

Public Utilities Commission of Ohio

House Agriculture and Development Subcommittee

*Ross Miller, Economist
Legislative Service Commission*

March 28, 2007

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LSC Redbook
for the
Public Utilities Commission of Ohio
House Agriculture and Development Subcommittee

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March 28, 2007

Public Utilities Commission of Ohio

- Funded primarily by assessments on regulated companies; no GRF funding
- Executive proposal increases appropriations from Fund 5F6 by 2.2% in FY 2008, 3.0% in FY 2009

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, towing companies, and ferryboat operators. Despite significant changes in 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 services at fair prices, while facilitating an environment that provides competitive choices."

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 2007 expenditures will total \$81.2 million.

PUCO is governed by five commissioners, including the chairman, who are appointed by the Governor for five-year terms. The Commission employs 402 staff members as of March 2007, in addition to the five commissioners. The majority of these staff members (284) are employed in the Service Monitoring and Enforcement Department (89), the Transportation Department (84), or the Utilities Department (111) of 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, PUCO retains a role in setting rates that some utilities may charge their customers, and must approve the standard service offer that electric utilities provide since restructuring. The commission monitors 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 budget of the Power Siting Board (PSB), which must approve any (sufficiently large) investment in electric generation or transmission facilities or natural gas transmission pipelines, is housed in PUCO, with the Chairman of PUCO serving as the Chairman of the PSB.

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

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

Summary of FYs 2008-2009 Budget Issues

The executive budget recommends total funding of \$78,632,617 in FY 2008, a decrease of 3.2% compared to estimated FY 2007 expenditures, and of \$64,468,698 in FY 2009, a decrease of 18.0% compared to recommended FY 2008 appropriations. This recommendation fully funds the agency's budget request except for a reduction in two appropriations that relate to the Single State Registration Program, and it increases the appropriation funding for PSB. The overall declines in funding are primarily due to reduced funding in line item 870-623, Wireless 9-1-1 Administration, which is in turn due to the expiration of the temporary funding source for the program; this is explained further below. PUCO officials report that the recommended appropriations provide sufficient funding to maintain effective operations, in the face of an expected increase in workload during the coming biennium.

For the most part, the request seeks funding for the continuation of current programs and operations. The federal Single State Registration Program (SSRP) was phased out effective January 1, 2007, and is to be replaced by the Unified Carrier Registration (UCR) Program. The Federal Motor Carrier Safety Administration (FMCSA) has not provided final guidance as to how the UCR Program is to work, and it is not known at this time, for example, what fee schedules will be. But PUCO officials are working with FMCSA officials in working out final details, and will promulgate rules to implement the UCR Program when the final federal requirements are published. The phasing out of the SSRP is the reason for the \$3.6 million decline for FY 2008 in recommended amounts in appropriation line 870-616, Base State Registration Program, and the \$2 million decline (to zero) in the recommended appropriations for FY 2009. The remaining appropriation for FY 2008 was requested to accommodate any payments of registration fees to other states that may remain outstanding after the end of the current fiscal year. The phasing out of this program is also the reason for the recommended cuts to two other line items: 870-625, Motor Transportation Regulation, and 870-620, Civil Forfeitures.

Easily the largest change in the budget over the last few years is in line item 870-623, Wireless 9-1-1 Administration. This line item was established in H.B. 66 to implement the funding provisions of H.B. 361 of the 125th General Assembly. Recommended funding for the biennium of \$40.25 million is almost entirely (over 98%) for the purpose of distributing to counties to support the operation of enhanced 9-1-1 service for wireless communications customers. The recommended appropriation decreases by \$13.5 million from FY 2008 to FY 2009, reflecting that the fee that H.B. 361 imposed on wireless communications customers to provide funding for this line item was temporary and is scheduled to expire on December 31, 2008.

