUCO in determining whether effective competition exists for a competitive retail electric service.

The Transportation Department

This department employed 84.25 FTE staff members as of September 2002 organized into six divisions:

1) Federal Programs;
2) Compliance;
3) Motor Carrier Registration;
4) Railroad;
5) Enforcement; and
6) Data Management.

Transportation staff, together with federal inspectors, have conducted more than 1,200 on-site Sensitivity Security Visits of hazardous materials carriers in Ohio since October 2001. The PUCO describes these visits as being "designed to heighten the sensitivity of carriers to be alert for suspicious behavior from drivers, shippers, consignees, or the public and to report threats to the proper authorities," and reports that priority has been given to carriers who transport bulk explosives, anhydrous ammonia, petroleum products, and poisonous gases. The PUCO has distributed over $1 million during the last two years to 70 local government entities to provide training grants for emergency responder training for hazardous materials incidents.

During the last biennium, the PUCO developed a Rail Database incorporating data on, and photographs of, the approximately 6,100 grade crossings in Ohio. This project consolidated several existing databases and paper files into a single database that is accessible over the Internet. The Commission participated in 222 grade crossing projects during FY 2002, including 194 involving the installation of lights and gates. And the Commission, together with the Ohio Department of Transportation and the Ohio Rail Development Commission, implemented the Ohio Rail Hotline (1-866-814-RAIL) to provide Ohio citizens a single, toll-free telephone number to call with any questions or concerns they may have about railroad crossings.

The Commercial Vehicle Information Systems and Networks Project (CVISN)

The Ohio CVISN project will allow Ohio trucking companies and those based elsewhere but traveling through Ohio to conduct many of their paperwork transactions (obtaining permits, proving insurance, licensing vehicles, etc.) with Ohio state government agencies (PUCO and the Departments of Public Safety, Transportation, and Taxation) by electronic means. This will substantially reduce delays and administrative costs inherent in these paper processes. The CVISN will also help enable the use of "electronic pre-clearance" at truck weigh stations, i.e., it will allow participating truck companies which have good safety records to be electronically pre-screened and permitted to pass weigh stations without stopping. Also, CVISN will improve highway safety by arming authorized enforcement agencies with extensive, accurate data on all motor carriers, commercial vehicles, and commercial drivers.

The Commercial Vehicle Information Systems and Networks Project (CVISN) is a federally-mandated project. States have until September 30, 2003 to achieve "Level I Compliance" or they may lose federal funding under the Motor Carrier Safety Assistance Program (MCSAP). Ohio is expected to receive slightly over $7 million in each year of the coming biennium under that program. As of this writing, the Commission expects to achieve sufficient compliance with the CVISN project to avoid losing any MCSAP funding.

The PUCO was the lead state agency in obtaining a nearly $1.6 million federal grant for this project. House Bill 94 appropriated $2.5 million for CVISN in line 870-604, Commercial Vehicle Information Systems/Networks, in FY 2002 based on a preliminary estimate of the amount and timing of the grant funding that would be awarded. The grant was awarded in September 2001 for an amount less than anticipated. As of this writing, no federal funds have been expended on CVISN. The PUCO has issued a request for proposals to design the system and has received several proposals in response. The Commission expects to select a vendor and to begin using the grant money during the current fiscal year. The appropriations related to the grant in the coming biennium are recommended to be $870,000 in FY 2004 and $300,000 in FY 2005. The executive proposal recommends funding the state match for the grant equally from line items 870-618, Hazardous Material Registration, and 870-620, Civil Forfeitures.

Industry-Specific Information

Several distinct efforts have been made during the last decade or so to substitute market competition for regulation, where practical, of the major industries traditionally regulated by the PUCO. The legislation underlying those efforts is reviewed below. The Commission retains an important role as the agency that monitors those industries to ensure that the degree of competition present in the market is sufficient to provide Ohio consumers effective protection against unregulated monopolies.[3] Monitoring the performance of individual utility companies is an ongoing activity that takes place across the entire organization of the PUCO and involves a range of approaches and methods. Ongoing performance, safety, and operating regulations, and financial information from companies is received and reviewed by various PUCO divisions responsible for that utility sector. Other information is systematically derived from the results of individual audits and investigations. Data generated from inquiries and complaints to the PUCO provide another way to assess the performance of the companies. This methodology is particularly important in examining a company's ability to meet retail and service demands in an evolving

[3] Although it only has statutory authority to do so in the case of the electric market.

competitive market. In addition to data provided from the individual companies, broader databases from trade groups, other governmental units, and research institutions are utilized in the monitoring of markets and company activities in the marketplace.

