

**Public Utilities Commission of Ohio**

**Asim Z. Haque, Chairman**

**Before the  
House Public Utilities Committee**

**March 14, 2017**

PUCO Mission

To ensure all residential and business consumers access to adequate, safe and reliable utility services at fair prices, while facilitating an environment that provides competitive choices.

Chairman Seitz, Ranking Member Ashford, and members of House Public Utilities, thank you for inviting me here today to provide you with an overview of the Public Utilities Commission of Ohio.

My presentation today will begin with a short history and background on the Public Utilities Commission of Ohio (PUCO), followed by information on our quasi-judicial function and case process before giving you a glimpse of the industries we regulate and the recently announced PUCO initiative, PowerForward.

### **PUCO Overview**

Utility and transportation regulation began in Ohio in 1867 when the General Assembly established an office which primarily served as a fact-finding agency for the General Assembly, reporting on the physical, financial and operating conditions of railroad and telegraph companies in Ohio. In 1888 the Ohio General Assembly created additional responsibilities to secure the safe operation of railroads.

In 1911, the Public Service Commission was established and jurisdiction was extended to electric, gas, telephone and water companies. Throughout the next several decades the name was changed to the Public Utilities Commission of Ohio and jurisdiction was extended to include comprehensive motor bus line regulatory duties; the motor transportation of property; and to regulation of wastewater companies.

It was not until 1983 when the PUCO became a five-person commission appointed by the governor. Today, commissioners remain appointed by the governor and serve five-year staggered terms. The governor makes the selection from a list of names submitted by the PUCO Nominating Council, a broad-based group charged with screening suitable candidates for the office of commissioner.

Today's PUCO affects nearly every Ohioan, everyday. That is because the PUCO oversees public utility industries, including electric, natural gas, pipelines, landline telephone, investor-owned water and wastewater, railroad, hazardous material carriers and commercial transportation carriers, including buses, towing companies and household goods carriers. Our jurisdiction even extends to

ferryboat operators and companies operating as transportation network companies like Uber and Lyft. The PUCO is the only state agency charged with ensuring that essential utility services are safe, reliable and cost effective.

## **PUCO Budget**

The PUCO is a completely self-supporting agency and does not receive appropriations from the General Revenue Fund (GRF). With an annual budget of approximately \$55 million, our budget is supported by revenues derived through assessments to utilities, fees generated by intrastate and interstate motor carrier registrations, and federal funding. By statute, our utility assessments must equal our appropriations and thus the PUCO appropriations have no impact on the GRF and are not available for general use.

It is important to also note what the PUCO does not regulate. Services not included in the PUCO jurisdiction include cellular telephone service and towers, Internet service, cable service, propane and fuel oil, municipally-run or cooperative utilities. The PUCO also does not have oversight over oil, propane, liquids or pipelines other than those carrying natural gas.

To carry out its responsibilities, the PUCO employs a professional staff of about 300 professionals that includes engineers, economists, accountants, attorneys, auditors, customer service representatives and safety inspectors. Continually monitoring the activities of utility and transportation companies, the PUCO works to ensure safe and reliable services for all Ohioans.

## **PUCO Process**

On average more than 2,000 cases are filed at the PUCO each year; these cases include formal complaint proceedings, certifications for operating authority, rulemakings, tariff filings and rate proceedings.

The Commission meets every week and the meetings are webcast live and available on the PUCO website. At the Commission meeting, agenda items can be

discussed and signed, or rescheduled to a later agenda. The purpose of the Commission meetings is for commissioners to decide pending matters. This is not the time to debate or hear from the public or outside parties because parties have already had the opportunity to present their views through workshops, public hearings, written comments, legal pleadings, including briefs, or an evidentiary hearing prior to the Commission meeting. Much like a court, the contents of all agenda items are confidential and cannot be discussed with or revealed to anyone outside the Commission until voted upon and signed at a public meeting. In addition, once a case is assigned a formal docket number, no commissioner or attorney examiner assigned to the case shall discuss the merits of the case with any party to the proceeding without formally disclosing those discussions (Ex parte).

