

# **Public Utilities Commission of Ohio**

**House Agriculture and Development Subcommittee**

*Ross Miller, Economist  
Legislative Service Commission*

*February 24, 2005*

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**LSC Redbook**  
**for the**  
**Public Utilities Commission of Ohio**

**House Agriculture and Development Subcommittee**

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*February 24, 2005*

# Public Utilities Commission of Ohio

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- Funded primarily by assessments on regulated companies; no GRF funding
- Executive proposal calls for accelerating payment of a portion of the assessments

## 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.<sup>1</sup> The commercial carriers regulated by PUCO include railroad companies, commercial trucking companies, household moving companies, bus companies, towing 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 2005 expenditures will total \$55.7 million.

The PUCO is governed by five commissioners, including the chairman, who are appointed by the Governor for five-year terms. The Commission employs 401 staff members as of June 2004, in addition to the five commissioners. The majority of these staff members (291) are employed in the Service Monitoring and Enforcement Department, the Transportation Department, or the Utilities Department of the PUCO. The remainder is 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. Despite these efforts, the 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

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<sup>1</sup> 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 nonprofit entities.

telephone networks truly provide access to their networks as required by law. One such utility restructuring effort will reach a milestone during the coming year, as electric utilities will reach the end of their “market development periods” as defined in the electric restructuring law, Am. Sub. S.B. 3 of the 123rd General Assembly (S.B. 3). The market development periods end on December 31, 2005, after which time the PUCO does not have the authority to set electric generation rates, although it does retain the authority to approve a utility’s “standard service offer” as defined by S.B. 3.

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 one of the best and most comprehensive transportation audit, compliance review, and enforcement programs in the United States.

**Summary of FYs 2006-2007 Budget Issues**

The executive budget recommends total funding of \$53,717,608 in FY 2006, a decrease of 3.5% compared to estimated FY 2005 expenditures, and of the same amount in FY 2007. This recommendation fully funds the agency’s budget request except for a reduction in the appropriation that funds the Single State Registration Program; PUCO operations are fully funded.

For the most part, the request seeks funding for the continuation of current programs and operations. The PUCO has reallocated resources to establish a Financial Analysis and Auditing Division that will work to ensure that regulated utilities do not transfer resources to unregulated affiliates. The federal government wants states to expand their programs for monitoring new motor carrier companies, which will require additional personnel; the additional personnel can be hired with the budgetary resources that would be provided by the executive proposal.

Neither the executive proposal nor the agency’s request includes an appropriation for the 9-1-1 Service Program that was created by Am. Sub. H.B. 361 enacted late in the 125th General Assembly, after the PUCO budget request had been submitted. H.B. 361 created a new fund, the Wireless 9-1-1 Administrative Fund, and a revenue stream for the fund to help PUCO cover the costs of implementing the new program. The revenue stream, derived from monthly charges on cellular telephone customers’ bills, is estimated to raise approximately \$600,000 in FY 2006 and \$370,000 in FY 2007, which is approximately the same amount as the estimated expenses to implement the program. The primary function of the new program is to administer the 9-1-1 Government Assistance Fund, which will provide assistance to counties and municipalities that implement wireless enhanced 9-1-1 service and which receives the substantial majority of the revenue raised by the monthly charges on telephone customers’ bills. Because H.B. 361 did not include appropriations from the new fund, expenses for the 9-1-1 Service Program will need to be paid out of the main operating fund for PUCO, Fund 5F6, until an appropriation from the new fund is established.

The executive proposal also would make changes to the annual assessments of railroads and public utilities that constitute the primary source of funding for the agency. The proposal would accelerate the payments for certain companies beginning in calendar year 2006. Currently companies are assessed by October 1 each year, with payments typically received during October. The current system requires a temporary transfer from the GRF at the beginning of each fiscal year to provide funding for PUCO operations until assessments are received, at which point the amount of the transfer is returned to the GRF. Under the proposed system, affected companies would pay half the amount they were assessed the preceding October by June 20 each year, with the amount paid credited against the amount they are assessed the following October 1. This provision would increase the total assessment received in FY 2006 due strictly to the timing change. It would not affect the amount of the assessment, and the

increase due to timing would occur only in FY 2006. A related provision of the executive proposal would increase the minimum assessment from \$50 to \$100.