The Telecommunications Industry

The telecommunications industry includes local telephone service, long-distance telephone service, cellular/digital telephone service, and paging service. Most telecommunications service begins or ends with a local service provider, who maintains the local lines, handles service and safety concerns, and provides switches for interconnection with other telephone service providers. The federal Telecommunications Act of 1996 encouraged and provided a framework for competition in local telephone service. In the terminology of the Telecommunications Act a local service provider that owns the local network is called an "incumbent local exchange carrier," or ILEC. The PUCO oversees 42 ILECs. These ILECs may be regulated in the traditional way, with PUCO approval required for any change in the rates that they charge customers. With the passage of H.B. 563 of the 117th General Assembly, ILECs were permitted to apply to be regulated under an alternative regulation plan, which must be approved by the PUCO. Currently, three of the 42 ILECs in the state operate under an alternative regulation plan.

A key regulatory role for PUCO in this industry is to eliminate barriers to entry by ensuring that new competitors are permitted access to ILECs' networks of a quality reasonably comparable to the quality enjoyed by the ILEC itself. This role will be necessary for the foreseeable future. Though elimination of barriers through such means may encourage competition, PUCO cannot guarantee competition. According to a report on local telephone competition issued in December 2002 by the Federal Communications Commission, 7.1% of telephone "end-user switched access lines" were provided by new competitors (known as "competitive local exchange carriers") rather than ILECs as of June 30, 2002. Although this percentage was below the national average (which was 11.4%), it was up from just 4% as recently as June 2001. The PUCO oversees quality of service issues for both ILECs and CLECs.

Long-distance telephone providers maintain or provide access to switches and lines between local exchange carriers and other long-distance telephone providers. Long-distance service has been competitive for many years. The federal government and state governments jointly regulate long-distance service. The PUCO has jurisdiction for calls placed within the state of Ohio, but if the call begins or ends outside of Ohio, PUCO does not have jurisdiction.

The PUCO certifies the providers of cellular or digital service to operate within Ohio, but does not regulate prices or rates; the use of the radio spectrum by cellular companies is regulated by the Federal Communications Commission. The PUCO has no jurisdiction over Internet service and Internet service providers.

Electric Industry

There are three distinct steps in the process of delivering electric power to a customer's home or place of business: generating electricity, transmitting it, and distributing it. All three steps were typically performed in the past by individual, vertically-integrated firms operating as regulated monopolies. But unlike transmission and distribution of electricity, the generation of electricity does not have the properties of a natural monopoly. The 123rd General Assembly passed legislation, S.B. 3, which allows Ohioans to choose the company that generates their electricity beginning January 1, 2001. The transmission and distribution of electricity will not be competitive and will remain under the jurisdiction of the PUCO.

The PUCO regulates eight vertically-integrated electric companies in Ohio. These companies are at various stages of the "market-development period" defined in S.B. 3. When those market-development periods expire, the utilities will be permitted to charge whatever rates they want subject to competition from new entrants to the electric generation market. As of September 30, 2002 two of the eight utilities have seen over 40% of their residential customers switch to new competitive suppliers, and a third utility has seen over 23% of its residential customers switch. The remaining five utilities have seen fewer than 2% of their customers switch.[4]

Electric deregulation has acquired a poor reputation due to serious problems experienced in California during calendar years 2000 and 2001. The widely-publicized events culminated in two former electric utilities filing for bankruptcy, and the legislature there repealing electric choice in March of 2002. The PUCO has issued a brief explaining the differences between deregulation as implemented in California and Ohio's implementation as provided in S.B. 3.[5] That brief states that "the PUCO does not anticipate the same problems [as experienced in California] happening in Ohio." Another source that outlines the particulars of California's problems is a National Conference of State Legislatures publication *California's Power Crisis: What Happened? What Can We Learn?*

Natural Gas Industry

The regulatory environment of the natural gas industry in Ohio has also changed fairly recently. The main changes were introduced by H.B. 476 of the 121st General Assembly, which allowed the PUCO to approve an alternative regulatory plan for a company that faced "effective competition" in supplying natural gas. For a company to receive such approval, the company would have had to open its pipeline network to allow competitors to use it in order to distribute gas.[6] This bill was the statutory basis for the Natural Gas Customer Choice Programs overseen by the PUCO. The PUCO retains its role in regulating the price that a natural gas company charges competitors for access to the pipeline network, and it certifies retailers of natural gas, as authorized by H.B. 9 of the 124th General Assembly, to ensure that they are capable[7] of providing the service.

The PUCO regulates 27 natural gas companies in Ohio, three of which operate Customer Choice Programs. As of January 31, 2003 the percentage of residential customers enrolled in a Customer Choice Program ranged from a low of 7.8% in the Cincinnati Gas & Electric plan to a high of 56.1% in the

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[4] Updated statistics on the percentage of electric customers who have switched electricity suppliers are available at the PUCO website. The address is www.puc.state.oh.us/Consumer/Electric/electric.cfm. Click on "Official Electric Choice Switching Statistics" on that web page.

[5] To view the brief on-line, go to the web address listed in the preceding footnote, and click on "Electric Restructuring Differences Between California and Ohio."

[6] The PUCO is authorized to abrogate the exemption from traditional rate regulation if a pipeline owner stops granting free access to its pipeline.