After the case is voted upon, the written decision is available to the public following the meeting. All documents filed in a case can be found and reviewed in the case record available on the PUCO website in our docketing system. The commissioners rely upon the case record when making a decision. Parties can appeal, or request what we call by statute a rehearing, asking the Commission to rehear part of the prior decision. Once there is a final appealable order, the case, with the exception of transportation cases, may be appealed directly to the Supreme Court of Ohio.

### **Rate Cases and Rate Making**

Now I am going to transition into rate making and how the PUCO determines what customers actually pay for their utility service. The main charges are determined in a base rate case. The utility can open a rate case to obtain more revenue, a customer can initiate one through a complaint case or the PUCO can order one through a Commission ordered investigation.

During all rate case proceedings, the public has the opportunity to be heard. Public hearings are held in parts of the local communities that will be effective by the rate changes; a PUCO attorney examiner (law judge) will hold the public

hearings. Members of the public who wish to provide comments sign in and are sworn in to speak on the record about the rate case.

### **Consumer Call Center**

The PUCO protects the rights of all consumer classes. The PUCO has the exclusive authority to resolve both informal and formal complaints between residential or business customers and utilities.

Each day, Ohioans from across the state contact PUCO customer service representatives, seeking assistance with utility issues. Our Consumer Call Center is fully staffed from 8:00 a.m. to 5:00 p.m. Monday through Friday. In addition to the call center, PUCO can be contacted electronically and receive consumer complaints through email and through our website. Each year, the PUCO Call Center receives tens of thousands of contacts. In calendar year 2016, the Call Center received 74,860 contacts resulting in 10,600 investigations. Last year, the PUCO's consumer call center saved consumers over \$1.7 million.

This slide demonstrates the complaint case process.

Separate from the Call Center, legislators, such as yourselves, frequently contact PUCO staff regarding a myriad of topics, ranging from constituent issues to pending commission cases, and anywhere in-between. PUCO legislative affairs staff assist legislators and their constituents on a variety of issues such as billing questions, service outages and inquiries related to various low-income assistance programs. While the majority of constituent inquiries relate to electric-based questions, we routinely answer questions related to other areas within our jurisdiction. We hope to continue to be a resource to you and your staff should an issue arise within your district.

### **Federal and State Electric Regulation Jurisdiction**

As with all the areas the PUCO regulates, there is a high-level of complexity. I know the electric space is on the forefront of many legislator's minds, so I want to

give an overview of the various organizations that have regulation jurisdiction over electric utilities. As you can see the Ohio General Assembly sets the laws. The PUCO and the Ohio Power Siting Board implement the laws.

In regards to the electric industry, the PUCO regulates investor-owned electric distribution utilities, referred to as EDUs. EDUs are the traditional wires companies. To some capacity, the PUCO regulates competitive retail electric service providers or CRES. CRES providers are the entity that manages or otherwise sells the supply of the electricity. Electric municipals and cooperatives are not regulated by the PUCO but have their own regulatory structure as does transmission and generation.

The Federal Energy Regulatory Commission (FERC) has jurisdiction over the wholesale electric market, the bulk power system, transmission tariffs and reliability.

The PUCO has jurisdiction over several things on the state level: retail electric sales, distribution reliability, safety, infrastructure maintenance and siting, as well as adherence to state requirements, such as renewable and energy efficiency standards.

Ohio is part of PJM, which is a regional market, responsible for reliability of the transmission system. On the map I have provided, the bright orange is all the areas that are part of PJM.

### **PUCO Highlights**

Next I would like to highlight some of the day-to-day operations at the PUCO.

Every year, in order to help vulnerable Ohioans through the winter heating season, the PUCO issues the Winter Reconnect Order. This allows customers who have had their home heating service disconnected for nonpayment or who face disconnection as a result of nonpayment the opportunity to pay a maximum of \$175, plus a reconnection fee, to restore or maintain their utility service. The

reconnect order may be used once per heating season. During the 2015-2016 heating season, more than 246,000 consumers utilized the Winter Reconnect Order.