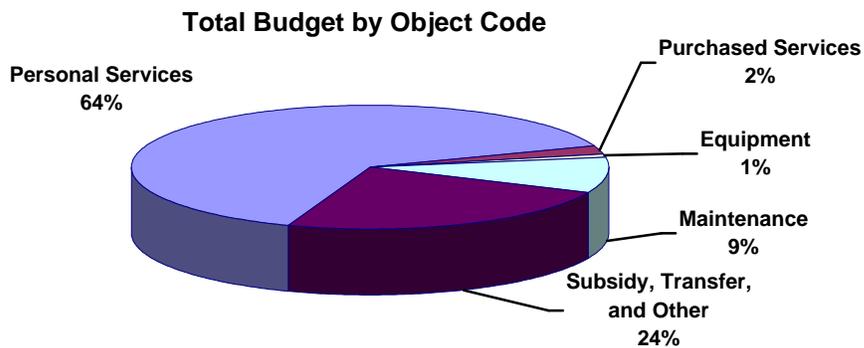
**Staffing Levels**

The staffing levels in the table reflect actual headcounts at approximately the beginning of each fiscal year; i.e., they do not include vacant positions and they count part time staff members as one employee.

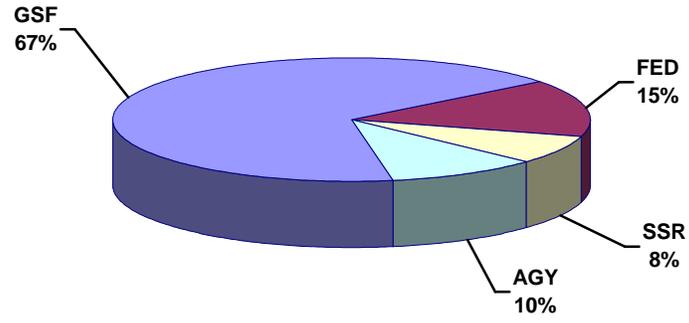
<b>PUCO Staffing Levels</b>						
<b>Program Series/Division</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>Estimated</b>	
					<b>2006</b>	<b>2007</b>
Utility Regulation	393	395	389	406	406	406
<b>Totals</b>	393	395	389	406	406	406

Nine of the staff positions added between FY 2004 and FY 2005 were in the Transportation Department. The majority of these new positions were added to strengthen the auditing and inspecting functions of the department, and recent increases in funding from the federal Motor Carrier Safety Assistance Program provided funding for these new positions. Five of the positions added were in the Service Monitoring and Enforcement Department. One of those positions was a gas pipeline safety investigator, while the other four were auditors/investigators. The remaining three new positions were in the Utilities Department, and two of those positions were interns.

The PUCO has only one program series, the Utility Regulation program series. The following charts represent the breakdown of the budget proposed by the governor by Fund Group and by Object of Expense.