[7] House Bill 9 prohibits providing a retail natural gas service or serving as a governmental aggregator without being certified by the PUCO, and authorizes the PUCO to certify retailers on the basis of their management, technical, and financial capability.

Dominion East Ohio Gas plan. The percentages for commercial and industrial customers in the three programs were fairly similar to the figures for residential customers.[8]

It is important to note that the prices that consumers pay for the natural gas commodity itself are determined in private markets, and are not subject to PUCO oversight. The market price of the commodity can fluctuate significantly, and during the winter of 2000-2001, the price in Ohio was almost 50% higher than it had been the previous winter.[9] Natural gas prices had risen throughout the United States due to a number of factors, including a (then) robust economy, lack of energy conservation, colder than normal winter weather, and a production lag that had developed due to previous warm winters. Such fluctuations can be moderated somewhat by the use of long-term contracts that specify prices in advance, but individual households can run into problems if they must renew a long-term agreement at a time when the market price is unusually high.

The Motor Carrier Industry

The PUCO Transportation Department registers carriers, verifies their insurance coverage, enforces rules for the safe operation of buses and trucks, inspects and audits motor carrier records, inspects motor carrier facilities and vehicles, and approves hazardous material hauling routes in Ohio. The PUCO records indicate that there are 75,724 "interstate for hire" motor carriers registered in Ohio, 718 HAZMAT carriers registered, and slightly over 12,000 intrastate motor carriers registered. The PUCO cooperates with the Ohio State Highway Patrol in inspecting trucks and buses on Ohio highways for safety. In the last year, the Transportation Department collected over $1.7 million in fines for noncompliance with Ohio's laws and regulations, with the revenues being deposited in the General Revenue Fund.

Railroads

Ohio currently has about 38 active railroad companies that are overseen by the PUCO. This number changes as short line railroads go in and out of business quickly. In 2002, PUCO inspectors randomly inspected approximately 1,611 HAZMAT rail cars, 3,369 other rail cars, and 460 locomotives. The PUCO also gathers rail-crossing statistics and information. Since 1990, grade crossing accidents have been reduced from 330 to approximately 120, a reduction of over 60%. Crash fatalities and injuries have been reduced along with the reduction in accidents.

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[8] Updated statistics on enrollment in Customer Choice programs are available at the PUCO website. The address is www.puc.state.oh.us/Consumer/Gas/gas.cfm. Click on "Monthly Natural Gas Customer Choice Enrollment Levels."

[9] According to data from the Energy Information Administration of the U.S. Department of Energy.

PERMANENT AND TEMPORARY LAW

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

Permanent Law Provisions

Special Assessment Fund for PUCO investigations (R.C. section 4903.24)

Codifies the creation in the state treasury of the Special Assessment Fund, which was established by Controlling Board action in 1982. The fund receives money from fees, expenses, or costs required to be paid under continuing law either by utilities that PUCO finds have unlawful rates or classes of service or by other parties to an investigation. The fund will continue to be used to pay the expenses incurred by the Commission to conduct those investigations and hearings.

PUCO Gas Pipe-line Safety Fund (R.C. section 4905.91)

Codifies the creation in the state treasury of the Gas Pipeline Safety Fund, which was established by Controlling Board action in 1973, and renames it the Gas Pipe-line Safety Fund. The fund receives federal grants-in-aid, cash, and reimbursements available to the PUCO under its continuing authority regarding gas pipeline safety. The fund will continue to be used by PUCO to carry out its duties regarding intrastate transportation by pipeline.

PUCO Motor Carrier Safety Fund (R.C. section 4919.79)

Codifies the creation in the state treasury of the Motor Carrier Safety Fund, which was established by Controlling Board action in 1984. The fund receives federal grants-in-aid, cash, and reimbursements available to the PUCO under its continuing authority to enter into cooperative agreements with federal agencies. The fund will continue to be used by PUCO to carry out its duties regarding interstate motor carrier transportation safety.

Temporary Law Provisions

The bill creates the Commercial Vehicle Information Systems and Networks Fund in the state treasury to receive funding from a federal grant conferred by the U.S. Department of Transportation. These funds are to be used to deploy the Ohio Commercial Vehicle Information System and Network Project. The bill also earmarks up to $435,000 in FY 2004 and $150,000 in FY 2005 in both line items 870-618, Hazardous Material Registration; and 870-620, Civil Forfeitures, to pay the state match for the federal grant.

REQUESTS NOT FUNDED

The Public Utilities Commission of Ohio budget request was fully funded.

General Services Fund Group

558 870-602 Salvage & Exchange

2000	2001	2002	2003 Estimate	2004 House Passed	2005 House Passed
$0	$29,005	$30,000	$33,285	**$16,477**	**$4,000**
	N/A	3.4%	11.0%	**-50.5%**	**-75.7%**

Source: GSF: Proceeds from the sale of photocopies, publications, agenda subscriptions, recycled paper, salvaged furniture, automobiles and equipment, and employee parking

Legal Basis: Section 91 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by the Controlling Board in 1972)

Purpose: Funds are used to purchase equipment and to produce publications for both the utilities regulation division and the transportation division.