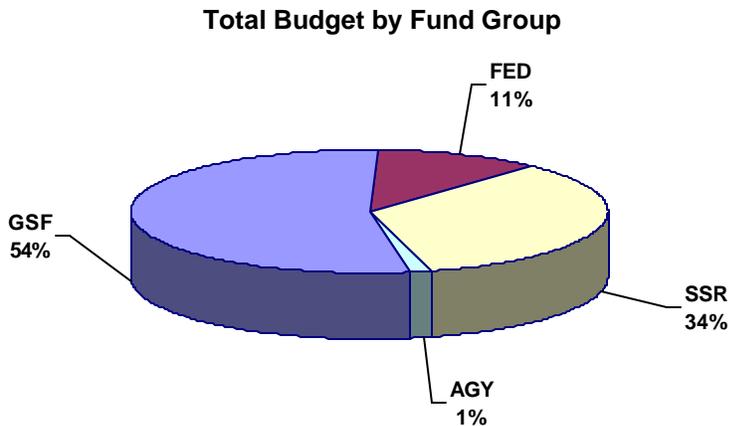
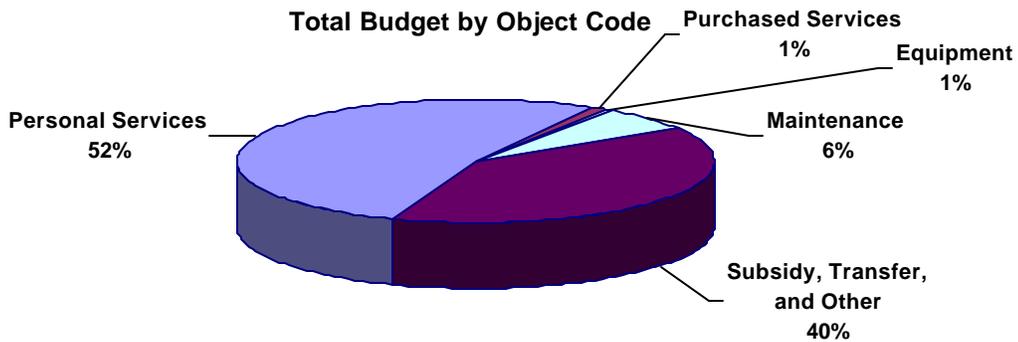
The operating expenses of PUCO are primarily paid from Fund 5F6, and in particular out of two appropriations from that fund. The executive recommends an amount for the main appropriation item, 870-622, Utility and Railroad Regulation, that is 4.9% higher in FY 2008 than was appropriated for FY 2007, and that is 3.0% higher for FY 2009 than is recommended for FY 2008. These recommended increases are partially offset by decreases recommended to the second major appropriation from the fund, 870-625, Motor Transportation Regulation. The executive recommendation calls for a decrease of 13.5% in FY 2008 followed by a 3.0% increase. Due to the fact that the amounts appropriated in 870-622, Utility and Railroad Regulation are much larger than the amounts appropriated in the second line item, the combined total recommended appropriations from this fund (including a third, relatively small line item) are 2.2% higher for FY 2008 than for FY 2007, and 3.0% higher in FY 2009 than recommended for FY 2008.

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. Estimates for fiscal years 2008 and 2009 are actual headcounts as of March 22, 2007.

PUCO Staffing Levels						
Program Series/Division	2004	2005	2006	2007	Estimated	
					2008	2009
Utility Regulation	389	406	N/A	422	407	407
Totals	389	406	N/A	422	407	407

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



ANALYSIS OF EXECUTIVE PROPOSAL

Single Program Series

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 2008	FY 2009
State Special Revenue Fund				
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
5BP	870-623	Wireless 9-1-1 Administration	\$26,875,000	\$13,375,000
559	870-605	Public Utilities Territorial Administration	\$4,000	\$4,000
560	870-607	Public Utilities Investigations	\$100,000	\$100,000
561	870-606	Power Siting Board	\$404,651	\$404,652
638	870-611	Biomass Energy Program	\$40,000	\$40,000
661	870-612	Hazardous Materials Transportation	\$900,000	\$900,000
State Special Revenue Fund Subtotal			\$30,983,686	\$17,483,687
General Services Fund				
5F6	870-622	Utility and Railroad Regulation	\$32,820,027	\$33,804,627
5F6	870-624	NARUC/NRRI Subsidy	\$158,000	\$158,000
5F6	870-625	Motor Transportation Regulation	\$4,635,413	\$4,772,765
General Services Fund Subtotal			\$37,613,440	\$38,735,392
Federal Special Revenue Fund				
3V3	870-604	Commercial Vehicle Information Systems/Networks	\$300,000	\$300,000
333	870-601	Gas Pipeline Safety	\$597,957	\$597,959
350	870-608	Motor Carrier Safety	\$7,137,534	\$7,351,660
Federal Special Revenue Fund Subtotal			\$8,035,491	\$8,249,619
Agency Fund				
4G4	870-616	Base State Registration Program	\$2,000,000	\$0
Agency Fund Subtotal			\$2,000,000	\$0
Total Funding: Utility Regulation			\$78,632,617	\$64,468,698

