

# **LSC Redbook**

**Analysis of the Executive Budget Proposal**

**Public Utilities Commission of  
Ohio**

*Russ Keller, Economist*  
Legislative Service Commission

March 2011

## READER'S GUIDE

The Legislative Service Commission prepares an analysis of the executive budget proposal for each agency. These analyses are commonly called "Redbooks." This brief introduction is intended to help readers navigate the Redbook for the Public Utilities Commission of Ohio (PUCO), which includes the following three sections.

1. **Overview:** Provides a brief description of PUCO and an overview of the provisions of the executive budget that affect PUCO, including major new initiatives proposed for PUCO.
2. **Analysis of Executive Proposal:** Provides a detailed analysis of the executive budget recommendations for PUCO, including funding for each appropriation line item. The line items for PUCO are organized into two categories.
3. **Attachments:** Includes the catalog of budget line items (COBLI) for PUCO, which briefly describes each line item, and the LSC budget spreadsheet for PUCO.

# TABLE OF CONTENTS

<b>OVERVIEW</b> .....	<b>1</b>
Agency Overview.....	1
Appropriation Overview .....	1
<b>Issues of Interest</b> .....	<b>3</b>
Implementation of Electric Energy Policy Specified in S.B. 221.....	3
Recent Power Siting Board Initiatives.....	4
Recent Telecommunications Initiatives .....	4
<b>ANALYSIS OF EXECUTIVE PROPOSAL</b> .....	<b>5</b>
<b>Introduction</b> .....	<b>5</b>
<b>Utility Regulation</b> .....	<b>7</b>
Utility Market Monitoring and Oversight (870622, 870605, 870606, 870607, 870627, 870630, and 870631) .....	7
Gas Pipeline Safety (870601 and 870617) .....	10
Telecommunications Safety Services (870623 and 870626) .....	11
National Association Dues (870624).....	12
Biomass Energy Promotion (870611).....	12
<b>Transportation Regulation</b> .....	<b>13</b>
Motor Carrier Registration and Safety (870604, 870608, 870620, and 870625) .....	13
Hazardous Materials Regulation (870612, 870618, 870621, and 870629).....	15
Railroad Safety (870614).....	17
 <b>ATTACHMENTS:</b>	
Catalog of Budget Line Items	
Budget Spreadsheet By Line Item	

# Public Utilities Commission of Ohio

- Funded primarily by assessments on regulated utility companies; no GRF
- Executive proposal decreases appropriations for a fee expiring December 31, 2012 that is statutorily obligated to distribute revenue to Ohio counties

## OVERVIEW

### Agency Overview

The Public Utilities Commission of Ohio (PUCO) regulates investor-owned public utilities and commercial carriers in Ohio. The public utilities regulated by PUCO include electric, natural gas and pipeline utilities, heating and cooling companies, local and long-distance telephone companies, and waterworks and wastewater companies. However, PUCO does not regulate every aspect of these industries. Specifically, it does not regulate long-distance telephone rates, cellular phone rates, nor does it regulate utilities owned and operated by municipalities, cooperatives, or nonprofit entities.

Despite significant changes in PUCO's role over the last decade, its mission continues to be the following: "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 does not receive budgetary resources from the General Revenue Fund (GRF). Instead, the agency receives funding through assessments on utilities, as well as fees generated by intrastate and interstate motor carriers' registrations, and federal grants.

PUCO is governed by five commissioners, including the chairman, who are appointed by the Governor for five-year terms. The Commission employs 352 staff members in addition to the five commissioners, as of March 16, 2011. Staff members include individuals from a variety of professional backgrounds such as accountants, auditors, inspectors, engineers, economists, and attorneys.

### Appropriation Overview

According to PUCO, the requested budget will enable the Commission to sustain essential programs, and ensure that safe and secure utility services are provided to the citizens of Ohio. The executive proposal recommended a 12.1% reduction in FY 2012 appropriations from FY 2011 levels in the single largest funding source (Fund 5F60) of PUCO operations, followed by a 5.6% increase in FY 2013. The overall decrease in recommended PUCO appropriations in FY 2013 is due to the Wireless 9-1-1 Administration appropriation item, which is reduced by half that year because this line

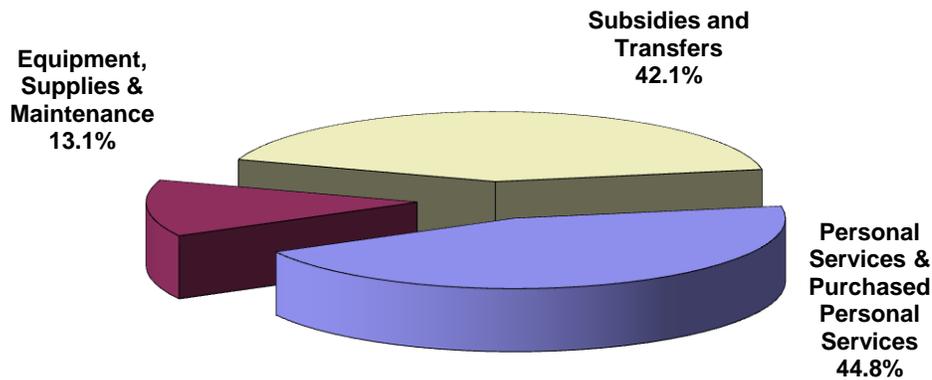
item automatically allocates revenues received from a user fee, which is scheduled to expire on December 31, 2012. Additionally, some appropriations of federal revenue derived from the American Recovery and Reinvestment Act (ARRA) will decrease in the coming biennium as federal stimulus money is reduced. Otherwise, all state-only appropriation levels for the biennium are recommended to remain between 97% and 100% of FY 2011 estimated expenditures.

<b>Table 1. Executive Budget Recommendations by Fund Group, FY 2012-FY 2013</b>					
<b>Fund Group</b>	<b>FY 2011*</b>	<b>FY 2012</b>	<b>% change, FY 2011-FY 2012</b>	<b>FY 2013</b>	<b>% change, FY 2012-FY 2013</b>
General Services	\$45,685,456	\$40,771,875	-10.8%	\$42,767,926	4.9%
State Special Revenue	\$40,855,516	\$40,800,995	-0.1%	\$22,580,684	-44.7%
Federal Special Revenue	\$9,090,977	\$8,756,626	-3.7%	\$8,665,443	-1.0%
<b>TOTAL</b>	<b>\$95,631,949</b>	<b>\$90,329,496</b>	<b>-5.5%</b>	<b>\$74,014,053</b>	<b>-18.1%</b>

\*FY 2011 figures represent estimated expenditures according to the Office of Budget and Management.

The chart below itemizes by object category the budget proposed by the Governor for the biennium.