5F6 870-622 Utility & Railroad Regulation

2000	2001	2002	2003 Estimate	2004 House Passed	2005 House Passed
$25,293,634	$26,480,155	$27,211,647	$30,622,222	**$30,622,222**	**$30,622,222**
	4.7%	2.8%	12.5%	**0.0%**	**0.0%**

Source: GSF: Assessments against the intrastate revenues of the railroads and utilities regulated by the Public Utilities Commission (the total assessment in any year is equal to that year's appropriation minus any lapses from the previous year)

Legal Basis: ORC 4905.10 (established by Am. Sub. H.B. 215 of the 122nd G.A.)

Purpose: Funds activities related to the regulation of investor-owned telephone, electric, gas, water and sewer utilities. Also funds the commission's regulation of railroads.

5F6 870-624 NARUC/NRRI Subsidy

2000	2001	2002	2003 Estimate	2004 House Passed	2005 House Passed
$167,233	$167,233	$167,233	$167,233	**$167,233**	**$167,233**
	0.0%	0.0%	0.0%	**0.0%**	**0.0%**

Source: GSF: Assessments against the intrastate revenues of the railroads and utilities regulated by the Public Utilities Commission

Legal Basis: Section 91 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 215 of the 122nd G.A.; in prior years these funds were deposited in the GRF to the credit of line item 870-501, NARUC/NRRI Subsidy, which was originally created by Controlling Board in 1982)

Purpose: Funds PUCO's share of an assessment levied by the National Association of Regulatory Utility Commissioners (NARUC) to support the National Regulatory Research Institute (NRRI) at The Ohio State University. The fee is based on a percentage of utilities' operating revenues by class of utility.

5F6 870-625 Motor Transportation Regulation

2000	2001	2002	2003 Estimate	2004 House Passed	2005 House Passed
$3,776,082	$4,161,380	$3,972,160	$4,811,239	**$5,361,239**	**$5,361,239**
	10.2%	-4.5%	21.1%	**11.4%**	**0.0%**

Source: GSF: Revenues are derived from taxes on intrastate motor carriers and fees of motor carriers registering to operate within the state via the Base State Motor Carrier registration program

Legal Basis: ORC 4923.12 (established by Am. Sub. H.B. 215 of the 122nd G.A.)

Purpose: Funds in this line item support activities related to the enforcement of statutes, rules and regulations governing transportation companies (bus and motor carriers) operating within the state. Beginning in FY 2000, this line also includes $200,000 per year in "transfer and other" appropriation authority to handle motor carrier registration fees whose disposition is uncertain at the time of their receipt. Such funds were formerly deposited in Fund R20 and appropriated via line item 870-610, Motor Carrier Refunds. That line has been discontinued.

Federal Special Revenue Fund Group

333 870-601 Gas Pipeline Safety

2000	2001	2002	2003 Estimate	2004 House Passed	2005 House Passed
$387,776	$391,377	$365,285	$485,332	**$597,957**	**$597,957**
	0.9%	-6.7%	32.9%	**23.2%**	**0.0%**

Source: FED: CFDA 20.700, Pipeline Safety

Legal Basis: Originally established by Controlling Board in FY 1973; proposed in the main operating appropriations bill of the 125th G.A.

Purpose: Contains operating funds for the Gas Pipeline Safety program. The program was originally authorized by the Natural Gas Pipeline Safety Act of 1968 and more recently by the Pipeline Safety Act of 1992. The line item receives reimbursements from the federal government amounting to 50 percent of the costs of operating the program. In order to remain eligible for the funds, the state must maintain a previously established level of effort. Since FY 1998, the state's share of expenses has come from line item 870-622, Utility and Railroad Regulation. Prior to that time, the state's share came from the 871-499 State Match line item in the GRF. In FY 1998 a grant to support the "one-call program" was added to this line. The one-call program educates the public about the dangers of digging near utility lines. The Commission received a grant of $44,000 for this purpose in FY 1998.

350 870-608 Motor Carrier Safety

2000	2001	2002	2003 Estimate	2004 House Passed	2005 House Passed
$3,376,533	$3,977,680	$5,037,708	$7,027,712	**$7,027,712**	**$7,027,712**
	17.8%	26.6%	39.5%	**0.0%**	**0.0%**

Source: FED: CFDA 20.218, Motor Carrier Safety Assistance Program (Federal Highway Administration)

Legal Basis: Originally established by Controlling Board in 1984; proposed in the main operating appropriations bill of the 125th G.A.

Purpose: Funds are used to administer the Motor Carrier Safety Assistance Program (MCSAP) involving the safe operation of commercial motor vehicles. The program, originally authorized by the Surface Transportation Act of 1982, began as an inspection program by the Public Utilities Commission. However, with the passage of the Intermodal Surface Transportation Act of 1991, it was expanded to deal with drug interdiction and other matters under the purview of the State Highway Patrol. To receive the grant, the state must contribute 20 percent of total costs and use the funds to enhance the program, not to support existing activities. In FY 1996, PUCO's transportation enforcement division was transferred to the Department of Public Safety. As a result, much of these federal moneys are now directed to Transportation Enforcement Federal, 764-659, Fund 831. Since, however, the PUCO is the primary recipient for the federal funds, this line retains appropriation authority over the entire amount of the federal grant. The PUCO transfers the appropriate amount to the Department of Public Safety to fund the operations of the department's enforcement division.