In 2015, Governor Kasich signed into law House Bill 64, which required the PUCO to establish a collaborative process to address the telephone network transition. The PUCO brought together the Ohio Consumers' Counsel, incumbent telephone providers, alternative providers and members of the General Assembly with the purpose of addressing the future transition from basic landline telephone service to Internet based service. The collaborative is evaluating the availability of comparable telecommunications services, identifying possible vulnerable Ohioans and developing expectations for consumer education. In 2016, the collaborative group met six times exploring various issues such as service reliability and consumer protections.

The PUCO also plays an important safety role in the areas of railroad crossings, transportation and gas pipelines.

The PUCO ensures the safety of over 5,700 public railroad crossings and works with the Federal Railroad Administration (FRA) to assist in providing oversight of approximately 5,300 miles of railroad track. Improving safety is a vital part of this mission. In 2016, a total of 98 federal, state and locally funded safety upgrades were ordered including the installation of lights and gates, supplemental assistance upgrades, circuitry upgrades and closings.

Each year the PUCO publishes a railroad crossing statistics report that details rail-highway grade crossing safety trends.

### **PUCO keeps Ohio highways safe**

The PUCO serves as the lead agency for the Motor Carrier Safety Assistance Program and in this capacity partners with the Ohio State Highway Patrol (OSHP) to ensure that commercial motor vehicles are safely traveling throughout Ohio. PUCO and OSHP inspectors conducted more than 85,014 driver/vehicle inspections during fiscal year 2016. Each inspection follows a thorough process to

ensure that the driver and vehicle meet necessary state and federal regulations. In addition, the PUCO conducted 376 motor carrier and shipper investigations to ensure proper state and federal safety and hazardous materials regulations are followed. PUCO staff worked with more than 927 new motor carriers during fiscal year 2016 to help them understand and comply with applicable safety and hazardous materials regulations. Vehicles, drivers and companies that fail to meet these regulations may be declared out-of-service and cannot continue operating until they comply with the regulations.

### **Pipeline safety**

Ohio is home to 120 individual pipeline operators who maintain over 56,000 miles of distribution lines, 9,000 miles of transmission lines and over 1,200 miles of gathering lines. The PUCO is committed to ensuring the safe, reliable and environmentally sound operation of Ohio's natural gas pipeline system. PUCO investigators inspect each natural gas pipeline system in the state at least once every two years and review records and procedures implemented by utilities. When violations are detected, the PUCO orders corrective action and may assess fines and other penalties to ensure that Ohio's natural gas pipeline systems continue to deliver natural gas safely and reliably.

Ohio's largest natural gas distribution utilities are undergoing decades-long infrastructure replacement programs to replace aging pipelines. The PUCO monitors this progress as utilities work to replace cast iron and unprotected steel pipelines that have been identified as prone to leaking. Our utilities are targeting over 11,000 miles of pipeline and replacing it with modern plastic or protected steel pipeline that drastically reduces system leaks.

### **PowerForward**

I am also excited to share with you the PUCO's PowerForward initiative. PowerForward is the PUCO's review of the latest in technological and regulatory innovation that could serve to enhance the consumer electricity experience.

Through this series, we intend to chart a clear path forward for future grid modernization projects, innovative regulations and forward-thinking policies.

We have invited a number of nationally recognized, industry experts to provide presentations that will help us better understand our future electric distribution grid and how technological enhancements could affect different stakeholders.

Our hope is that the expertise of many stakeholders can help us better frame the grid of the future. We want to know what technologies or changes are needed, so that innovative regulations and forward-thinking policies can be developed.

The first of three series, titled *A Glimpse of the Future* will take place April 18, 19 and 20 at our offices. I invite each of you to join us.

### **Ohio Power Siting Board**

The chairman of the PUCO also serves as chairman of the Ohio Power Siting Board (OPSB), which reviews and approves all the energy related building projects in Ohio that fall under its jurisdiction. Think of it as one-stop shopping for certification.

The Power Siting Board is made up of 11 entities involved with approving the siting application, and having these entities on the Power Siting Board makes for an efficient siting process. The member agencies of the Power Siting Board are the chair of the PUCO; the directors of the Ohio Environmental Protection Agency, the Ohio Departments of Agriculture, Development, Health and Natural Resources; and a public member. Four members of the Ohio General Assembly also serve as non-voting members.