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). Enforcement efforts yielded \$4.1 million during the biennium in forfeitures and penalties assessed against utilities that were not in compliance with Ohio statutes or rules, with the resulting funds deposited into the GRF. The program also houses the 9-1-1 Service Program, which collects and disseminates revenues from the temporary fee that funds county provision of enhanced 9-1-1 wireless service. As of October 2006, 49 counties had been authorized to receive funding through this program.

PUCO operates a call center for consumer complaints about utilities, which serves as the primary source for more than 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. These contacts led to PUCO helping consumers save over \$1 million in 2005. H.B. 66 of the 126th General Assembly required PUCO to operate this call center for the first time, and prohibited the Office of Consumers' Counsel (OCC) from operating one for purposes of collecting consumer complaints. H.B. 66 also required PUCO to provide OCC with information gathered in PUCO call center that related to residential consumer complaints. OCC officials report that this information is being received daily from PUCO. PUCO officials report that they have added one staff position for a trainer related to the call center, but have not tracked any other changes in staffing or other ongoing expenses related to changes in the volume of calls received at the call center.

The program conducted over 100 safety inspections of natural gas pipelines in FY 2006. PUCO officials inspect each shipment of high-level radioactive material that is transported from, to, or through Ohio, whether by truck or by train. Fines imposed on transporters of HAZMAT are used to fund training grants for emergency responder training for incidents involving HAZMAT. The program distributed over \$1 million in such training grants during the biennium to governmental entities located in several Ohio counties; about half of the total amount goes to an established training program at Cleveland State University. The program ordered more than 100 rail crossing safety upgrades during 2005. Rail-related fatalities have fallen by 6% over the last four years, due in part to the cumulative effect of such upgrades.

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. 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. A significant portion of motor carrier auditing and inspecting activities is funded by a federal grant from the Federal Highway Safety Administration. Total expenditures funded by federal grants in this program were over \$6.6 million in fiscal year 2006. Personnel conduct inspections of rail industry structures and operational practices, and monitor railroad worker safety issues.

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, temporary fee imposed on wireless communications customers, 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; 870-623, Wireless 9-1-1 Administration; 870-622, Utility & Railroad Regulation; 870-624, NARUC/NRRI Subsidy; 870-625, Motor Transportation Regulation; 870-607, Public Utilities Investigations (formerly named Special Assessment); 870-606, Power Siting Board; and 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, and provides increased funding for the Power Siting Board in anticipation of an increase in workload.

Temporary and Permanent Law Provisions

Enforcement of Federal Laws with Respect to Transportation of Household Goods in Interstate Commerce (R.C. section 4921.40). Authorizes PUCO to adopt rules providing for the enforcement of the consumer protection provisions of Title 49 of the United States Code related to the delivery and transportation of household goods in interstate commerce. Any fine or penalty imposed as a result of this enforcement is deposited into the GRF. The amount of revenue raised due to this provision would depend on the degree of compliance with the rules adopted on the part of the regulated companies. PUCO officials expect any revenue resulting from this provision to be minimal, based in part on historical compliance among household moving companies engaged in intrastate transportation, which are already regulated by PUCO.

Enhanced and Wireless Enhanced 9-1-1 (section 369.10). Specifies that appropriation item 870-623, Wireless 911 Administration shall be used as provided by section 4931.63 of the Revised Code.

Program 2 – Registration and Certification

Program Description: 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. Since 1998, 15 new facilities have become operational adding 7,200 megawatts of generating capacity in Ohio, and three more facilities are currently under construction. This program has certified 651 telecommunication companies (e.g., local telephone companies, long-distance companies, cellular companies), 121 electric utilities (including brokers/aggregators and marketers), 168 natural gas companies, 26 water and sewer companies, 15 heating and cooling companies, and 5 gas pipeline companies.