**Chart 1: Biennial Executive Budget Recommendations by Expense Category, FY 2012-FY 2013**



## Issues of Interest

### Implementation of Electric Energy Policy Specified in S.B. 221

Upon the enactment of Am. Sub. S.B. 221 by the 127th General Assembly, PUCO gained stronger regulatory authority over electric generation rates. Beginning January 1, 2009, electric distribution utilities were required to provide standard service offers to consumers. Prior to this date, all utilities submitted an application to PUCO in order to establish their standard service offer. All such applications included an "electric security plan" (ESP) and most included a "Market Rate Option" (MRO). The four largest investor-owned utilities serve the majority of Ohio's residential customers. Information about PUCO's actions and the resulting outcomes is described below:

- On July 31, 2008, American Electric Power-Ohio (AEP) filed an application at PUCO to establish an electric security plan to comply with S.B. 221. On March 18, 2009, PUCO modified and approved AEP's ESP. The plan will be in effect through December 31, 2011. For Columbus Southern Power customers, annual increases to the total bill were capped at 7% in 2009 and 6% in 2010 and 2011. Ohio Power customers had annual total bill increases capped at 8% in 2009, 7% in 2010, and 8% in 2011.
- In February 2009, Dayton Power & Light (DP&L), PUCO staff, the Ohio Consumers' Counsel and other parties reached an agreement that would extend the company's current generation rate plan through December 31, 2012. The plan would lead to minimal increases over a four-year period to allow the company to anticipate increased fuel costs, implement energy efficiency measures, and construct advanced energy infrastructure. Electric distribution rates would be frozen through 2012.
- On July 31, 2008, Duke Energy Ohio (Duke) filed an application at PUCO to establish an electric security plan to comply with S.B. 221. On December 17, 2008, the Commission approved Duke's ESP. The plan will be in effect through December 31, 2011. The base price of generation was approximately 2% in 2009 and 2010 for Duke's residential customers. There is no base generation increase for residential customers in 2011. For Duke's commercial and industrial customers, the base price of generation will increase approximately 2% each year of the ESP. In regards to distribution rates, an average residential customer using 1,000 kilowatt hours (kWh) of electricity each month will see their total monthly bill increase by about 2.6%.
- On March 25, 2009, PUCO approved an agreement that established an electric security plan for FirstEnergy through May 31, 2011. Under the current ESP, FirstEnergy's electric generation rates from June 1, 2009 through May 31, 2011 are the result of a competitive bid process conducted by an independent bid

manager. FirstEnergy's distribution rates are frozen through December 31, 2011. Under the new ESP, in effect June 1, 2011, through May 31, 2014, retail generation rates will be determined through a competitive bid process. The competitive bid process will be conducted by an independent bid manager every October and January beginning in 2010 and ending in 2013. FirstEnergy's base distribution rates will be frozen through May 31, 2014.

### **Recent Power Siting Board Initiatives**

S.B. 232 of the 128th General Assembly exempts from property taxation the real and tangible personal property of qualified energy projects, as certified by the Director of Development, that generate electricity from renewable energy resources, clean coal technology, advanced nuclear technology, and cogeneration technology. The bill is designed to grant tax exemptions to new facilities; in fact, the exemption does not apply to any facility used to supply electricity before December 31, 2009. All qualified energy projects using renewable energy must be approved by the Ohio Power Siting Board, and all qualified energy project owners must make service payments in lieu of taxes to local taxing jurisdictions. The goal of the legislation, according to the bill's sponsor, is to increase the amount of renewable and advanced energy produced in Ohio and to create Ohio jobs. The Ohio Power Siting Board already certified five wind projects totaling 472 wind turbines that will add 882.2 megawatts (MW) of wind generation to Ohio's portfolio.

### **Recent Telecommunications Initiatives**

S.B. 162 of the 128th General Assembly revised state-policy objectives for the provision of telecommunications service. It also redefined "public utility" to exclude Internet protocol-enabled services, including voice over internet protocol services, and providers of advanced services, broadband service, information service, and any telecommunications service that is not commercially available on September 13, 2010 and that employs technology that became available for commercial use after September 13, 2010.

Additionally, S.B. 162 created the eight-member Select Committee on Telecommunications Regulatory Reform to review the economic benefits of S.B. 162 and its impact on jobs, telephone company rates, telephone company quality of service, lifeline program customers, rural markets, rural broadband deployment, and carrier access to private property, and requires the Committee to submit a written report of its findings and recommendations to the General Assembly and the Governor no later than four years after the effective date of the bill, at which time the Committee will cease to exist.

## **ANALYSIS OF EXECUTIVE PROPOSAL**

### **Introduction**

This section provides an analysis of the Governor's recommended funding for each appropriation item in PUCO's budget. In this analysis PUCO's line items are grouped into two major categories. For each category a table is provided listing the recommended appropriation in each fiscal year of the biennium. Following the table, a narrative describes how the appropriation is used and any changes affecting the appropriation that is proposed by the Governor. If the appropriation is earmarked, the earmarks are listed and described. The two categories used in this analysis are as follows:

1. Utility Regulation
2. Transportation Regulation

To aid the reader in finding each item in the analysis, the following table shows the category in which each appropriation has been placed, listing the line items in order within their respective fund groups and funds. This is the same order the line items appear in the budget bill.

Categorization of PUCO's Appropriation Line Items for Analysis of Executive Proposal		
Fund	ALI and Name	Category
<b>General Services Fund Group</b>		
5F60	870622 Utility and Railroad Regulation	1: Utility Regulation
5F60	870624 NARUC/NRRI Subsidy	1: Utility Regulation
5F60	870625 Motor Transportation Regulation	2: Transportation Regulation
5Q50	870626 Telecommunications Relay Service	1: Utility Regulation
<b>Federal Special Revenue Fund Group</b>		
3330	870601 Gas Pipeline Safety	1: Utility Regulation
3500	870608 Motor Carrier Safety	2: Transportation Regulation
3CU0	870627 Electric Market Modeling	1: Utility Regulation
3EA0	870630 Energy Assurance Planning	1: Utility Regulation
3ED0	870631 State Regulators Assistance	1: Utility Regulation
3V30	870604 Commercial Vehicle Information Systems/Networks	2: Transportation Regulation
<b>State Special Revenue Fund Group</b>		
4A30	870614 Grade Crossing Protection Devices-State	2: Transportation Regulation
4L80	870617 Pipeline Safety-State	1: Utility Regulation
4S60	870618 Hazardous Materials Registration	2: Transportation Regulation
4S60	870621 Hazardous Materials Base State Registration	2: Transportation Regulation
4U80	870620 Civil Forfeitures	2: Transportation Regulation
5590	870605 Public Utilities Territorial Administration	1: Utility Regulation
5600	870607 Special Assessment	1: Utility Regulation
5610	870606 Power Siting Board	1: Utility Regulation
5BP0	870623 Wireless 9-1-1 Administration	1: Utility Regulation
5HD0	870629 Radioactive Waste Transportation	2: Transportation Regulation
6380	870611 Biofuels/Municipal Waste Technology	1: Utility Regulation
6610	870612 Hazardous Materials Transportation	2: Transportation Regulation

A new line item is scheduled to be established in the PUCO budget at the March 28, 2011, Controlling Board meeting. The new line item, 870632, Community Voicemail Service, is established to comply with a requirement of S.B. 162 of the 128th General Assembly, and was to be funded with \$125,000 in FY 2011, money to be obtained by an assessment on local telephone exchange carriers. The new line item is not included in the executive proposal.

## Utility Regulation

PUCO uses this category of appropriations to monitor and enforce compliance with utility regulations.