3V3 870-604 Commercial Vehicle Information Systems/Networks

2000	2001	2002	2003 Estimate	2004 House Passed	2005 House Passed
$0	$0	$0	$0	**$870,000**	**$300,000**
	N/A	N/A	N/A	**N/A**	**-65.5%**

Source: FED: CFDA 20.205, Commercial Vehicle Information Systems/Networks (Highway Planning and Construction)

Legal Basis: Originally established by Section 91 of Am. Sub. H.B. 94 of the 124th G.A.

Purpose: Funds will be used to improve highway safety through electronic technologies. Funding will allow PUCO to conduct safety audits and inspections of commercial motor carriers. Commercial Vehicle Information Systems/Networks (CVISN) essentially comprise information system elements that support commercial vehicle operations (CVO). This includes information systems owned and operated by governments, motor carriers, and other stakeholders. CVISN is not a new information system, but rather a way for existing systems to exchange information through the use of standards and the use of commercially available communications infrastructure. CVISN will enable government agencies, the motor carrier industry, and other parties engaged in CVO safety and regulation to exchange information and conduct business transactions electronically. PUCO is the administrative lead agency in the business plan development effort. The departments of Taxation, Public Safety (Bureau of Motor Vehicles and State Highway Patrol), and Transportation, as well as the Ohio Trucking Association are participating in the project.

State Special Revenue Fund Group

4A3 870-614 Grade Crossing Protection Devices-State

2000	2001	2002	2003 Estimate	2004 House Passed	2005 House Passed
$520,640	$1,146,424	$2,325,859	$1,349,757	**$1,349,757**	**$1,349,757**
	120.2%	102.9%	-42.0%	**0.0%**	**0.0%**

Source: SSR: $1.2 million per year from the state gasoline tax

Legal Basis: ORC 4907.471 (Am. Sub. H.B. 111 of the 118th G.A. transferred the legal basis from ORC 5523.31, and transferred the appropriation for 770-750, Grade Crossing Protection Devices - State, from the Department of Transportation to this Public Utilities Commission line)

Purpose: The funds in this line item are used to provide warning devices at rail-highway crossings, pursuant to section 4907.471 of the Revised Code. These devices include flasher lights and gates. This line receives $1.2 million each year from the state gasoline tax, to provide preliminary funding for upgrades or funding for which federal funds cannot be used (such as, to cover preliminary engineering costs). The upgrades are undertaken by the railroads, and the PUCO reimburses them for the expenditure when the project is complete. Expenditures in excess of $1.2 million in any year may be incurred as projects begun in prior years are completed, and the railroads are reimbursed for the expenses.

4L8 870-617 Pipeline Safety-State

2000	2001	2002	2003 Estimate	2004 House Passed	2005 House Passed
$146,098	$143,321	$157,280	$187,621	**$187,621**	**$187,621**
	-1.9%	9.7%	19.3%	**0.0%**	**0.0%**

Source: SSR: Assessments against gas and natural gas pipeline operators and deposited into the Pipeline Safety Fund (individual assessments are based on the total amount of gas supplied during the calendar year preceding the assessment; assessments are made in October of each year and the total amount assessed depends on the appropriation level received by the PUCO in order to administer the program)

Legal Basis: ORC 4905.92 (originally established by Am. Sub. H.B. 365 of the 119th G.A.)

Purpose: To administer the pipeline safety code for all gas and natural gas pipeline operators in the state and to finance PUCO's duties and responsibilities under the program. All of the moneys deposited in the fund are to be used exclusively for the administration and enforcement of the pipeline safety code.

4S6 870-618 Hazardous Material Registration

2000	2001	2002	2003 Estimate	2004 House Passed	2005 House Passed
$385,578	$319,363	$347,865	$464,325	**$899,325**	**$614,325**
	-17.2%	8.9%	33.5%	**93.7%**	**-31.7%**

Source: SSR: Fees collected under the program for the uniform registration and permitting of persons engaged in the highway transportation of hazardous materials in Ohio - (1) a $50 per-carrier processing fee and (2) an apportioned per-truck registration fee (in the first year, FY 1995, the operations were funded by the $50 per-carrier fee and a federal grant of $40,000)

Legal Basis: ORC 4905.80 (originally established by Sub. H.B. 647 of the 120th G.A.)

Purpose: To enforce the Hazardous Materials Transportation Law (sections 4905.80 through 4905.83 of the Revised Code.) This program was devised in accordance with the Hazardous Materials Transportation Uniform Safety Act of 1990. The act calls for the eventual establishment of a base-state-type system of registering hazardous materials transporters in the U.S.