Similarly, PUCO registers and certifies motor carriers, HAZMAT haulers, and rail companies to operate in the state. This program certifies more than 58,000 general freight motor carriers, more than 2,500 HAZMAT carriers, more than 1,000 towing companies, and more than 300 household goods movers each year. The commission certifies over 7,000 rail cars, 3,000 HAZMAT rail cars, 37 rail companies, and 5 water transportation carriers to operate in Ohio. 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 (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), which was phased out effective January 1, 2007. The SSRP allowed 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. The budget includes a recommendation for a \$2 million appropriation in FY 2008 in the line that permits Ohio to distribute fee revenue to other states. This recommendation would allow any funds that may lag in payment to be distributed appropriately.

H.B. 218 of the 126th General Assembly authorized PUCO to allow alternative regulation of basic local exchange telephone service if it finds that there is sufficient competition in providing that service in a company's territory. Such alternative regulation plans give companies greater pricing flexibility for services other than basic local exchange service. As of October 2006, ten companies had adopted alternative regulation plans. Some consumer groups and the Ohio Consumers' Counsel charge that in some cases alternative regulation plans have been approved when there is not sufficient competition in the market, leading to increased prices for basic local exchange service. PUCO officials indicate that the rules adopted to implement the alternative regulation plans have been approved by JCARR, indicating that they are in compliance with the provisions of H.B. 218.

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, and provides increased funding for the Power Siting Board in anticipation of an increase in workload.

Temporary and Permanent Law Provisions

Federal Commercial Vehicle Transportation Systems Fund (R.C. section 4923.26). The bill codifies the Commercial Vehicle Information Systems and Networks Fund and renames it the Federal Commercial Vehicle Transportation Systems Fund. There is no fiscal effect from this provision since the fund has been in existence for several years (under its old name), recreated each biennium in the main operating budget bill.

Commercial Vehicle Information Systems and Networks Project (Section 369.10). Specifies that the new fund created in section 4923.26 (see above) is the same as the Commercial Vehicle Information Systems and Networks Fund, Fund 3V3, previously established by temporary law in the State Treasury.

Program 3 – Tariff and Economic Oversight

Program Description: This program continues the traditional business of 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.

This program conducts analysis of proposed mergers involving utilities. For example, the program reviewed facts related to the merger between Duke Energy and Cinergy in 2006 and the 2005 mergers of SBC Ohio with AT&T and Verizon with MCI. PUCO review and analysis may result in unconditional approval of the merger, disapproval of the merger, or an approval subject to specified conditions. For example, PUCO approved the merger between Duke Energy and Cinergy subject to the merged company providing \$35 million in rate credits to customers, and to the company agreeing to penalties if there were to be a decline in service quality.

The electric restructuring law, S.B. 3, ended PUCO authority over electric generation tariffs effective December 31, 2005, but permitted continuing authority over the standard service offer that incumbent electric companies are required to maintain. Electric generation rates are currently subject to transitional rate stabilization plans (RSPs), that were adopted according to rules PUCO promulgated for utilities to determine a market-based standard service offer, as required by S.B. 3. The RSPs expire by December 31, 2008 for all the incumbent electric distribution companies except Dayton Power and Light. PUCO officials expect an increase in workload in this program in connection with analyzing standard service offers by these companies during the period leading up to expiration of the current RSPs.

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 Governors, Inc.

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, Public Utilities Investigations (formerly named 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

None

REQUESTS NOT FUNDED

The Public Utilities Commission of Ohio budget request was fully funded except for two line items.

Unknown program						
Fund Line Item	FY 2008 Requested	FY 2008 Recommended	Difference	FY 2009 Requested	FY 2009 Recommended	Difference
870-625	\$4,875,559	\$4,635,413	\$240,146	\$5,021,829	\$4,772,765	\$249,064
870-620	\$828,511	\$284,986	\$543,525	\$853,366	\$284,986	\$568,380
TOTALS	\$5,704,070	\$4,920,399	\$783,671	\$5,875,195	\$5,057,751	\$817,444

PUCO officials report that cuts to both appropriation lines relate to the phase out of the Base State Registration Program, which is described under the Registration and Certification program, and the establishment of its successor, the Unified Carrier Program. Commission officials report that, considering the increase recommended for appropriations drawing from Fund 5F6, funding to the commission to conduct its duties is sufficient for the biennium, despite the cuts to these line items.