**Total Budget by Fund Group**



## ANALYSIS OF EXECUTIVE PROPOSAL

### Utility Regulation

**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, and 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 the Utility Regulation program series, as well as the Governor’s recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
<b>State Special Revenue Fund</b>				
4A3	870-614	Grade Crossing Protection Devices - State	\$1,349,757	\$1,349,757
4L8	870-617	Pipeline Safety - State	\$187,621	\$187,621
4S6	870-618	Hazardous Material Registration	\$464,325	\$464,325
4S6	870-621	Hazardous Materials Base State Registration	\$373,346	\$373,346
4U8	870-620	Civil Forfeitures	\$284,986	\$284,986
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
661	870-612	Hazardous Materials Transportation	\$900,000	\$900,000
<b>State Special Revenue Fund Subtotal</b>			<b>\$4,041,245</b>	<b>\$4,041,245</b>
<b>General Services Fund</b>				
5F6	870-622	Utility and Railroad Regulation	\$30,622,222	\$30,622,223
5F6	870-624	NARUC/NRRI Subsidy	\$167,233	\$167,233
5F6	870-625	Motor Transportation Regulation	\$5,361,239	\$5,361,238
<b>General Services Fund Subtotal</b>			<b>\$36,150,694</b>	<b>\$36,150,694</b>
<b>Federal Special Revenue Fund</b>				
3V3	870-604	Commercial Vehicle Information Systems/Networks	\$300,000	\$300,000
333	870-601	Gas Pipeline Safety	\$597,957	\$597,957
350	870-608	Motor Carrier Safety	\$7,027,712	\$7,027,712
<b>Federal Special Revenue Fund Subtotal</b>			<b>\$7,925,669</b>	<b>\$7,925,669</b>
<b>Agency Fund</b>				
4G4	870-616	Base State Registration Program	\$5,600,000	\$5,600,000
<b>Agency Fund Subtotal</b>			<b>\$5,600,000</b>	<b>\$5,600,000</b>
<b>Total Funding: Utility Regulation</b>			<b>\$53,717,608</b>	<b>\$53,717,608</b>

This analysis focuses on the following specific programs within the Utility Regulation program series:

- **Program 1 – Safety and Service Quality Oversight**
- **Program 2 – Registration and Certification**
- **Program 3 – Tariff and Economic Oversight**

**Program 1 – Safety and Service Quality Oversight**

**Program Description:** This program enforces service quality and safety standards on utilities and investigates consumer complaints against utilities, including natural gas, electric, telecommunications, and water utilities. The program enforces safety standards on railroads and motor carriers, and provides funding for training emergency responders in handling accidents involving hazardous materials (HAZMAT).

The program operates a call center for consumer complaints about utilities, which serves as the primary source for a total of over half a million contacts with consumers each year. PUCO tracks the status of each contact with its Contact Management System database. The information gathered via such consumer contacts serves to alert PUCO to patterns in customer service problems, and thus to situations that may require investigation of utilities. The program conducted over 100 safety inspections of natural gas pipelines in FY 2004. Chairman Schriber served on the U.S.-Canada Task Force investigating the August 14, 2003 blackout that affected northern Ohio and parts of Canada and the northeastern U.S., and PUCO staff worked with the task force in conducting the investigation. During FY 2004 this program collected over \$3.1 million in civil forfeitures and penalties from utilities that were not in compliance with Ohio's rules and statutes; the resulting revenue was deposited into the GRF.

Monitoring service quality takes on a broader meaning in the partially deregulated environment of some Ohio utilities. While a number of companies are able to compete in providing utility services at the retail level, that ability to compete depends on comparable access to the distribution network owned, in most cases, by an incumbent utility. For example, electric generation was deregulated by S.B. 3, but the ability of a new entrant to provide electricity to customers depends on the ability of the new entrant to deliver the electricity generated to the customer. That requires access to the electric transmission and distribution network. New competitors in supplying natural gas and telephone services are similarly dependent on access to the relevant distribution networks. The PUCO monitors the markets for evidence that incumbent utilities are not providing the access that the law requires them to provide to competitors, at an acceptable quality.

PUCO personnel employed in this program cooperate with other state and federal agencies in protecting Ohio's citizens from unsafe practices by motor carriers and railroads. Personnel inspect vehicles employed by motor carriers and conduct audits of their records on drivers and vehicles. Of the \$3.1 million in civil forfeitures collected during FY 2004 by this program, over \$2 million came from motor carriers that were in violation of state laws. A significant portion of motor carrier auditing and inspecting activities is funded by a federal grant from the Federal Highway Safety Administration. The total amount received from three separate grants was slightly over \$6.8 million in federal fiscal year 2004. Personnel conduct inspections of rail industry structures and operational practices, and monitor railroad worker safety issues. In FY 2004 they participated in 94 grade crossing safety projects including 59 involving the installation of lights and gates.