<b>Governor's Recommended Amounts for Utility Regulation</b>				
<b>Fund</b>	<b>ALI and Name</b>		<b>FY 2012</b>	<b>FY 2013</b>
<b>General Services Fund Group</b>				
5F60	870622	Utility and Railroad Regulation	\$30,637,234	\$31,638,708
5F60	870624	NARUC/NRRI Subsidy	\$158,000	\$158,000
5Q50	870626	Telecommunications Relay Service	\$5,000,000	\$5,000,000
<b>General Services Fund Subtotal</b>			<b>\$35,795,234</b>	<b>\$36,796,708</b>
<b>Federal Special Revenue Fund Group</b>				
3330	870601	Gas Pipeline Safety	\$597,959	\$597,959
3CU0	870627	Electric Market Modeling	\$91,183	\$0
3EA0	870630	Energy Assurance Planning	\$384,000	\$384,000
3ED0	870631	State Regulators Assistance	\$231,824	\$231,824
<b>Federal Special Revenue Fund Group Subtotal</b>			<b>\$1,304,966</b>	<b>\$1,213,783</b>
<b>State Special Revenue Fund Group</b>				
4L80	870617	Pipeline Safety-State	\$181,992	\$181,992
5590	870605	Public Utilities Territorial Administration	\$3,880	\$3,880
5600	870607	Special Assessment	\$97,000	\$97,000
5610	870606	Power Siting Board	\$631,508	\$631,618
5BP0	870623	Wireless 9-1-1 Administration	\$36,440,000	\$18,220,000
6380	870611	Biofuels/Municipal Waste Technology	\$570	\$0
<b>State Special Revenue Fund Group Subtotal</b>			<b>\$37,354,950</b>	<b>\$19,134,490</b>
<b>Total Funding: Utility Regulation</b>			<b>\$74,455,150</b>	<b>\$57,144,981</b>

### Utility Market Monitoring and Oversight (870622, 870605, 870606, 870607, 870627, 870630, and 870631)

Commission jurisdiction over water, gas, electricity, and telephone service was established by the Ohio legislature in 1911. Today, PUCO provides economic oversight of private companies in these industries. The Commission's core function within the utility industry is to facilitate, monitor, and help develop the marketplace.

Appropriation item 870622, Utility and Railroad Regulation, provides most of the funding for agency operations. More than 70% of total payroll expenditures are charged to this line item. The executive proposal funds this appropriation item at an annual level of \$30.6 million and \$31.6 million, respectively, for the biennium. The amount in the first year of the biennium is an 11.1% decrease relative to FY 2011

estimated expenditures whereas the FY 2013 amount is 3.3% annual increase. This line item funds most of PUCO departments including service monitoring and enforcement; the utilities department; energy and environment analysis; and the legal and administration departments. All spending authority is supported by revenues to the Public Utilities Fund (5F60), which are derived from assessments against the intrastate revenues of the railroads and utilities regulated by PUCO.

In 2009, PUCO's Service Monitoring and Enforcement Department saved customers more than \$790,000. These investigations, both formal and informal, are initiated after contact via PUCO call center. In regards to formal investigations, the PUCO docketing department processed 1,535 new docketed cases in 2009. For more than 30 years, PUCO has staffed a call center dedicated to resolving issues and complaints between residential and business customers as well as the utilities that serve them. According to PUCO, the majority of issues are resolved with informal investigations conducted by agency staff. However, when this method does not produce immediate results, PUCO initiates a formal investigation to resolve the issue.

The Power Siting Board reviews all applications for building electric generating facilities, and both electric and natural gas transmission facilities in Ohio. H.B. 562, as enacted by the 127th General Assembly, increased the Board's authority over wind generation by lowering the Board's oversight threshold from fifty to five megawatts. As a result of the newly expanded authority, the Power Siting Board requires additional staff for conducting investigations and hearings of wind generation projects regarding construction, operation maintenance, and decommissioning as well as the impacts associated with regional planning, aesthetics, noise, health, recreational, wildlife, and transmission grid impacts. The Board's funding provides resources to execute these activities.

The executive proposal recommends appropriations at an annual level of \$631,508 in FY 2012 and \$631,618 in FY 2013 for line item 870606, Power Siting Board. The spending authority draws upon revenues from the Power Siting Board Fund (5610), which collects the fees submitted with applications for a certificate of environmental compatibility and public need.

A Special Assessment, appropriation item 870607, is infrequent and occurs when PUCO launches a special public utility investigation. Although \$100,000 was annually appropriated for this purpose in H.B. 1 of the 128th General Assembly, no amounts were spent in FY 2010 and PUCO estimates that no funds will be spent in FY 2011. The executive proposal recommends 97% of the prior year appropriation for the biennial budget. The special revenue fund, Special Assessments (5600), collects only enough revenue from a utility to reimburse the costs for its investigation.

Appropriation item 870605, Public Utilities Territorial Administration, is another cost reimbursement initiative that is infrequently utilized. The executive proposal

recommends \$3,880 in annual appropriation for this purpose, which is 97% of the FY 2011 amount. This line item did not expend any funds for FY 2010 and PUCO estimates that none will occur in FY 2011. Electric companies reimburse the Public Utilities Territorial Administration Fund (5590) to cover agency expenses incurred by resolving boundary disputes. The advent of more advanced computer software has mitigated the disputes.

Appropriation item 870627, Electric Market Modeling, utilizes federal revenues deposited into Fund 3CU0. The "Market Modeling" grant was awarded through the U.S. Department of Energy's National Energy Technology Laboratory. Although the grant has expired and no additional revenue will be generated, PUCO will draw down remaining cash balances to zero in FY 2012. Accordingly, the executive proposal recommends \$91,183 for this line item in FY 2012 and no amounts in FY 2013.

Appropriation item 870630, Energy Assurance Planning, utilizes federal revenues deposited into Fund 3EA0. The American Recovery and Reinvestment Act of 2009 enabled the U.S. Department of Energy to issue the "Enhancing State Government Energy Assurance Capabilities and Planning for Smart Grid Resiliency" grant. In general, the purpose of the grant is to improve state emergency preparedness plans and ensure quick recovery and restoration from any energy supply disruptions. The funds are used to hire or retrain staff and expand state-level capacities to address challenges to the country's energy systems, which includes emergency situations such as blackouts, hurricanes, ice storms, and disruptions to heating supplies. The federal grant does not have a state match requirement nor does it entail a maintenance of effort requirement. PUCO requested \$384,000 for each year of the biennium based upon estimated federal receipts, and the executive proposal recommended those amounts for the FY 2012-FY 2013 biennium.

Appropriation item 870631, State Regulators Assistance, utilizes federal revenues deposited into Fund 3ED0. The American Recovery and Reinvestment Act of 2009 increased the number of utility applications related to energy efficiency, renewable and advanced energy, and the Smart Grid. To date, PUCO staff has processed more than 1,200 ARRA electricity-related cases. Federal revenues authorized by ARRA enable PUCO to ensure that the demands of an increased workload resulting from ARRA electricity-related applications and filings are met. The federal grant is awarded through the U.S. Department of Energy's National Energy Technology Laboratory, and no state match or maintenance of effort requirements accompany the grant. PUCO requested \$231,824 for each year of the biennium based upon estimated expenditures and the executive recommendations endorsed the request for the FY 2012-FY 2013 biennium.

### **Gas Pipeline Safety (870601 and 870617)**

Natural gas is the energy source most Ohioans use to heat their homes. Several separate and distinct industries produce, transport, and distribute gas throughout Ohio. These segments are production companies, transmission companies, distribution companies, and marketers. PUCO has regulatory authority over distribution companies and has some responsibility for marketers, but does not directly oversee other aspects of the industry.

Traditionally, users of natural gas have paid a local distribution company to purchase the commodity from producers, ensure it was transported through interstate pipelines to the local gas company, and then deliver it directly to homes and businesses. However, beginning in the 1970s, industrial customers were given the opportunity to purchase the commodity directly from suppliers.