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General Services Fund Group

558 870-602 Salvage & Exchange

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$20,319	\$18,749	\$0	\$0	\$0	\$0
	-7.7%				

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

Legal Basis: Discontinued line item - Originally established by Controlling Board in 1972

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

5F6 870-622 Utility & Railroad Regulation

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$28,401,666	\$29,801,600	\$31,456,553	\$31,272,223	\$32,820,027	\$33,804,627
	4.9%	5.6%	-0.6%	4.9%	3.0%

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

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$147,165	\$147,165	\$147,163	\$167,233	\$158,000	\$158,000
	0.0%	0.0%	13.6%	-5.5%	0.0%

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

Legal Basis: Section 209.54 of Am. Sub. H.B. 66 of the 126th 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

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$4,202,850	\$4,651,438	\$4,971,196	\$5,361,238	\$4,635,413	\$4,772,765
	10.7%	6.9%	7.8%	-13.5%	3.0%

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 (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

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$488,533	\$454,859	\$659,857	\$597,957	\$597,957	\$597,959
	-6.9%	45.1%	-9.4%	0.0%	0.0%

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

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$5,621,777	\$6,764,837	\$6,007,990	\$7,027,712	\$7,137,534	\$7,351,660
	20.3%	-11.2%	17.0%	1.6%	3.0%

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

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$0	\$308,609	\$45,489	\$300,000	\$300,000	\$300,000
		-85.3%	559.5%	0.0%	0.0%

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

Legal Basis: Section 209.54 of Am. Sub. H.B. 66 of the 126th 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

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$887,101	\$1,222,318	\$903,948	\$1,349,757	\$1,349,757	\$1,349,757
	37.8%	-26.0%	49.3%	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 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

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$178,367	\$161,388	\$151,088	\$187,621	\$187,621	\$187,621
	-9.5%	-6.4%	24.2%	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: 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

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$401,973	\$529,264	\$518,442	\$464,325	\$464,325	\$464,325
	31.7%	-2.0%	-10.4%	0.0%	0.0%

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

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$255,795	\$315,615	\$302,755	\$373,346	\$373,346	\$373,346
	23.4%	-4.1%	23.3%	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: 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

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$297,390	\$344,143	\$292,515	\$284,986	\$284,986	\$284,986
	15.7%	-15.0%	-2.6%	0.0%	0.0%

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

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$0	\$0	\$0	\$4,000	\$4,000	\$4,000
			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 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 Public Utilities Investigations

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$0	\$0	\$59,467	\$100,000	\$100,000	\$100,000
		N/A	68.2%	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: 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

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$642,571	\$400,955	\$396,781	\$337,210	\$404,651	\$404,652
	-37.6%	-1.0%	-15.0%	20.0%	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: 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.

5BP 870-623 Wireless 911 Administration

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$0	\$0	\$3,372,649	\$26,875,000	\$26,875,000	\$13,375,000
		N/A	696.9%	0.0%	-50.2%

Source: SSR: fees imposed on wireless service subscribers until December 31, 2008

Legal Basis: ORC 4931.63

Purpose: This line item provides funding for the compensation of the Ohio 9-1-1 Coordinator and for other expenses of operating the 9-1-1 Service Program. This program is responsible primarily for distributing fee revenue received from charges levied on wireless service subscribers to counties and other political subdivisions that operate wireless enhanced 9-1-1 service within the county. The fee imposed on wireless service subscribers is 32 cents per month, of which over 94% each year and over 96% after the first year is distributed to counties.

638 870-611 Biomass Energy Program

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$30,971	\$36,925	\$38,926	\$40,000	\$40,000	\$40,000
	19.2%	5.4%	2.8%	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 209.54 of Am. Sub. H.B. 66 of the 126th 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

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$804,909	\$598,986	\$861,304	\$900,000	\$900,000	\$900,000
	-25.6%	43.8%	4.5%	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: 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**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$4,768,968	\$4,923,573	\$5,130,520	\$5,600,000	\$2,000,000	\$0
	3.2%	4.2%	9.2%	-64.3%	

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 allowed 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.) The program has been discontinued, effective January 1, 2007.