4S6 870-621 Hazardous Materials Base State Registration

2000	2001	2002	2003 Estimate	2004 House Passed	2005 House Passed
$257,745	$339,455	$308,085	$373,346	**$373,346**	**$373,346**
	31.7%	-9.2%	21.2%	**0.0%**	**0.0%**

Source: SSR: Registration fees of hazardous material carriers who register in the State of Ohio

Legal Basis: ORC 4905.80 (originally established by Am. Sub. H.B. 117 of the 121st G.A.)

Purpose: Receives and disburses funds received under a base-state registration program for hazardous material carriers. Under this type of program, carriers who operate in more than one state can register for all states in their home state. This fund receives those registration fees that are ultimately to be transferred to other states. (Fees collected on behalf of the state of Ohio are deposited in the 870-618 - Hazardous Materials Registration - Fund 4S6).

4U8 870-620 Civil Forfeitures

2000	2001	2002	2003 Estimate	2004 House Passed	2005 House Passed
$192,055	$219,554	$123,084	$284,986	**$719,986**	**$434,986**
	14.3%	-43.9%	131.5%	**152.6%**	**-39.6%**

Source: SSR: Forfeitures

Legal Basis: ORC 4923.12(c) (originally established by Am. Sub. H.B. 117 of the 121st G.A.)

Purpose: Funds the administrative costs of the civil forfeitures program created in Am. Sub. H.B. 117 of the 121st G.A. The program centralizes with the PUCO the collection of civil forfeitures from motor carriers found to be in violation of state and federal safety rules and regulations. A portion of the forfeitures is deposited into Fund 4U8, Transportation Enforcement, to fund the costs of administering this program. Revenues in excess of the appropriation to the 870-620 line item are deposited into the GRF.

559 870-605 Public Utilities Territorial Administration

2000	2001	2002	2003 Estimate	2004 House Passed	2005 House Passed
$0	$0	$0	$4,000	**$4,000**	**$4,000**
	N/A	N/A	N/A	**0.0%**	**0.0%**

Source: SSR: Assessments paid by electric companies to cover expenses incurred in resolving boundary disputes

Legal Basis: ORC 4933.89 (originally established by Controlling Board during FY 1981, through Am. H.B. 577 of the 112th G.A.)

Purpose: Funds the costs incurred by the commission in drawing and mapping service boundary lines. Revenues are received only when the commission is required to settle a boundary dispute between electric companies. It is difficult to predict when that might occur. No reimbursements for such disputes have been made since FY 1990.

560 870-607 Special Assessment

2000	2001	2002	2003 Estimate	2004 House Passed	2005 House Passed
$11,710	$92,378	$0	$100,000	**$100,000**	**$100,000**
	688.9%		N/A	**0.0%**	**0.0%**

Source: SSR: A special assessment levied upon the utility or utilities under investigation (assessment is set at such a level as to cover the cost of investigation). As the costs in an investigation are incurred, the PUCO usually seeks reimbursement on a monthly basis.

Legal Basis: Originally established by Controlling Board in 1982; proposed in the main operating appropriations bill of the 125th G.A.

Purpose: Funds in this line item are used to conduct large-scale investigations of a public utility when the investigation or the results of the investigation apply to a specific company.

561 870-606 Power Siting Board

2000	2001	2002	2003 Estimate	2004 House Passed	2005 House Passed
$265,923	$262,573	$656,695	$383,223	**$337,210**	**$337,210**
	-1.3%	150.1%	-41.6%	**-12.0%**	**0.0%**

Source: SSR: Fees submitted with applications for a certificate of environmental compatibility and public need plus expenses incurred in processing applications. Utilities are billed annually for expenses incurred in the prior year.

Legal Basis: ORC 4906.06 (originally established by Am. Sub. H.B. 291 of the 115th G.A.)

Purpose: Provides operating funds for the Power Siting Board. Am. Sub. H.B. 694 of the 114th G.A. transferred the board to the PUCO in FY 1982. It had previously functioned as an independent agency. The line item receives fees submitted with applications for a certificate of environmental compatibility and public need. A public utility must have such a certificate before constructing or expanding major utility facilities. The board is empowered to approve or disapprove applications for such a certificate. Since the enactment of Am. Sub. S.B. 3 of the 123rd G.A., however, ORC 4906.10 has specified that the board shall presume the public need for a new electric generation facility as that need is stated in the application.