In 1997, this choice was extended to certain residential and small commercial customers throughout the state in programs like the Columbia Gas of Ohio Customer Choice Program, the Cincinnati Gas & Electric Customer Choice Program, the Dominion Gas Energy Choice Program, and the Vectren Energy Delivery of Ohio Choice Advantage Program. Today, customers in these areas can choose their commodity supply from the offerings of gas marketers, while the local distribution company continues to guarantee delivery.

PUCO administers a gas pipeline safety program for natural gas delivery in Ohio. PUCO investigators inspect pipeline systems and review records and procedures implemented by local distribution companies. When violations are detected, PUCO orders corrective action to ensure that Ohio's pipeline systems continue to deliver natural gas safely and reliably. PUCO has taken action to have some older piping materials removed and replaced. PUCO recently required Ohio's four major natural gas utilities to gradually update old cast iron and bare steel pipelines with more modern protected steel and plastic lines.

The executive proposal recommends an annual appropriation of \$181,992 for line item 870617, Pipeline Safety-State, which is 97% of those amounts appropriated in the previous biennium. The funding for this line item is derived from assessments against natural gas and natural gas pipeline operators. The resulting revenues are deposited into the Pipeline Safety Fund (4L80).

Appropriation item 870601, Gas Pipeline Safety, authorizes the expenditure of federal grant moneys for the Gas Pipeline Safety Program. The executive proposal recommends \$597,959 in each fiscal year of the biennium, which is 100% of the FY 2011 appropriation. The federal revenue serves as a supplement to the state funding, and PUCO may submit a reimbursement claim amounting to 50% of the program's operating costs. The federal funds are deposited into the Gas Pipeline Safety Fund (3330) upon receipt.

### **Telecommunications Safety Services (870623 and 870626)**

The Americans with Disabilities Act mandates an intrastate telecommunications relay service (TRS) for persons with communication disabilities. TRS enables persons with hearing or speech disabilities to communicate by phone in a manner functionally equivalent to someone without such a disability through the use of a text telephone yoke (TTY) or other similar telecom devices. PUCO is charged with administering the TRS Program. Sections 4905.79 and 5727.44 of the Revised Code originally allowed the relay provider a credit against its corporate franchise tax. Due to tax changes, this funding mechanism expired on January 1, 2008.

The FY 2008-FY 2009 biennial budget provided short-term funding for the TRS contract for calendar year 2008 by requiring PUCO to make payments from its cash balances. In 2008, H.B. 562 established a new funding mechanism for the TRS. As of January 1, 2009, telecommunication companies operating in Ohio are assessed for the cost of providing TRS to the hearing impaired. The assessment will equal the TRS Program costs.

The executive proposal recommends a \$5 million annual appropriation for line item 870626, Telecommunications Relay Service, which is equal to the amounts appropriated for FY 2011. TRS assessments paid by the service providers are deposited into the Telecommunications Relay Service Fund (5Q50).

PUCO is responsible for monitoring the development and implementation of 9-1-1 systems within individual Ohio counties. Currently, 87 counties have landline 9-1-1 service. In 2005, the General Assembly passed legislation to provide funding for the local establishment of enhanced 9-1-1 service for wireless telephones. This service allows a mobile telephone to be located geographically using either a global positioning system built into the phone itself or by utilizing the surrounding radio towers to triangulate the wireless telephone's position. As of February 2011, 81 counties provide enhanced wireless 9-1-1 service and 84 counties receive funding from line item 870623, Wireless 9-1-1 Administration, to implement it.

S.B. 129 of the 127th General Assembly extended the wireless 9-1-1 charge applied to monthly cellular telephone bills. Whereas the charge was originally set to expire at the conclusion of calendar year 2008, S.B. 129 extended the sunset date to December 31, 2012. Furthermore, the General Assembly lowered the monthly fee to 28 cents per month from 32 cents per month.

The executive proposal recommends funding for appropriation line item 870623 of \$36,440,000 for FY 2012, a 0.01% decrease from FY 2011 appropriations. FY 2013 funding is recommended at \$18,228,000, a 50.0% decrease over the FY 2012 recommendation. Given the rate decrease by S.B. 129, expected annual revenues for the biennium will be approximately \$25.5 million. All of these revenues are initially deposited into the Wireless 9-1-1 Administration Fund (5BP0). The appropriations in

the executive proposal sufficiently accommodate this revenue forecast for this fund through the sunset date of the wireless 9-1-1 charge on December 31, 2012.

### **National Association Dues (870624)**

Appropriation item 870624, NARUC/NRRI Subsidy, enables PUCO to participate in national associations. Founded in 1889, the National Association of Regulatory Utility Commissioners (NARUC) is a nonprofit organization dedicated to representing the state public service commissions who regulate the utilities that provide essential services such as energy, telecommunications, water, and transportation. NARUC's members include all fifty states, the District of Columbia, Puerto Rico, and the Virgin Islands. Founded in 1976 by the NARUC and housed at The Ohio State University through 2007, the National Regulatory Research Institute (NRRI) seeks to provide research products based on facts, objective analysis, and independence. The NRRI is supported by state commission dues payments, and it envisions itself as an independent, nonprofit corporation. Because some state regulatory commissions are understaffed relative to their responsibilities, the NRRI provides research that is both politically relevant and academically rigorous.

The executive proposal recommends a \$158,000 annual appropriation. This level is identical to those amounts in the previous biennium. The funding is derived from the assessment on public utility companies and deposited into the Public Utilities Fund (5F60).

### **Biomass Energy Promotion (870611)**

The Council of Great Lakes Governors has administered the Great Lakes Biomass State-Regional Partnership (GLBSRP) under contract with the U.S. Department of Energy (DOE) since 1983. This is one of five regional programs established by DOE designed to encourage greater production and use of biomass for energy generation. Biomass includes wood, crop residues, municipal waste, and other organic materials. Biomass can be converted for power production and transportation fuels including ethanol and biodiesel.

The GLBSRP states include: Illinois, Indiana, Iowa, Michigan, Minnesota, Ohio, and Wisconsin. The Ohio Biomass Energy Program provides information, resource referrals, business connections, and periodic funding assistance to support the development and use of biomass energy resources in Ohio. The Biomass Energy grant expired and no additional revenue will be generated; PUCO will spend the remaining cash balances in the Biofuels and Municipal Waste Technology Fund (6380) in FY 2012. Accordingly, the executive proposal recommends a \$570 appropriation for FY 2012 and no amounts in FY 2013.

## Transportation Regulation

PUCO uses these appropriations to safeguard the security of Ohio's regulated motor carrier and rail operations by means of inspections, training, monitoring, and education programs.

