

LSC Redbook

Analysis of the Executive Budget Proposal

Office of Consumers' Counsel

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ATTACHMENTS:

- Catalog of Budget Line Items
- Budget Spreadsheet By Line Item

Office of Consumers' Counsel

- The Office of Consumers' Counsel is funded by annual assessment on utility companies, no GRF funding
- The executive proposal recommends flat funding for OCC in the FY 2014-FY 2015 biennium

OVERVIEW

Agency Overview

The Office of Consumers' Counsel (OCC), established in 1976, is the statutory advocate for residential utility customers. OCC has statutory responsibility to represent the interests of 4.5 million residential customers of Ohio's investor-owned electric, natural gas, telecommunications, and water companies. OCC represents residential customers before state and federal regulatory agencies and courts, including the Public Utilities Commission of Ohio (PUCO), the Federal Energy Regulatory Commission (FERC), and the Federal Communications Commission (FCC), as well as the Supreme Court of Ohio.

The Office provides information to customers regarding their utility services, and educates consumers on utilities issues. The Office's consumer education activities have become more complex and more sought after as Ohio moved toward a competitive utility environment. Many of OCC's services are responsive to utility or regulator initiatives, and thus the services can be difficult to specifically estimate in advance. OCC anticipates representing consumers in approximately 100 or more cases each year, at varying level of activities. These cases can take months or sometimes even years to complete.

Funding for the agency is derived solely from an assessment on utilities in Ohio. The amount appropriated in the main operating budget is apportioned between those utilities based on their intrastate gross revenues. OCC receives no funding from the General Revenue Fund.

OCC currently employs a staff of approximately 30 permanent full-time employees in addition to eight other part-time and intermittent employees. The agency consists of attorneys, analysts, investigators, communications and education specialists, and administrative staff. The executive proposal will enable OCC to maintain 46 funded positions.

Appropriation Overview

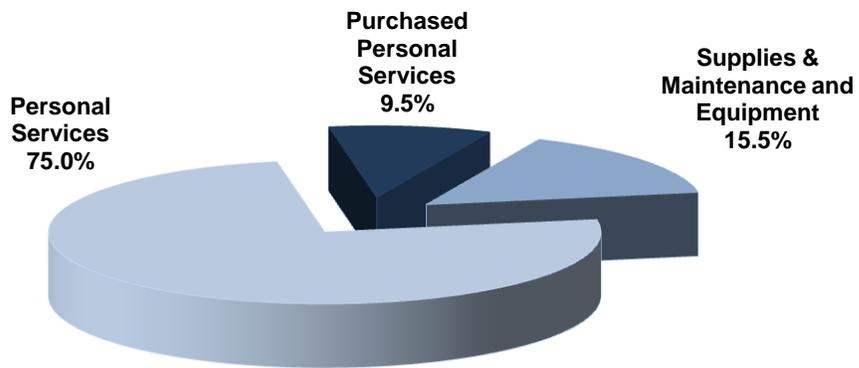
The executive proposal recommended appropriations at a level designed to maintain the general operations of the Consumers' Counsel and provide support for legal representation of Ohio consumers and outreach and education to Ohio consumers.

Table 1. Executive Budget Recommendations by Fund Group, FY 2014-FY 2015					
Fund Group	FY 2013*	FY 2014	% change, FY 2013-FY 2014	FY 2015	% change, FY 2014-FY 2015
General Services	\$5,641,093	\$5,641,093	0.0%	\$5,641,093	0.0%
TOTAL	\$5,641,093	\$5,641,093	0.0%	\$5,641,093	0.0%

* FY 2013 figures represent estimated expenditures.

Chart 1 below shows this funding recommendation by category of expense.

Chart 1: Biennial Executive Budget Recommendations by Expense Category, FY 2014-FY 2015



ANALYSIS OF EXECUTIVE PROPOSAL

The following table shows the line item that is used to fund the activities of the Office of Consumers' Counsel, as well as the Governor's recommended funding levels.