LSC Budget Spreadsheet by Line Item, FY 2008 - FY 2009

Fund	ALI	ALI Title	2006	Estimated 2007	Executive 2008	% Change 2007 to 2008	Executive 2009	% Change 2008 to 2009
PUC Public Utilities Commission of Ohio								
5F6	870-622	Utility & Railroad Regulation	\$ 31,456,553	\$31,272,223	\$ 32,820,027	4.9%	\$ 33,804,627	3.0%
5F6	870-624	NARUC/NRRI Subsidy	\$ 147,163	\$167,233	\$ 158,000	-5.5%	\$ 158,000	0.0%
5F6	870-625	Motor Transportation Regulation	\$ 4,971,196	\$5,361,238	\$ 4,635,413	-13.5%	\$ 4,772,765	3.0%
General Services Fund Group Total			\$ 36,574,912	\$ 36,800,694	\$ 37,613,440	2.2%	\$ 38,735,392	3.0%
333	870-601	Gas Pipeline Safety	\$ 659,857	\$597,957	\$ 597,957	0.0%	\$ 597,959	0.0%
350	870-608	Motor Carrier Safety	\$ 6,007,990	\$7,027,712	\$ 7,137,534	1.6%	\$ 7,351,660	3.0%
3V3	870-604	Commercial Vehicle Information Systems/Networks	\$ 45,489	\$300,000	\$ 300,000	0.0%	\$ 300,000	0.0%
Federal Special Revenue Fund Group Total			\$ 6,713,336	\$ 7,925,669	\$ 8,035,491	1.4%	\$ 8,249,619	2.7%
4A3	870-614	Grade Crossing Protection Devices-State	\$ 903,948	\$1,349,757	\$ 1,349,757	0.0%	\$ 1,349,757	0.0%
4L8	870-617	Pipeline Safety-State	\$ 151,088	\$187,621	\$ 187,621	0.0%	\$ 187,621	0.0%
4S6	870-618	Hazardous Material Registration	\$ 518,442	\$464,325	\$ 464,325	0.0%	\$ 464,325	0.0%
4S6	870-621	Hazardous Materials Base State Registration	\$ 302,755	\$373,346	\$ 373,346	0.0%	\$ 373,346	0.0%
4U8	870-620	Civil Forfeitures	\$ 292,515	\$284,986	\$ 284,986	0.0%	\$ 284,986	0.0%
559	870-605	Public Utilities Territorial Administration	---	\$4,000	\$ 4,000	0.0%	\$ 4,000	0.0%
560	870-607	Public Utilities Investigations	\$ 59,467	\$100,000	\$ 100,000	0.0%	\$ 100,000	0.0%
561	870-606	Power Siting Board	\$ 396,781	\$337,210	\$ 404,651	20.0%	\$ 404,652	0.0%
5BP	870-623	Wireless 911 Administration	\$ 3,372,649	\$26,875,000	\$ 26,875,000	0.0%	\$ 13,375,000	-50.2%
638	870-611	Biomass Energy Program	\$ 38,926	\$40,000	\$ 40,000	0.0%	\$ 40,000	0.0%
661	870-612	Hazardous Materials Transportation	\$ 861,304	\$900,000	\$ 900,000	0.0%	\$ 900,000	0.0%
State Special Revenue Fund Group Total			\$ 6,897,875	\$ 30,916,245	\$ 30,983,686	0.2%	\$ 17,483,687	-43.6%
4G4	870-616	Base State Registration Program	\$ 5,130,520	\$5,600,000	\$ 2,000,000	-64.3%	\$ 0	-100.0%
Agency Fund Group Total			\$ 5,130,520	\$ 5,600,000	\$ 2,000,000	-64.3%	\$ 0	-100.0%
Total All Budget Fund Groups			\$ 55,316,642	\$ 81,242,608	\$ 78,632,617	-3.2%	\$ 64,468,698	-18.0%