Funds generated from the HAZMAT civil forfeiture program are used to fund training grants for emergency responders in handling HAZMAT situations. The program series distributes approximately \$800,000 per year for this purpose, of which \$400,000 goes to an established program at Cleveland State

University and the balance goes to other educational institutions, state agencies, and political subdivisions.

***Funding Source:*** GSF, SSR, and FED: assessments on utilities and railroads, fees paid by motor carriers, filing and processing fees paid by electric and natural gas companies, state motor vehicle fuel taxes, and federal grants

***Line Items:*** 870-601, Gas Pipeline Safety; 870-608, Motor Carrier Safety; 870-614, Grade Crossing Protection Devices – State; 870-617, Pipeline Safety – State; 870-620, Civil Forfeitures; 870-622, Utility & Railroad Regulation; 870-624, NARUC/NRRI Subsidy; 870-625, Motor Transportation Regulation; 870-607, Special Assessment; 870-606, Power Siting Board; 870-612, Hazardous Materials Transportation

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

***Temporary and Permanent Law Provisions:***

***Increase in Forfeiture for Gas Pipeline Safety Violations (R. C. section 4905.95).*** Increases the amount the PUCO can assess for gas pipeline safety violations from \$10,000 for each day of each violation to \$100,000, and increases the cap that can be assessed for a series of violations from \$500,000 to \$1,000,000. Any forfeiture amount collected as a result of these assessments is deposited into the GRF. The amount of revenue raised due to this provision would depend on the degree of compliance of natural gas pipeline companies with the gas pipeline safety laws.

***Increase in Railroad and Public Utility Forfeitures (R.C. 4905.54).*** Increases the maximum amount the PUCO may assess for violations of statutes or orders by railroads and public utilities from \$1,000 for each violation to \$10,000. Specifies that the forfeitures collected are to be deposited into the GRF. The amount of revenue raised due to this provision would depend on the degree of compliance of railroads and public utilities with state laws.

***Collection of Assessments from Railroads and Public Utilities (R.C. 4905.10).*** Operating costs for the PUCO are funded primarily by the assessments levied against railroads and utilities that are deposited into Fund 5F6. This provision increases the minimum annual assessment against a railroad and a public utility from \$50 to \$100. It also revises the schedule by which the PUCO collects the assessments. Currently PUCO assesses these companies on or before October 1 of each year and the money is typically received in October. The current system requires the Director of Budget and Management to transfer money from the GRF to Fund 5F6 at the beginning of each fiscal year to cover operating costs until receipts from the assessment are received (at which time the amounts transferred are returned to the GRF). This provision would alter this schedule beginning in calendar year 2006, allowing PUCO to assess companies half the amount they were assessed on October 1 by the following May 15 if the company paid more than \$1,000 in assessments for that fiscal year, with the amount assessed due by June 20. The remainder of the assessment would be payable on the current schedule. This provision essentially accelerates payment of the annual assessment, in the process increasing the total assessment paid in FY 2006, but not changing it significantly in future fiscal years. The acceleration means that approximately half of the assessment will be due by June 20 rather than in October.

**Program 2 – Registration and Certification**

**Program Description:** The PUCO registers and certifies utilities to operate in Ohio. The Power Siting Board, supported by the activities of this program, issues permits for the construction of major electric generation, electric transmission, and natural gas transmission facilities in Ohio. This program has certified 700 telecommunication companies (e.g., local telephone companies, long-distance companies, cellular companies), 121 electric utilities (including brokers/aggregators and marketers), 134 natural gas companies, 27 water and sewer companies, 15 heating and cooling companies, and 5 gas pipeline companies.