<b>Governor's Recommended Amounts for Transportation Regulation</b>				
<b>Fund</b>	<b>ALI and Name</b>		<b>FY 2012</b>	<b>FY 2013</b>
<b>General Services Fund Group</b>				
5F60	870625	Motor Transportation Regulation	\$4,976,641	\$5,971,218
<b>General Services Fund Subtotal</b>			<b>\$4,976,641</b>	<b>\$5,971,218</b>
<b>Federal Special Revenue Fund Group</b>				
3500	870608	Motor Carrier Safety	\$7,351,660	\$7,351,660
3V30	870604	Commercial Vehicle Information Systems/Networks	\$100,000	\$100,000
<b>Federal Special Revenue Fund Group Subtotal</b>			<b>\$7,451,660</b>	<b>\$7,451,660</b>
<b>State Special Revenue Fund Group</b>				
4A30	870614	Grade Crossing Protection Devices-State	\$1,347,357	\$1,347,357
4S60	870618	Hazardous Materials Registration	\$450,395	\$450,395
4S60	870621	Hazardous Materials Base State Registration	\$373,346	\$373,346
4U80	870620	Civil Forfeitures	\$277,347	\$277,496
5HD0	870629	Radioactive Waste Transportation	\$98,800	\$98,800
6610	870612	Hazardous Materials Transportation	\$898,800	\$898,800
<b>State Special Revenue Fund Group Subtotal</b>			<b>\$3,446,045</b>	<b>\$3,446,194</b>
<b>Total Funding: Transportation Regulation</b>			<b>\$15,874,346</b>	<b>\$16,869,072</b>

### Motor Carrier Registration and Safety (870604, 870608, 870620, and 870625)

PUCO's comprehensive motor carrier and registration program integrates carrier registration, driver/vehicle audits and inspections, civil forfeiture fines, safety grant funding, and issuance of educational materials.

Commercial transportation companies in Ohio are public utilities under the jurisdiction of PUCO. These companies pay special fees and taxes in exchange for exemption from other taxes, such as sales tax on equipment. They are also exempt from many forms of local regulation.

PUCO is committed to improving road safety and ensuring quality, equitable service for Ohioans and commercial motor and hazardous materials carriers. PUCO processes nearly 20,000 motor carrier registrations each year. Additionally, there are more than 1,000 towing companies and more than 300 household goods movers in

Ohio. PUCO has been selected as one of two states in the nation to conduct a pilot for household goods (movers) regulation. PUCO staff will be trained to begin enforcing intrastate economic regulatory requirements and the pilot will position Ohio for future federal grant opportunities.

In 2011, the Commission rescinded administrative rules previously approved in 2008 that amended Ohio's motor carrier safety rules. The 2008 rules applied PUCO jurisdiction to private commercial motor vehicles with a gross vehicle weight between 10,001 and 26,000 pounds that transport property or passengers on a not-for-hire basis within Ohio.

The Motor Carrier Safety Assistance Program (MCSAP) is a major grant program of the U.S. Department of Transportation for which PUCO has been designated a lead agency. This program is utilized by PUCO to develop a comprehensive approach to motor carrier safety in Ohio. Portions of this funding are also disbursed by PUCO to the Ohio State Highway Patrol to support commercial vehicle inspection programs.

The federal MCSAP funds supplement those generated by PUCO's program and help fund PUCO's on-site audits of motor carrier safety records and programs, as well as PUCO's specialized inspections involving hazardous materials. During FY 2009, PUCO conducted more than 560 compliance reviews, including 172 hazardous materials carriers and 24 passenger carrying motor vehicles. In FY 2010, Ohio's MCSAP received an award from the Federal Motor Carrier Safety Administration for having the most comprehensive and effective compliance program among large states in 2009. MCSAP funds also assist other organizations, including public roadside inspections of nonhazardous materials commercial vehicles.

Appropriation item 870625, Motor Transportation Regulation, supports the enforcement of statutes, rules, and regulations governing transportation companies. The executive proposal recommends \$5.0 million in FY 2012 and \$5.0 million in FY 2013. The FY 2012 appropriation constitutes an 18.0% reduction from FY 2011 estimated expenditures. The Public Utilities Fund (5F60) provides the necessary revenues for this line item. The fund collects taxes on intrastate motor carriers and fees from the Unified Carrier Registration Program.

Appropriation item 870608, Motor Carrier Safety, provides PUCO with spending authority to administer MCSAP funds from the federal government. The executive budget recommends \$7.4 million annually, which represents no increase above FY 2011 estimated expenditures. Federal grants are deposited into the Motor Carrier Safety Fund (3500) upon receipt.

PUCO's primary mission in commercial vehicle safety is the prevention and reduction of accidents on Ohio roadways; specifically, the protection of the traveling public in all areas of the state from commercial operations of large, heavy, or hazardous

cargo laden vehicles. According to PUCO, new carriers are often the largest contributing factor to unsafe roadways. The Commission administers a safety audit program targeted at new carriers.

Appropriation item 870604, Commercial Vehicle Information Systems/Networks, authorizes PUCO to spend the federal revenues on these audit and safety initiatives for commercial vehicles. The executive proposal recommends \$100,000 annually for the upcoming biennium, which is equivalent to FY 2011 estimated expenditures. The Commercial Vehicle Information Systems and Networks Fund (3V30) receives money from a federal grant authorized by the Safe, Accountable, Flexible, Efficient Transportation Act of 2005.

In 1995, Ohio enacted a new civil forfeitures program applicable to general truck safety violations. All audits or inspections that contain serious violations are subject to the assessment of fines ranging from \$1,000 for a roadside inspection to a maximum of \$10,000 for compliance audits. According to PUCO, the audits and inspections provide direct financial incentives to carriers not in compliance to change their behavior and comply with existing regulations. In the last two years, over \$4.7 million of the civil forfeiture fines collected by PUCO went into the GRF.

The executive budget proposal recommends annual funding of \$277,347 for FY 2012, which is 97% of FY 2011 estimated expenditures for line item 870620, Civil Forfeitures. FY 2013 recommended appropriations are \$277,496. Fines are initially deposited into the Civil Forfeitures Fund (4U80) for the support of the line item. Once the fund receives revenues equivalent to the appropriation authority, all additional fines are deposited in the GRF.

### **Hazardous Materials Regulation (870612, 870618, 870621, and 870629)**

The PUCO registers more than 3,000 hazardous materials transporters each year and works to ensure carriers are safely transporting these commodities on Ohio's highways. The agency inspects each shipment of high-level radioactive material that is transported from, to, or through Ohio. All PUCO hazardous materials (hazmat) specialists and the PUCO rail inspectors are trained and certified in radiological inspections.

The Revised Code provides, among other things, that the first \$800,000 of hazmat fines collected in any fiscal year is credited to a special revenue fund in the state treasury. Hazmat fines are generally paid by hazardous material carriers, shippers, and drivers. The resulting money is distributed for the purposes of emergency response planning as well as the training of safety, enforcement, and emergency services personnel for the management of hazardous materials releases that occur during transportation or otherwise. In the last two years, PUCO distributed nearly \$1 million in hazardous materials training program grants to government entities located in 15

Ohio counties. In accordance with a law enacted in 1994, the Cleveland State University hazardous materials training center receives \$400,000 each year to support their program that develops and provides training to government and private industry regarding the safe handling of hazardous materials.

Appropriation item 870612, Hazardous Materials Transportation, provides PUCO with authority to spend the revenues collected via fines and civil forfeitures assessed against hazardous materials transporters. The proceeds from the Hazardous Materials Transportation Fund (6610) support the training program grants. The executive proposal recommends \$898,800 in each year of the biennium, which is 0.1% less than estimated expenditures for FY 2011.

Appropriation item 870618, Hazardous Material Registration, is used to employ the PUCO hazmat specialists. The executive proposal recommends \$450,395 for each year of the biennium, which equals 97% FY 2011 estimated expenditures. All hazardous materials transporters must pay a registration fee, which is deposited into the Hazardous Materials Registration Fund (4S60) for the support of this line item.