The OPSB has jurisdiction over generating units of 50 megawatts (MW) or more, wind facilities with a single interconnection greater than 5MW, electric transmission lines of 125 kilovolts (kv) or greater and intrastate gas transmission lines capable of transporting gas at or greater than 125 pounds per square inch (psi). This does not include production, gathering or liquid lines.

The standard power siting application process takes between six to 12 months. It includes informational meetings, public hearings and an evidentiary hearing. Therefore, there is many opportunities to involve the public. There is also an accelerated and expedited process for certain other types of projects, such as certain lengths of gas pipelines or electric transmission lines.

### **Conclusion**

The PUCO provides crucial and essential services to the citizens of Ohio; and as chairman, I consider it the agency's obligation to carry out our wide scope of responsibilities in the most innovative and efficient way possible.

Chairman Seitz, Ranking Member Ashford, and members of House Public Utilities Committee, thank you for allowing me to provide an overview of the PUCO. I would be happy to answer any questions you may have.

# House Public Utilities Committee PUCO Overview

March 14, 2017

Asim Z. Haque, Chairman

## Our Mission

*To assure all residential and business consumers access to adequate, safe and reliable utility services at fair prices, while facilitating an environment that provides competitive choices.*

# Commissioners

*Appointed by the governor, serving staggered five-year terms*



Chairman  
Asim Z. Haque

*Term Ends April 2021*



Commissioner  
Lynn Slaby

*Term Ends April 2017*



Commissioner  
M. Beth Trombold

*Term Ends April 2018*



Commissioner  
Thomas Johnson

*Term Ends April 2019*



Commissioner  
Larry Friedeman

*Term Ends April 2020*

# Areas the PUCO regulates

- Investor-owned utilities
  - Natural gas (intrastate transmission and distribution)
  - Electric
  - Telephone (intrastate local and long-distance)
  - Water and wastewater
- Commercial motor carriers, moving companies and transportation network companies
- Railroad crossing safety

## PUCO operating budget

- Annual budget of approximately \$55 million
- PUCO is a self-supporting agency and does not receive appropriations from the General Revenue Fund
- Funded by utility assessments, motor carrier registration fees and federal grants

## Areas the PUCO does not regulate

- Cellular telephone service and towers
- Internet service
- Cable service
- Propane and fuel oil
- Municipal utilities
- Cooperative utilities

The PUCO employs a staff of about 300 professionals:

- Accountants
- Attorneys
- Auditors
- Complaint investigators
- Economists
- Engineers
- Safety inspectors

# PUCO types of cases and due process

<b>Examples of case types</b>	<b>Examples of due process</b>
Formal complaints	Workshops
Certification requests	Public hearings
Rulemakings	Written comment periods
Tariff filings	Legal pleadings
Rider reconciliation	Evidentiary hearings
Rate proceedings	Rehearing requests

# Appeal of Commission order

- Appealing party must file a notice of appeal with the Supreme Court of Ohio within 60 days of the date of denial of the application for rehearing by the Commission.
- No deadline in which the Court must act; however, the Court must hear PUCO appeals. Most appeals to the Court are discretionary – the court chooses what it will hear.
- Court can affirm/agree with the Commission order. Court can reverse the PUCO decision. Court can reverse and remand to the Commission.