Similarly, the PUCO registers and certifies motor carriers, HAZMAT haulers, and rail companies to operate in the state. This program has certified 66,275 interstate motor carriers, 8,245 intrastate motor carriers, 2,524 HAZMAT carriers, over 7,000 rail cars, 3,000 HAZMAT rail cars, 38 rail companies, and 5 water transportation carriers to operate in Ohio. The PUCO is the lead agency in implementing the federally mandated Commercial Vehicle Information Systems and Networks (CVISN) project. CVISN streamlines the licensing, registration, regulation, and taxation of commercial motor carriers. For motor carriers, CVISN represents a single contact point for all interactions with the state of Ohio, as opposed to contacting four separate agencies (the PUCO and the departments of Public Safety, Transportation, and Taxation).

This program also administers Ohio’s participation in the Single State Registration Program (SSRP, formerly known as the Base State Registration Program). The SSRP allows trucking companies that operate on an interstate basis to register in one state only, their base state, rather than in every SSRP-participating state in which they operate. Currently 36 of the states participate in this federal program. Motor carrier registration fees that are ultimately to be transferred to other states are kept in a separate fund, Fund 4G4, and there is a separate appropriation line to authorize spending from the fund.

**Funding Source:** GSF, SSR, FED, and AGY: assessments on utilities and railroads, filing and processing fees paid by electric and natural gas companies, fees paid by motor carriers, and federal grants

**Line Items:** 870-604, Commercial Vehicle Information Systems/Networks; 870-601, Gas Pipeline Safety; 870-616, Base State Registration Program; 870-617, Pipeline Safety – State; 870-618, Hazardous Material Registration; 870-621, Hazardous Materials Base State Registration; 870-622, Utility & Railroad Regulation; 870-624, NARUC/NRRI Subsidy; 870-625, Motor Transportation Regulation; 870-606, Power Siting Board

**Implication of Executive Recommendation:** The executive proposal provides sufficient funding to continue the program at its current level of service, with the possible exception of the Base State Registration Program line. The sufficiency of the appropriation for that line depends on whether additional states join the SSRP and on changes that the federal government may make to the program. The reduced appropriation amount could result in Ohio not being able to fulfill obligations to other states under the SSRP.

***Temporary and Permanent Law Provisions:***

**Forfeiture for Gas Pipeline Safety Violations (R. C. section 4905.95).** See description of this provision under Safety and Service Quality Oversight program.

**Collection of Assessments from Railroads and Public Utilities (R.C. 4905.10).** See description of this provision under Safety and Service Quality Oversight program.

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 Systems and Networks Project. This fund has been created by each main operating budget bill since Am. Sub. H.B. 94 of the 124th General Assembly. It has not been created in statute because the federal funding that is its source is temporary.

***Program 3 – Tariff and Economic Oversight***

***Program Description:*** This program continues the traditional business of the PUCO of setting the rates (i.e., tariffs) that utilities are able to charge customers in those markets that remain noncompetitive. It settles disputes between utilities through mediation, arbitration, and adjudication. The program also monitors markets that are considered to have become competitive to prevent the possibility of market manipulation of the type that the Federal Energy Regulatory Commission determined that California experienced in 2000 and 2001. Due to the emerging need to monitor the financial activities of regulated utilities and their affiliated companies, PUCO established a Financial Analysis and Auditing Division. This division will work to prevent the financial stability of a regulated utility being undermined by resources being diverted from that regulated utility to an unregulated affiliate.

The electric restructuring law, S.B. 3, defined market development periods (MDPs) for the electric utilities; those periods will end on December 31, 2005. The PUCO adopted rules for electric utilities to determine a market-based standard service offer following the end of the MDPs. Under these rules, and as of February 2005, PUCO has approved rate stabilization plans for four of the electric utilities in Ohio: Dayton Power and Light, Cincinnati Gas and Electric, AEP, and First Energy.