587 870-609 Utility Forecasting

2000	2001	2002	2003 Estimate	2004 House Passed	2005 House Passed
$95	$0	$0	$0	**$0**	**$0**
		N/A	N/A	**N/A**	**N/A**

Source: SSR: Assessments levied on electric and natural gas utilities that operate in Ohio

Legal Basis: Discontinued line item - ORC 4935.04

Purpose: Supported the commission's long-term demand forecasting activities. Ohio electric and natural gas utilities are required to file 10-year forecasts with the Commission. Each report details the utility's long-term forecast of demand and its supply plans to meet that demand. Prior to Am. Sub. H.B. 283 of the 123rd G.A., the PUCO, within its long-term forecasting unit, analyzed the forecasts prepared by the utilities to evaluate their ability to meet future energy needs, and the unit's costs were supported by this line. H.B. 283 discontinued this line item and transferred any encumbrances to Fund 5F6, Public Utilities Fund. The functions formerly performed by the long-term forecasting unit are now performed within the Market Monitoring and Assessment Division of the Utilities Department of the PUCO. Any general expenses related to utility forecasting are funded out of Utilities and Railroad Regulation, 870-622. However, special case-specific forecasting expenses could be funded via Special Assessment, 870-607.

638 870-611 Biomass Energy Program

2000	2001	2002	2003 Estimate	2004 House Passed	2005 House Passed
$48,358	$18,707	$24,978	$40,000	**$40,000**	**$40,000**
	-61.3%	33.5%	60.1%	**0.0%**	**0.0%**

Source: SSR: Grant moneys from the Council of Great Lake Governors, Inc., a Minnesota-based nonprofit corporation which operates a seven-state biomass energy program in the Great Lakes region for the U.S. Department of Energy

Legal Basis: Section 91 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Controlling Board on January 11, 1988)

Purpose: Funds the Ohio Biomass Energy Program which promotes the use of biofuels and municipal waste for energy development and substitution for fossil fuels. Before Am. Sub. H.B. 94 of the 124th G.A., this line was named "Biofuels/Municipal Waste Technology Program". The name was changed to more accurately reflect the use of the fund.

661 870-612 Hazardous Materials Transportation

2000	2001	2002	2003 Estimate	2004 House Passed	2005 House Passed
$994,810	$1,007,136	$776,325	$900,000	**$900,000**	**$900,000**
	1.2%	-22.9%	15.9%	**0.0%**	**0.0%**

Source: SSR: Up to $800,000 annually in fines and civil forfeitures assessed against hazardous materials transporters (prior to the passage of H.B. 647 of the 120th G.A., these funds were deposited in the GRF; amounts in excess of $800,000 will continue to be deposited into the GRF)

Legal Basis: ORC 4905.80 (originally established by Am. Sub. H.B. 428 of the 117th G.A., substantially amended by H.B. 647 of the 120th G.A.)

Purpose: Funds emergency response training and other hazardous materials training programs throughout the state. In the past 50 percent has gone to Cleveland State University for its training program for public safety and emergency services personnel and 50 percent has been allocated to other educational institutions, state agencies, and political subdivisions for similar programs. H.B. 283 of the 123rd G.A. revised the percentage going to "other purposes." It allocates 5 percent of the total to the PUCO for administration and training, with the remaining 45 percent going to other programs. The Cleveland State University program would still receive $400,000 a year or 50 percent of the total (but no less than $200,000).

Agency Fund Group

4G4 870-616 Base State Registration Program

2000	2001	2002	2003 Estimate	2004 House Passed	2005 House Passed
$6,026,204	$5,884,925	$5,332,183	$6,500,000	**$6,500,000**	**$6,500,000**
	-2.3%	-9.4%	21.9%	**0.0%**	**0.0%**

Source: AGY: Registration fees that are ultimately to be transferred to other states

Legal Basis: ORC 4923.12 (originally established by Controlling Board in October 1991, pursuant to Sub. H.B. 715 of the 120th G.A.)

Purpose: Allows Ohio to participate in the Single State Registration Program (SSRP, formerly known as the Base State Registration Program). The program allows trucking companies based in participating states to register their authority to operate on an interstate basis, granted by the Federal Motor Carrier Safety Administration, with their base state only, rather than registering separately with each and every state that belongs to the SSRP. This fund receives those registration fees that are ultimately to be transferred to other states. (Those fees collected on behalf of the state of Ohio, wherever collected, are deposited in the Fund 5F6, Public Utility Fund.) Currently, 38 states (including Ohio) participate in the program.

As Introduced	As Passed by the House
Subject: Special Assessment Fund	
R.C. ***4903.24***	**R.C.** ***4903.24***
Codifies the creation in the state treasury of the Special Assessment Fund, which was originally established in 1982 by the Controlling Board. Fiscal effect: None.	No change.
Subject: Gas Pipe-line Safety Fund	
R.C. ***4905.91***	**R.C.** ***4905.91***
Codifies the creation in the state treasury of the Gas Pipeline Safety Fund, which was originally established in 1973 by the Controlling Board, and renames it the Gas Pipe-line Safety Fund. Fiscal effect: None.	No change.
Subject: Motor Carrier Safety Fund	
R.C. ***4919.79***	**R.C.** ***4919.79***
Codifies the creation in the state treasury of the Motor Carrier Safety Fund, which was originally established in 1984 by the Controlling Board. Fiscal effect: None.	No change.