# Protecting consumers' rights

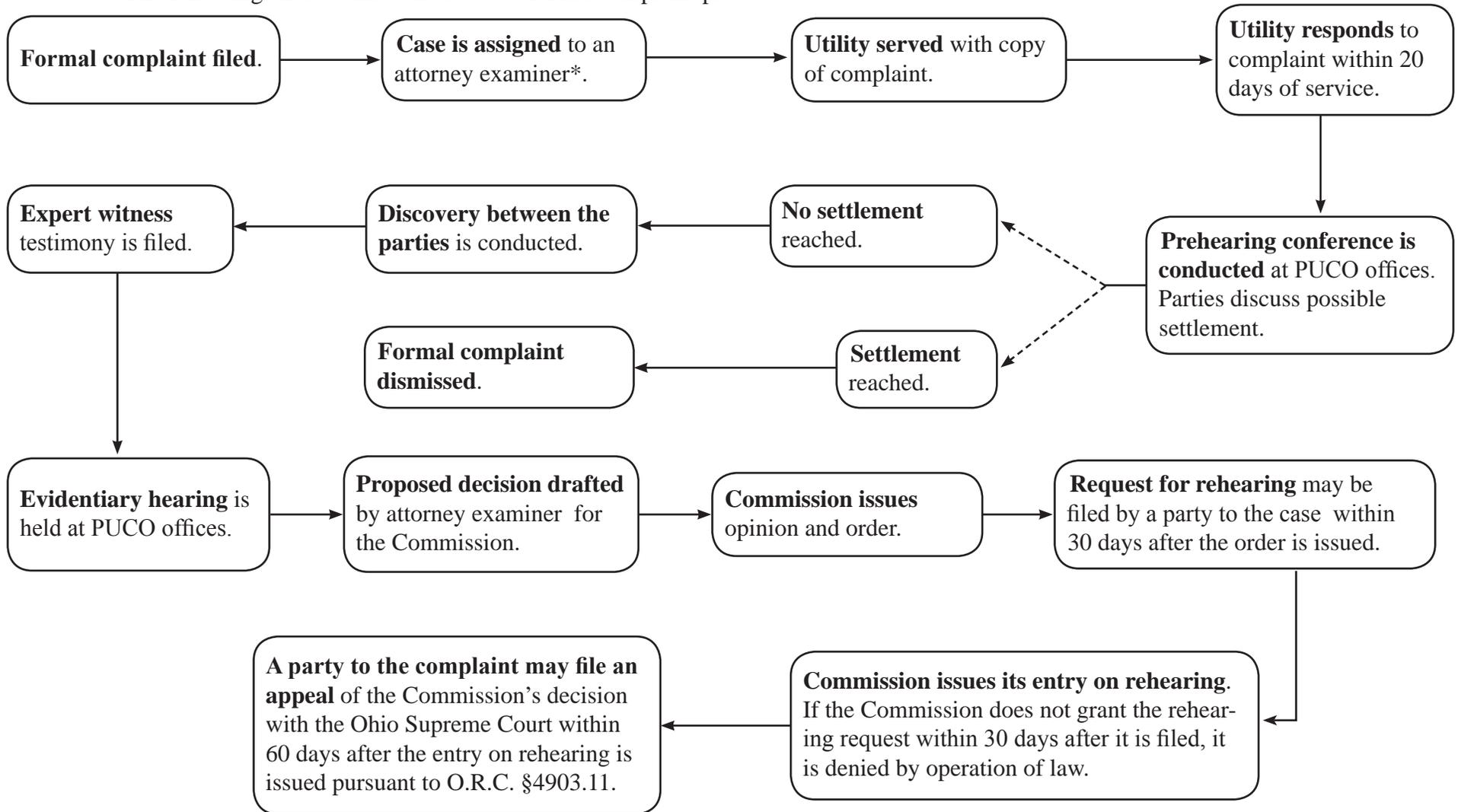
- Toll-free call center where trained staff can work with consumers and the utility to help resolve any problems consumers have not been able to resolve on their own.
- For those disputes which can't be resolved informally, the PUCO has the exclusive authority to resolve formal complaints between utilities and residential or business customers and to order any appropriate relief.

# PUCO Call Center

- Each day, callers across Ohio contact PUCO customer service representatives, seeking assistance with utility issues.
- Each year, the Call Center receives tens of thousands of contacts.
- In 2016, the Call Center received 74,860 contacts resulting in 10,600 investigations.
- Last year, the PUCO's consumer call center saved consumers over \$1.7 million.

# PUCO Formal Complaint Process

The PUCO operates a call center staffed by professionals trained to resolve issues between consumers and utility companies. In most cases, the PUCO's call center staff are able to help the consumer and utility reach an agreement over the concern at hand. From time to time, however, the consumer will choose to file a formal complaint if a solution cannot be worked out. The following chart outlines the PUCO's formal complaint process.