***Funding Source:*** GSF and SSR: assessments on utilities and railroads, filing and processing fees paid by electric and natural gas companies, fees paid by motor carriers, special assessments on utilities, a grant from the Council of Great Lakes

***Line Items:*** 870-622, Utility & Railroad Regulation; 870-624, NARUC/NRRI Subsidy; 870-625, Motor Transportation Regulation; 870-605, Public Utilities Territorial Administration; 870-607, Special Assessment; 870-606, Power Siting Board; 870-611, Biomass Energy Program

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

***Temporary and Permanent Law Provisions:***

***Collection of Assessments from Railroads and Public Utilities (R.C. 4905.10).*** See description of this provision under Safety and Service Quality Oversight program.

## REQUESTS NOT FUNDED

The Public Utilities Commission of Ohio budget request was fully funded except for a single line item.

Registration and Certification program						
Fund Line Item	FY 2006 Requested	FY 2006 Recommended	Difference	FY 2007 Requested	FY 2007 Recommended	Difference
870-616	\$6,500,000	\$5,600,000	\$900,000	\$6,500,000	\$5,600,000	\$900,000
<b>TOTALS</b>	\$6,500,000	\$5,600,000	\$900,000	\$6,500,000	\$5,600,000	\$900,000

The appropriation line shown funds Ohio's participation in the federal SSRP, formerly known as the Base State Registration Program, which is described under the Registration and Certification program. The amount expended from this line was slightly over \$5.3 million in FY 2002, and decreased from that level in both FY 2003 and FY 2004. The amount needed to fulfill Ohio's obligations to other states does fluctuate, depending on the number of states that participate in the SSRP.

## General Services Fund Group

### 558 870-602 Salvage & Exchange

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$30,000	\$9,251	\$20,319	\$4,000	\$0	\$0
	-69.2%	119.6%	-80.3%	-100.0%	N/A

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

**Legal Basis:** Section 86 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by 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

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$27,211,647	\$28,679,504	\$28,401,666	\$30,622,222	\$30,622,222	\$30,622,223
	5.4%	-1.0%	7.8%	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 the agency's appropriation to this line item. If the agency's expenditures are less than its appropriation in a given year, the next year's assessment is reduced by the difference.

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

**Purpose:** This line item funds activities related to the regulation of investor-owned telephone, electric, gas, water and sewer utilities. The item also funds the Commission's regulation of railroads.

### 5F6 870-624 NARUC/NRRI Subsidy

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$167,233	\$167,233	\$147,165	\$167,233	\$167,233	\$167,233
	0.0%	-12.0%	13.6%	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 86 of Am. Sub. H.B. 95 of the 125th 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:** This line item 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**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$3,972,160	\$4,179,324	\$4,202,850	\$5,361,239	<b>\$5,361,239</b>	<b>\$5,361,238</b>
	5.2%	0.6%	27.6%	<b>0.0%</b>	<b>0.0%</b>

**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 (originally 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**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$365,285	\$403,461	\$488,533	\$597,957	<b>\$597,957</b>	<b>\$597,957</b>
	10.5%	21.1%	22.4%	<b>0.0%</b>	<b>0.0%</b>

**Source:** FED: CFDA 20.700, Pipeline Safety

**Legal Basis:** ORC 4905.91 (originally established by Controlling Board in FY 1973)

**Purpose:** This line item 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% 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**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$5,037,708	\$6,790,583	\$5,621,777	\$7,027,713	<b>\$7,027,712</b>	<b>\$7,027,712</b>
	34.8%	-17.2%	25.0%	<b>0.0%</b>	<b>0.0%</b>

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

**Legal Basis:** ORC 4919.79 (originally established by Controlling Board in 1984)

**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% 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**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$0	\$0	\$0	\$300,000	<b>\$300,000</b>	<b>\$300,000</b>
	N/A	N/A	N/A	<b>0.0%</b>	<b>0.0%</b>

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

**Legal Basis:** Section 86 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by 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