As Introduced	As Passed by the House
Subject: Commercial Vehicle Information Systems and Networks Project	
Section: ***85***	**Section:** ***85***
Creates the Commercial Vehicle Information Systems and Networks Fund in the state treasury to receive funding from the U.S. Department of Transportation. The fund was originally created by Am. Sub. H.B. 94 of the 124th G.A. and is used to deploy the Ohio Commercial Vehicle Information Systems and Networks Project. Also permits up to $435,000 in FY 2004 and up to $150,000 in FY 2005 from appropriation item 870-618, Hazardous Material Registration (Fund 4S6) in the state special revenue fund group and up to the same amounts from appropriation item 870-620, Civil Forfeitures, (Fund 4U8) in the state special revenue fund group to be used to provide the state match for the federal grant.	No change.

LSC Budget Spreadsheet by Line Item, FY 2004 - FY 2005

Fund	ALI	ALI Title	Estimated 2003	As Introduced 2004	House Sub Bill 2004	% Change Est. 2003 to House 2004	As Introduced 2005	House Sub Bill 2005	% Change House 2004 to House 2005
PUC		**Public Utilities Commission of Ohio**							
558	870-602	Salvage & Exchange	$33,285	$ 16,477	$ 16,477	-50.5%	$ 4,000	$ 4,000	-75.7%
5F6	870-622	Utility & Railroad Regulation	$30,622,222	$ 30,622,222	$ 30,622,222	0.0%	$ 30,622,222	$ 30,622,222	0.0%
5F6	870-624	NARUC/NRRI Subsidy	$167,233	$ 167,233	$ 167,233	0.0%	$ 167,233	$ 167,233	0.0%
5F6	870-625	Motor Transportation Regulation	$4,811,239	$ 5,361,239	$ 5,361,239	11.4%	$ 5,361,239	$ 5,361,239	0.0%
General Services Fund Group Total			**$ 35,633,979**	**$ 36,167,171**	**$ 36,167,171**	**1.5%**	**$ 36,154,694**	**$ 36,154,694**	**0.0%**
333	870-601	Gas Pipeline Safety	$485,332	$ 597,957	$ 597,957	23.2%	$ 597,957	$ 597,957	0.0%
350	870-608	Motor Carrier Safety	$7,027,712	$ 7,027,712	$ 7,027,712	0.0%	$ 7,027,712	$ 7,027,712	0.0%
3V3	870-604	Commercial Vehicle Information Systems/Networks	$0	$ 870,000	$ 870,000	N/A	$ 300,000	$ 300,000	-65.5%
Federal Special Revenue Fund Group Total			**$ 7,513,044**	**$ 8,495,669**	**$ 8,495,669**	**13.1%**	**$ 7,925,669**	**$ 7,925,669**	**-6.7%**
4A3	870-614	Grade Crossing Protection Devices-State	$1,349,757	$ 1,349,757	$ 1,349,757	0.0%	$ 1,349,757	$ 1,349,757	0.0%
4L8	870-617	Pipeline Safety-State	$187,621	$ 187,621	$ 187,621	0.0%	$ 187,621	$ 187,621	0.0%
4S6	870-618	Hazardous Material Registration	$464,325	$ 899,325	$ 899,325	93.7%	$ 614,325	$ 614,325	-31.7%
4S6	870-621	Hazardous Materials Base State Registration	$373,346	$ 373,346	$ 373,346	0.0%	$ 373,346	$ 373,346	0.0%
4U8	870-620	Civil Forfeitures	$284,986	$ 719,986	$ 719,986	152.6%	$ 434,986	$ 434,986	-39.6%
559	870-605	Public Utilities Territorial Administration	$4,000	$ 4,000	$ 4,000	0.0%	$ 4,000	$ 4,000	0.0%
560	870-607	Special Assessment	$100,000	$ 100,000	$ 100,000	0.0%	$ 100,000	$ 100,000	0.0%
561	870-606	Power Siting Board	$383,223	$ 337,210	$ 337,210	-12.0%	$ 337,210	$ 337,210	0.0%
638	870-611	Biomass Energy Program	$40,000	$ 40,000	$ 40,000	0.0%	$ 40,000	$ 40,000	0.0%
661	870-612	Hazardous Materials Transportation	$900,000	$ 900,000	$ 900,000	0.0%	$ 900,000	$ 900,000	0.0%
State Special Revenue Fund Group Total			**$ 4,087,258**	**$ 4,911,245**	**$ 4,911,245**	**20.2%**	**$ 4,341,245**	**$ 4,341,245**	**-11.6%**
4G4	870-616	Base State Registration Program	$6,500,000	$ 6,500,000	$ 6,500,000	0.0%	$ 6,500,000	$ 6,500,000	0.0%
Agency Fund Group Total			**$ 6,500,000**	**$ 6,500,000**	**$ 6,500,000**	**0.0%**	**$ 6,500,000**	**$ 6,500,000**	**0.0%**
Total All Budget Fund Groups			***$ 53,734,281***	***$ 56,074,085***	***$ 56,074,085***	***4.4%***	***$ 54,921,608***	***$ 54,921,608***	***-2.1%***