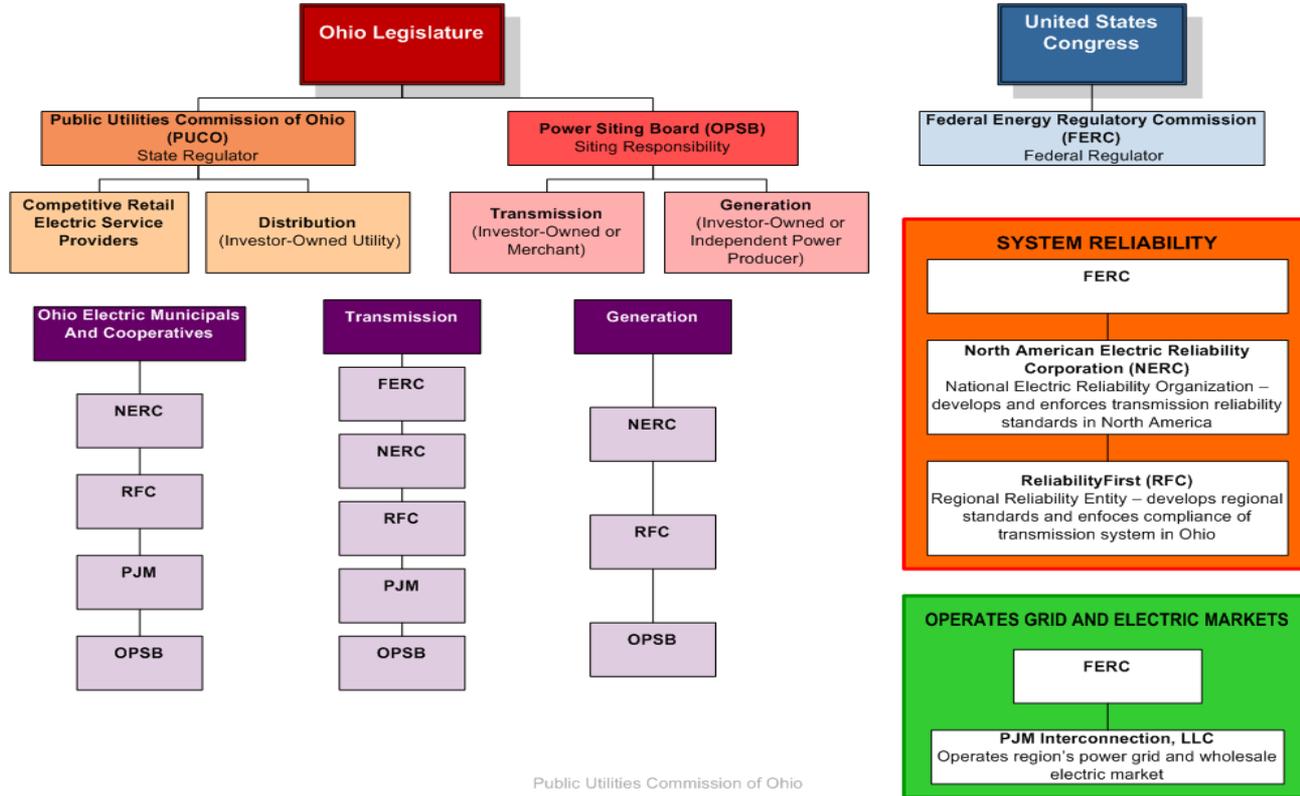
\* PUCO attorney examiners perform the duties of an administrative law judge.