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$2,325,859	\$1,496,231	\$887,101	\$1,993,857	<b>\$1,349,757</b>	<b>\$1,349,757</b>
	-35.7%	-40.7%	124.8%	<b>-32.3%</b>	<b>0.0%</b>

**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 ORC 4907.471. 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

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$157,280	\$171,439	\$178,367	\$187,621	<b>\$187,621</b>	<b>\$187,621</b>
	9.0%	4.0%	5.2%	<b>0.0%</b>	<b>0.0%</b>

**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:** Moneys in this line item are used 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**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$347,865	\$402,399	\$401,973	\$614,325	<b>\$464,325</b>	<b>\$464,325</b>
	15.7%	-0.1%	52.8%	<b>-24.4%</b>	<b>0.0%</b>

**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:** Funds are used to enforce the Hazardous Materials Transportation Law (ORC 4905.80 through 4905.83). 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**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$308,085	\$312,540	\$255,795	\$373,346	<b>\$373,346</b>	<b>\$373,346</b>
	1.4%	-18.2%	46.0%	<b>0.0%</b>	<b>0.0%</b>

**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:** This line item is used to receive and disburse 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 credited to line item 870-618, Hazardous Materials Registration, in fund 4S6).

**4U8 870-620 Civil Forfeitures**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$123,084	\$138,896	\$297,390	\$434,986	<b>\$284,986</b>	<b>\$284,986</b>
	12.8%	114.1%	46.3%	<b>-34.5%</b>	<b>0.0%</b>

**Source:** SSR: Forfeitures

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

**Purpose:** This line item 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**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$0	\$0	\$0	\$4,000	<b>\$4,000</b>	<b>\$4,000</b>
	N/A	N/A	N/A	<b>0.0%</b>	<b>0.0%</b>

**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 in FY 1981; authorized by Am. H.B. 577 of the 112th G.A.)

**Purpose:** This line item 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**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$0	\$0	\$0	\$100,000	<b>\$100,000</b>	<b>\$100,000</b>
	N/A	N/A	N/A	<b>0.0%</b>	<b>0.0%</b>

**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:** ORC 4903.24 (originally established by Controlling Board in 1982)

**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**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$656,695	\$373,867	\$642,571	\$429,210	<b>\$337,210</b>	<b>\$337,210</b>
	-43.1%	71.9%	-33.2%	<b>-21.4%</b>	<b>0.0%</b>

**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:** This line item 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.

**638 870-611 Biomass Energy Program**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$24,978	\$24,515	\$30,971	\$40,000	<b>\$40,000</b>	<b>\$40,000</b>
	-1.9%	26.3%	29.2%	<b>0.0%</b>	<b>0.0%</b>

**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 86 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Controlling Board on January 11, 1988)

**Purpose:** This line item 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**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$776,325	\$794,252	\$804,909	\$900,000	<b>\$900,000</b>	<b>\$900,000</b>
	2.3%	1.3%	11.8%	<b>0.0%</b>	<b>0.0%</b>

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

## Agency Fund Group

**4G4 870-616 Base State Registration Program**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$5,332,183	\$5,136,757	\$4,768,968	\$6,500,000	<b>\$5,600,000</b>	<b>\$5,600,000</b>
	-3.7%	-7.2%	36.3%	<b>-13.8%</b>	<b>0.0%</b>

**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; authorized by Sub. H.B. 715 of the 120th G.A.)

**Purpose:** Moneys credited to this line item allow 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 fund 5F6, the Public Utility Fund.) Currently, 38 states (including Ohio) participate in the program.