Appropriation item 870621, Hazardous Materials Base State Registration, provides PUCO with the authority to pay hazmat fees to other states on behalf of Ohio transporters. When an Ohio transporter registers with PUCO, the carrier can elect to register in other states at the same point in time. This appropriation item authorizes PUCO to pay up to \$373,346 in each year of the upcoming biennium. The executive proposal seeks no increase from the FY 2011 estimated expenditures. All payments remitted to other states are drawn from the Hazardous Materials Registration Fund (4S60).

Appropriation item 870629, Radioactive Waste Transportation, was established by the Controlling Board in FY 2010. The appropriation provides funding for radioactive waste transportation inspections, escorts, security, emergency management services, and accident response. It may be used for planning, coordination and training of emergency response providers, law enforcement, and other state and local entities. Moreover, the appropriation authority may be used to purchase medical, safety or emergency response equipment and supplies as well as to cover administrative costs of the PUCO and other state and local entities.

The executive proposal recommends \$98,800 for FY 2012 and the same amount for FY 2013. The Radioactive Waste Transportation Fund (Fund 5HD0) supports the appropriation by assessing fees on those rail and motor carrier shipments that carry certain nuclear materials through Ohio. H.B. 114 of the 129th General Assembly repealed the statute authorizing these fees; thus, the appropriation authority in the coming biennium will exceed future fund revenues.

**Railroad Safety (870614)**

Ohio is a national leader in rail traffic with more than 5,200 miles of track running from every corner of the state, and 6,100 public rail-highway grade crossings. The PUCO has the regulatory responsibility to inspect rail industry activities that include structures, operational practices, and worker safety issues. Additionally, PUCO enforces the regulations of the Federal Railroad Administration (FRA) and has FRA certified inspectors in the disciplines of hazardous materials, rail tracks, locomotive power and equipment, operating practices, railroad grade crossing lights and gates, and numerous other areas of public concern.

As part of PUCO's regulatory function, it administers state and federal warning device programs for grade crossings and distributes funds for rail crossing improvements. In 2009 PUCO ordered more than 68 grade crossing upgrades in Ohio, as well as numerous other rail crossing improvements. According to PUCO, these programs played an important role in reducing rail crashes from 412 in 1988 to 55 in 2009.

For appropriation item 870614, Grade Crossing Protection Devices-State, the executive recommends annual funding of \$1.3 million for FY 2012-FY 2013, which is an amount 0.2% less than FY 2011 estimated expenditures. Revenues from the state gasoline tax are deposited into the Grade Crossing Protection Fund (4A30), which supports this spending authority.

*PUC.docx / th*

## Public Utilities Commission of Ohio

### General Services Fund Group

#### **5F60 870622 Utility and Railroad Regulation**

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$30,197,914	\$30,344,409	\$29,354,828	\$34,455,627	<b>\$30,637,234</b>	<b>\$31,638,708</b>
	0.5%	-3.3%	17.4%	<b>-11.1%</b>	<b>3.3%</b>

**Source:** General Services Fund Group: 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.

#### **5F60 870624 NARUC/NRRI Subsidy**

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$111,054	\$93,000	\$85,000	\$158,000	<b>\$158,000</b>	<b>\$158,000</b>
	-16.3%	-8.6%	85.9%	<b>0.0%</b>	<b>0.0%</b>

**Source:** General Services Fund Group: Assessments against the intrastate revenues of the railroads and utilities regulated by the Public Utilities Commission

**Legal Basis:** Section 363.10 of Am. Sub. H.B. 1 of the 128th 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 870501, NARUC/NRRI Subsidy, which was originally created by the 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). The fee is based on a percentage of utilities' operating revenues by class of utility.

## Public Utilities Commission of Ohio

### 5F60 870625 Motor Transportation Regulation

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$4,426,141	\$4,471,817	\$4,251,043	\$6,071,829	<b>\$4,976,641</b>	<b>\$5,971,218</b>
	1.0%	-4.9%	42.8%	<b>-18.0%</b>	<b>20.0%</b>

**Source:** General Services Fund Group: 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. This line item provides matching funds for federal grants funding line items 870604 and 870608. 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, which has been discontinued.

### 5Q50 870626 Telecommunications Relay Service

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$1,373,225	\$3,685,731	\$3,301,225	\$5,000,000	<b>\$5,000,000</b>	<b>\$5,000,000</b>
	168.4%	-10.4%	51.5%	<b>0.0%</b>	<b>0.0%</b>

**Source:** General Services Fund Group: As of January 1, 2009, the PUCO collects an annual assessment from telecommunication service providers

**Legal Basis:** ORC 4905.84 (originally authorized by Am. Sub. H.B. 562 of the 127th G.A. Previously, ORC 4905.79 and 5727.44 allowed the relay provider a credit against its corporate franchise tax. Due to tax changes, this funding mechanism expired on January 1, 2008.)

**Purpose:** The Americans with Disabilities Act mandates an intrastate telecommunications relay service (TRS) for persons with communication disabilities. TRS enables persons with hearing or speech disabilities to communicate by phone in a manner functionally equivalent to someone without such a disability through the use of a text telephone yoke (TTY) or other similar devices. This line item reimburses the service vendor for the costs of providing the service.

## Public Utilities Commission of Ohio

### Federal Special Revenue Fund Group

#### **3330 870601 Gas Pipeline Safety**

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$438,469	\$418,980	\$481,446	\$597,959	<b>\$597,959</b>	<b>\$597,959</b>
	-4.4%	14.9%	24.2%	<b>0.0%</b>	<b>0.0%</b>

**Source:** Federal Special Revenue Fund Group: CFDA 20.700, Pipeline Safety

**Legal Basis:** ORC 4905.91 (originally established by the 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 Inspection, Protection, Enforcement, and Safety (PIPES) Act of 2006. 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 870622, Utility and Railroad Regulation. Prior to that time, the state's share came from the 871-499 State Match line item in the GRF.

#### **3330 870628 Underground Utility Protection**

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$0	\$0	\$98,168	\$100,000	<b>\$0</b>	<b>\$0</b>
	N/A	N/A	1.9%	<b>-100%</b>	<b>N/A</b>

**Source:** Federal Special Revenue Fund Group: CFDA 20.720, State Damage Prevention Program

**Legal Basis:** ORC 4905.91 (originally established by the Controlling Board in FY 2010)

**Purpose:** This line item contains operating funds for the State Damage Prevention Program, which is related to the federal pipeline safety law authorized by the PIPES Act of 2006. Grants awarded to Ohio under the State Damage Prevention Program are intended for Ohio to establish or improve the overall quality and effectiveness of its programs that prevent damage to underground pipeline facilities.

## Public Utilities Commission of Ohio

### 3500 870608 Motor Carrier Safety

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$5,440,814	\$8,744,818	\$6,745,925	\$7,351,660	<b>\$7,351,660</b>	<b>\$7,351,660</b>
	60.7%	-22.9%	9.0%	<b>0.0%</b>	<b>0.0%</b>

**Source:** Federal Special Revenue Fund Group: 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 PUCO. 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 the total costs and use the funds to enhance the program, not to support existing activities. In FY 1996, the PUCO's transportation enforcement division was transferred to the Department of Public Safety (DPS). As a result, much of these federal moneys are now directed to the Highway Safety Federal Reimbursement Fund (8310). Since, however, the PUCO is the primary recipient for the federal funds, this line item retains appropriation authority over the entire amount of the federal grant. The PUCO transfers the appropriate amount to the DPS to fund the Department's enforcement division. Federal funds were most recently authorized in 2005 by the Safe, Accountable, Flexible, Efficient Transportation Equity Act: a Legacy for Users (SAFETEA-LU).