Governor's Recommended Funding for the Office of Consumers' Counsel				
Fund	ALI and Name		FY 2014	FY 2015
General Services Fund Group				
5F50	053601	Operating Expenses	\$5,641,093	\$5,641,093
Total Funding: Office of Consumers' Counsel			\$5,641,093	\$5,641,093

Operating Expenses (053601)

The recommended level of funding is designed to maintain the general operations of the Consumers' Counsel and provide support for legal representation of Ohio consumers and outreach and education to Ohio consumers.

The executive proposal cites OCC's funded objectives to be consumer advocacy, which entails advocacy, representation, outreach and education activities on behalf of the residential utility consumers, as well as in-depth technical analysis of utility filings, and legislative activity that includes analysis, testimony, and amendment proposals for legislation that may impact utility consumers.

In the most recent biennium, OCC implemented significant cost-reduction measures in FY 2012 to reflect an annual budget reduction of 33.6%, or \$2.9 million, from its FY 2011 appropriation amount. Staff was reduced by 40 positions through lay-offs, retirements, and resignations. Also, the OCC closed the consumer call center, as required by H.B. 153 of the 129th General Assembly. Additionally, the agency consolidated two departments into one, and combined some staff positions. The OCC's remaining satellite location for outreach and education is being closed. Operating expenses were reduced through a variety of measures, including two recent initiatives that successfully reduced office rent, and OCC reduced its vehicle fleet by selling three automobiles. Lastly, the agency implemented several Cost Efficiency Standards supported by OBM and DAS.

R.C. 4911.18 authorizes the annual assessment that funds operating expenses for OCC; the Public Utilities Commission of Ohio (PUCO) receives most of its operating funds from a similar assessment. The assessment is applied to public utility companies based upon their intrastate gross revenues. The level of the annual assessment for each public utility company will vary based upon the number of public utilities, the amount of their intrastate gross revenues, and the amount of lapsed funds that are credited back to the utility companies. Any lapsed or unspent funds that were derived from the assessment supporting OCC or PUCO are credited ratably back to the utility

companies. According to OCC, the typical consumer in Ohio pays less than 2.5 cents for every \$100 in utility bill expenses for the services of OCC.

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Office of Consumers' Counsel

General Services Fund Group

5F50 053601 Operating Expenses

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$7,635,207	\$8,254,504	\$5,206,729	\$5,641,093	\$5,641,093	\$5,641,093
	8.1%	-36.9%	8.3%	0.0%	0.0%

Source: General Services Fund Group: Assessments against intrastate revenues of utility companies operating in Ohio, subject to a minimum assessment of \$100. The total assessments are based on the agency's current appropriation for operating expenses. At the end of each fiscal year any unused funds are credited back to the utilities.

Legal Basis: ORC 4911.18 (originally established by Am. Sub. H.B. 215 of the 122nd G.A.)

Purpose: Funds in this line item are used for maintaining and administering the Office of Consumers' Counsel, including expenditures associated with salaries, maintenance, equipment and consultants. Prior to H.B. 215 of the 122nd G.A., assessments against intrastate revenues of utility companies operating in Ohio were deposited into the GRF, and appropriations to the agency were funded from the GRF.

FY 2014 - FY 2015 Introduced Appropriation Amounts

All Fund Groups

Line Item Detail by Agency			FY 2012	Estimate FY 2013	Introduced FY 2014	FY 2013 to FY 2014 % Change	Introduced FY 2015	FY 2014 to FY 2015 % Change
Report For Main Operating Appropriations Bill			Version: As Introduced					
OCC Office of Consumers' Counsel								
5F50	053601	Operating Expenses	\$ 5,206,729	\$ 5,641,093	\$ 5,641,093	0.00%	\$ 5,641,093	0.00%
General Services Fund Group Total			\$ 5,206,729	\$ 5,641,093	\$ 5,641,093	0.00%	\$ 5,641,093	0.00%
Office of Consumers' Counsel Total			\$ 5,206,729	\$ 5,641,093	\$ 5,641,093	0.00%	\$ 5,641,093	0.00%