## LSC Budget Spreadsheet by Line Item, FY 2006 - FY 2007

Fund	ALI	ALI Title	2004	Estimated 2005	Executive 2006	% Change 2005 to 2006	Executive 2007	% Change 2006 to 2007
<b>PUC Public Utilities Commission of Ohio</b>								
558	870-602	Salvage & Exchange	\$ 20,319	\$4,000	\$ 0	-100.0%	\$ 0	N/A
5F6	870-622	Utility & Railroad Regulation	\$ 28,401,666	\$30,622,222	\$ 30,622,222	0.0%	\$ 30,622,223	0.0%
5F6	870-624	NARUC/NRRI Subsidy	\$ 147,165	\$167,233	\$ 167,233	0.0%	\$ 167,233	0.0%
5F6	870-625	Motor Transportation Regulation	\$ 4,202,850	\$5,361,239	\$ 5,361,239	0.0%	\$ 5,361,238	0.0%
<b>General Services Fund Group Total</b>			<b>\$ 32,772,000</b>	<b>\$ 36,154,694</b>	<b>\$ 36,150,694</b>	<b>0.0%</b>	<b>\$ 36,150,694</b>	<b>0.0%</b>
333	870-601	Gas Pipeline Safety	\$ 488,533	\$597,957	\$ 597,957	0.0%	\$ 597,957	0.0%
350	870-608	Motor Carrier Safety	\$ 5,621,777	\$7,027,713	\$ 7,027,712	0.0%	\$ 7,027,712	0.0%
3V3	870-604	Commercial Vehicle Information Systems/Networks	\$ 0	\$300,000	\$ 300,000	0.0%	\$ 300,000	0.0%
<b>Federal Special Revenue Fund Group Total</b>			<b>\$ 6,110,310</b>	<b>\$ 7,925,670</b>	<b>\$ 7,925,669</b>	<b>0.0%</b>	<b>\$ 7,925,669</b>	<b>0.0%</b>
4A3	870-614	Grade Crossing Protection Devices-State	\$ 887,101	\$1,993,857	\$ 1,349,757	-32.3%	\$ 1,349,757	0.0%
4L8	870-617	Pipeline Safety-State	\$ 178,367	\$187,621	\$ 187,621	0.0%	\$ 187,621	0.0%
4S6	870-618	Hazardous Material Registration	\$ 401,973	\$614,325	\$ 464,325	-24.4%	\$ 464,325	0.0%
4S6	870-621	Hazardous Materials Base State Registration	\$ 255,795	\$373,346	\$ 373,346	0.0%	\$ 373,346	0.0%
4U8	870-620	Civil Forfeitures	\$ 297,390	\$434,986	\$ 284,986	-34.5%	\$ 284,986	0.0%
559	870-605	Public Utilities Territorial Administration	\$ 0	\$4,000	\$ 4,000	0.0%	\$ 4,000	0.0%
560	870-607	Special Assessment	\$ 0	\$100,000	\$ 100,000	0.0%	\$ 100,000	0.0%
561	870-606	Power Siting Board	\$ 642,571	\$429,210	\$ 337,210	-21.4%	\$ 337,210	0.0%
638	870-611	Biomass Energy Program	\$ 30,971	\$40,000	\$ 40,000	0.0%	\$ 40,000	0.0%
661	870-612	Hazardous Materials Transportation	\$ 804,909	\$900,000	\$ 900,000	0.0%	\$ 900,000	0.0%
<b>State Special Revenue Fund Group Total</b>			<b>\$ 3,499,077</b>	<b>\$ 5,077,345</b>	<b>\$ 4,041,245</b>	<b>-20.4%</b>	<b>\$ 4,041,245</b>	<b>0.0%</b>
4G4	870-616	Base State Registration Program	\$ 4,768,968	\$6,500,000	\$ 5,600,000	-13.8%	\$ 5,600,000	0.0%
<b>Agency Fund Group Total</b>			<b>\$ 4,768,968</b>	<b>\$ 6,500,000</b>	<b>\$ 5,600,000</b>	<b>-13.8%</b>	<b>\$ 5,600,000</b>	<b>0.0%</b>
<b>Total All Budget Fund Groups</b>			<b>\$ 47,150,355</b>	<b>\$ 55,657,709</b>	<b>\$ 53,717,608</b>	<b>-3.5%</b>	<b>\$ 53,717,608</b>	<b>0.0%</b>