### 3CU0 870627 Electric Market Modeling

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$0	\$115,710	\$249,100	\$91,183	<b>\$91,183</b>	<b>\$0</b>
	N/A	115.3%	-63.4%	<b>0.0%</b>	<b>-100%</b>

**Source:** Federal Special Revenue Fund Group: CFDA 81.119, State Energy Program Special Projects

**Legal Basis:** ORC 4928 (originally established by the Controlling Board in FY 2009)

**Purpose:** These funds are used in partnership with the Ohio State University to evaluate Ohio electric companies' Standard Service Offers. The long-term objective of the partnership with Ohio State is to establish a university-based regional modeling center. By providing a sophisticated market model, the partnership will enable the PUCO to conduct an analysis of future market prices over the period of several years. Also, the line item is used to conduct a cost-benefit analysis of modern grid deployment in Ohio.

## Public Utilities Commission of Ohio

### 3EAO 870630 Energy Assurance Planning

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$0	\$0	\$49,249	\$555,663	<b>\$384,000</b>	<b>\$384,000</b>
	N/A	N/A	1028.3%	<b>-30.9%</b>	<b>0.0%</b>

**Source:** Federal Special Revenue Fund Group: CFDA 81.122, Electricity Delivery and Energy Reliability, Research, Development and Analysis

**Legal Basis:** Established by the Controlling Board in FY 2010 (Federal grant authorized by the United States Department of Energy through Title IV of the American Recovery and Reinvestment Act)

**Purpose:** This line item provides funding to improve state emergency preparedness plans and to ensure quick recovery and restoration from any energy supply disruptions. This entails electricity delivery and energy reliability activities to modernize the electric grid. Purposes for which the fund may be used include: purchases of demand responsive equipment; plans to enhance security and reliability of the energy infrastructure; energy storage research, development, demonstration and deployment; and to facilitate recovery from disruptions to the energy supply. The federal funds authorized by ARRA may also be used for implementation of smart grid programs authorized under Title XIII of the Energy Independence and Security Act of 2007.

### 3ED0 870631 State Regulators Assistance

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$0	\$0	\$0	\$294,512	<b>\$231,824</b>	<b>\$231,824</b>
	N/A	N/A	N/A	<b>-21.3%</b>	<b>0.0%</b>

**Source:** Federal Special Revenue Fund Group: CFDA 81.122, Electricity Delivery and Energy Reliability, Research, Development and Analysis

**Legal Basis:** Established by the Controlling Board in FY 2010 (Federal grant authorized by the United States Department of Energy through Title IV of the American Recovery and Reinvestment Act)

**Purpose:** This line item provides funding to ensure the state utility commission can meet the increased demand caused by the increased workload required to fully address the electricity sector initiatives included in the American Recovery and Reinvestment Act (ARRA). The U.S. Department of Energy made this federal grant available to hire additional staff to ensure appropriate technical expertise is dedicated to regulatory activities pertaining to ARRA initiatives.

## Public Utilities Commission of Ohio

### 3V30 870604 Commercial Vehicle Information Systems/Networks

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$52,366	\$47,600	\$26,883	\$100,000	<b>\$100,000</b>	<b>\$100,000</b>
	-9.1%	-43.5%	272.0%	<b>0.0%</b>	<b>0.0%</b>

**Source:** Federal Special Revenue Fund Group: CFDA 20.205, Commercial Vehicle Information Systems/Networks (Federal Highway Administration, Highway Planning and Construction grants)

**Legal Basis:** Section 363.10 of Am. Sub. H.B. 1 of the 128th G.A. (originally established by Am. Sub. H.B. 94 of the 124th G.A.)

**Purpose:** The Commercial Vehicle Information Systems and Networks (CVISN) Program is a key component of the Federal Motor Carrier Safety Administration's (FMCSA) drive to improve commercial motor vehicle safety. CVISN will enable safety inspectors to target their resources on the highest risk carriers, drivers, and vehicles. These changes are expected to reduce the frequency and severity of accidents that involve commercial vehicles. CVISN will enable government agencies, the motor carrier industry, and other parties engaged in commercial vehicle operations to exchange information and conduct business transactions electronically. The PUCO is the administrative lead in the business plan development for Ohio. The departments of Taxation, Public Safety, and Transportation, as well as the Ohio Trucking Association are participating in the project. Federal funds were most recently authorized in 2005 by the Safe, Accountable, Flexible, Efficient Transportation Equity Act: a Legacy for Users (SAFETEA-LU).

## Public Utilities Commission of Ohio

### State Special Revenue Fund Group

#### 4A30 870614 Grade Crossing Protection Devices-State

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$1,224,069	\$2,272,336	\$514,486	\$1,349,757	<b>\$1,347,357</b>	<b>\$1,347,357</b>
	85.6%	-77.4%	162.4%	<b>-0.2%</b>	<b>0.0%</b>

**Source:** State Special Revenue Fund Group: \$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 770750, 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.

#### 4L80 870617 Pipeline Safety-State

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$164,523	\$178,344	\$173,551	\$187,621	<b>\$181,992</b>	<b>\$181,992</b>
	8.4%	-2.7%	8.1%	<b>-3.0%</b>	<b>0.0%</b>

**Source:** State Special Revenue Fund Group: 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.

## Public Utilities Commission of Ohio

### 4S60 870618 Hazardous Material Registration

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$359,473	\$262,277	\$249,419	\$464,325	<b>\$450,395</b>	<b>\$450,395</b>
	-27.0%	-4.9%	86.2%	<b>-3.0%</b>	<b>0.0%</b>

**Source:** State Special Revenue Fund Group: 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 called for the eventual establishment of a base-state-type system of registering hazardous materials transporters in the U.S.

### 4S60 870621 Hazardous Materials Base State Registration

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$274,665	\$295,860	\$273,595	\$373,346	<b>\$373,346</b>	<b>\$373,346</b>
	7.7%	-7.5%	36.5%	<b>0.0%</b>	<b>0.0%</b>

**Source:** State Special Revenue Fund Group: 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 870618, Hazardous Materials Registration, in Fund 4S60.

## Public Utilities Commission of Ohio

### 4U80 870620 Civil Forfeitures

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$235,744	\$241,967	\$229,801	\$284,986	<b>\$277,347</b>	<b>\$277,496</b>
	2.6%	-5.0%	24.0%	<b>-2.7%</b>	<b>0.1%</b>

**Source:** State Special Revenue Fund Group: 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 4U80, Civil Forfeitures, to fund the costs of administering this program. Revenues in excess of the appropriation to the 870620 line item are deposited into the GRF.

### 5590 870605 Public Utilities Territorial Administration

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$0	\$0	\$0	\$4,000	<b>\$3,880</b>	<b>\$3,880</b>
	N/A	N/A	N/A	<b>-3.0%</b>	<b>0.0%</b>

**Source:** State Special Revenue Fund Group: 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.

## Public Utilities Commission of Ohio

### 5600 870607 Special Assessment

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$0	\$0	\$0	\$100,000	<b>\$97,000</b>	<b>\$97,000</b>
	N/A	N/A	N/A	-3.0%	0.0%

**Source:** State Special Revenue Fund Group: 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.

### 5610 870606 Power Siting Board

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$296,593	\$320,513	\$309,110	\$647,893	<b>\$631,508</b>	<b>\$631,618</b>
	8.1%	-3.6%	109.6%	-2.5%	0.0%

**Source:** State Special Revenue Fund Group: 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.

## Public Utilities Commission of Ohio

### 5BPO 870623 Wireless 911 Administration

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$27,860,660	\$31,505,689	\$30,309,732	\$36,443,000	<b>\$36,440,000</b>	<b>\$18,220,000</b>
	13.1%	-3.8%	20.2%	<b>0.0%</b>	<b>-50.0%</b>

**Source:** State Special Revenue Fund Group: Fees imposed on wireless service subscribers until December 31, 2012

**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 28 cents per month, of which over 96% each year is distributed to counties.

### 5HDO 870629 Radioactive Waste Transportation

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$0	\$0	\$0	\$100,000	<b>\$98,800</b>	<b>\$98,800</b>
	N/A	N/A	N/A	<b>-1.2%</b>	<b>0.0%</b>

**Source:** State Special Revenue Fund Group: Fees imposed on the transportation of radioactive materials

**Legal Basis:** ORC 4905.802 (originally established by Controlling Board on August 24, 2009.)

**Purpose:** This line item provides funding for radioactive waste transportation inspections, escorts, security, emergency management services and accident response. It may be used for planning, coordination and training of emergency response providers, law enforcement, and other state and local entities. Moreover, the appropriation authority may be used to purchase medical, safety or emergency response equipment and supplies as well as to cover administrative costs of the PUCO and other state and local entities.

## Public Utilities Commission of Ohio

### 6380 870611 Biofuels/Municipal Waste Technology

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$4,454	\$20,908	\$6,043	\$588	<b>\$570</b>	<b>\$0</b>
	369.5%	-71.1%	-90.3%	<b>-3.1%</b>	<b>-100%</b>

**Source:** State Special Revenue Fund Group: 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 363.10 of Am. Sub. H.B. 1 of the 128th 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.

### 6610 870612 Hazardous Materials Transportation

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$734,742	\$837,600	\$863,243	\$900,000	<b>\$898,800</b>	<b>\$898,800</b>
	14.0%	3.1%	4.3%	<b>-0.1%</b>	<b>0.0%</b>

**Source:** State Special Revenue Fund Group: 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 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).

# FY 2012 - FY 2013 Introduced Appropriation Amounts

# All Fund Groups

Line Item Detail by Agency			FY 2010	Estimate FY 2011	Introduced FY 2012	FY 2011 to FY 2012 % Change	Introduced FY 2013	FY 2012 to FY 2013 % Change
<b>Report For Main Operating Appropriations Bill</b>			<b>Version: As Introduced</b>					
<b>PUC Public Utilities Commission of Ohio</b>								
5F60	870622	Utility and Railroad Regulation	\$ 29,354,828	\$ 34,455,627	\$ 30,637,234	-11.08%	\$ 31,638,708	3.27%
5F60	870624	NARUC/NRRI Subsidy	\$ 85,000	\$ 158,000	\$ 158,000	0.00%	\$ 158,000	0.00%
5F60	870625	Motor Transportation Regulation	\$ 4,251,043	\$ 6,071,829	\$ 4,976,641	-18.04%	\$ 5,971,218	19.98%
5Q50	870626	Telecommunications Relay Service	\$ 3,301,225	\$ 5,000,000	\$ 5,000,000	0.00%	\$ 5,000,000	0.00%
<b>General Services Fund Group Total</b>			<b>\$ 36,992,096</b>	<b>\$ 45,685,456</b>	<b>\$ 40,771,875</b>	<b>-10.76%</b>	<b>\$ 42,767,926</b>	<b>4.90%</b>
3330	870601	Gas Pipeline Safety	\$ 481,446	\$ 597,959	\$ 597,959	0.00%	\$ 597,959	0.00%
3330	870628	Underground Utility Protection	\$ 98,168	\$ 100,000	\$ 0	-100.00%	\$ 0	N/A
3500	870608	Motor Carrier Safety	\$ 6,745,925	\$ 7,351,660	\$ 7,351,660	0.00%	\$ 7,351,660	0.00%
3CU0	870627	Electric Market Modeling	\$ 249,100	\$ 91,183	\$ 91,183	0.00%	\$ 0	-100.00%
3EA0	870630	Energy Assurance Planning	\$ 49,249	\$ 555,663	\$ 384,000	-30.89%	\$ 384,000	0.00%
3ED0	870631	State Regulators Assistance	\$ 0	\$ 294,512	\$ 231,824	-21.29%	\$ 231,824	0.00%
3V30	870604	Commercial Vehicle Information Systems/Networks	\$ 26,883	\$ 100,000	\$ 100,000	0.00%	\$ 100,000	0.00%
<b>Federal Special Revenue Fund Group Total</b>			<b>\$ 7,650,771</b>	<b>\$ 9,090,977</b>	<b>\$ 8,756,626</b>	<b>-3.68%</b>	<b>\$ 8,665,443</b>	<b>-1.04%</b>
4A30	870614	Grade Crossing Protection Devices-State	\$ 514,486	\$ 1,349,757	\$ 1,347,357	-0.18%	\$ 1,347,357	0.00%
4L80	870617	Pipeline Safety-State	\$ 173,551	\$ 187,621	\$ 181,992	-3.00%	\$ 181,992	0.00%
4S60	870618	Hazardous Material Registration	\$ 249,419	\$ 464,325	\$ 450,395	-3.00%	\$ 450,395	0.00%
4S60	870621	Hazardous Materials Base State Registration	\$ 273,595	\$ 373,346	\$ 373,346	0.00%	\$ 373,346	0.00%
4U80	870620	Civil Forfeitures	\$ 229,801	\$ 284,986	\$ 277,347	-2.68%	\$ 277,496	0.05%
5590	870605	Public Utilities Territorial Administration	\$ 0	\$ 4,000	\$ 3,880	-3.00%	\$ 3,880	0.00%
5600	870607	Special Assessment	\$ 0	\$ 100,000	\$ 97,000	-3.00%	\$ 97,000	0.00%
5610	870606	Power Siting Board	\$ 309,110	\$ 647,893	\$ 631,508	-2.53%	\$ 631,618	0.02%
5BP0	870623	Wireless 911 Administration	\$ 30,309,732	\$ 36,443,000	\$ 36,440,000	-0.01%	\$ 18,220,000	-50.00%
5HD0	870629	Radioactive Waste Transportation	\$ 0	\$ 100,000	\$ 98,800	-1.20%	\$ 98,800	0.00%
6380	870611	Biofuels/Municipal Waste Technology	\$ 6,043	\$ 588	\$ 570	-3.06%	\$ 0	-100.00%
6610	870612	Hazardous Materials Transportation	\$ 863,243	\$ 900,000	\$ 898,800	-0.13%	\$ 898,800	0.00%
<b>State Special Revenue Fund Group Total</b>			<b>\$ 32,928,981</b>	<b>\$ 40,855,516</b>	<b>\$ 40,800,995</b>	<b>-0.13%</b>	<b>\$ 22,580,684</b>	<b>-44.66%</b>
<b>Public Utilities Commission of Ohio Total</b>			<b>\$ 77,571,848</b>	<b>\$ 95,631,949</b>	<b>\$ 90,329,496</b>	<b>-5.54%</b>	<b>\$ 74,014,053</b>	<b>-18.06%</b>