# How the PUCO can help you

Legislative affairs team to assist with constituent inquiries, such as:

- Billing questions
- Percentage of Income Payment Plan (PIPP)
- Behind the meter concerns
- Outage occurrences
- Safety issues

## Electric Regulation

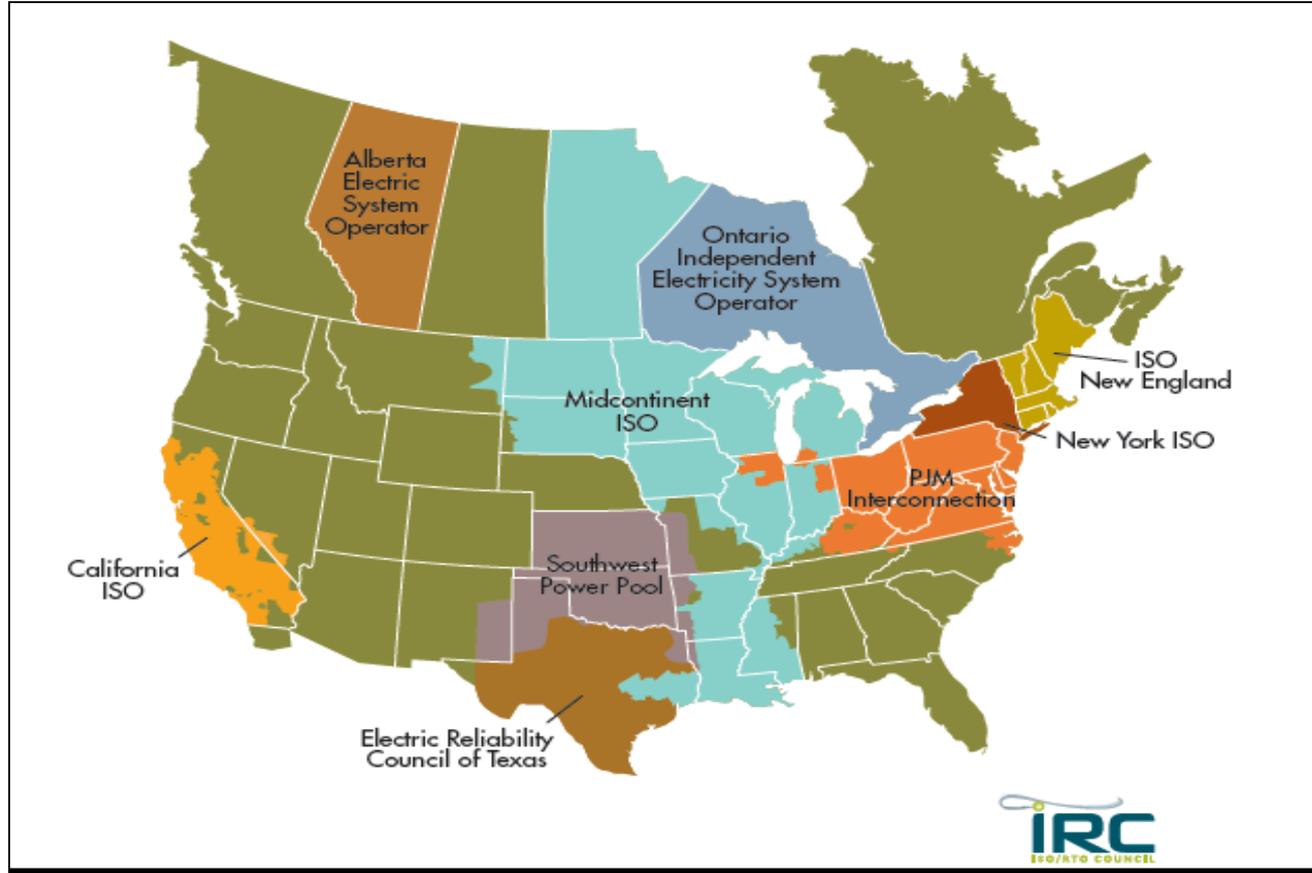


## FERC oversight

- Wholesale electricity - sales for resale
- Bulk power system
- Transmission tariffs
- Wholesale market monitoring
- Reliability assurance (North American Electric Reliability Corporation)

## State oversight

- Retail electric sales
- Distribution system reliability/safety
- Intrastate infrastructure maintenance/siting
- Renewable portfolio standards/energy efficiency standards (if applicable)



# PUCO highlights

- Winter Reconnect Order
- Telephone network collaborative
- Rail crossing safety
- Commercial motor vehicles oversight
- Gas pipeline safety
- PowerForward

# PowerForward

# Ohio Power Siting Board

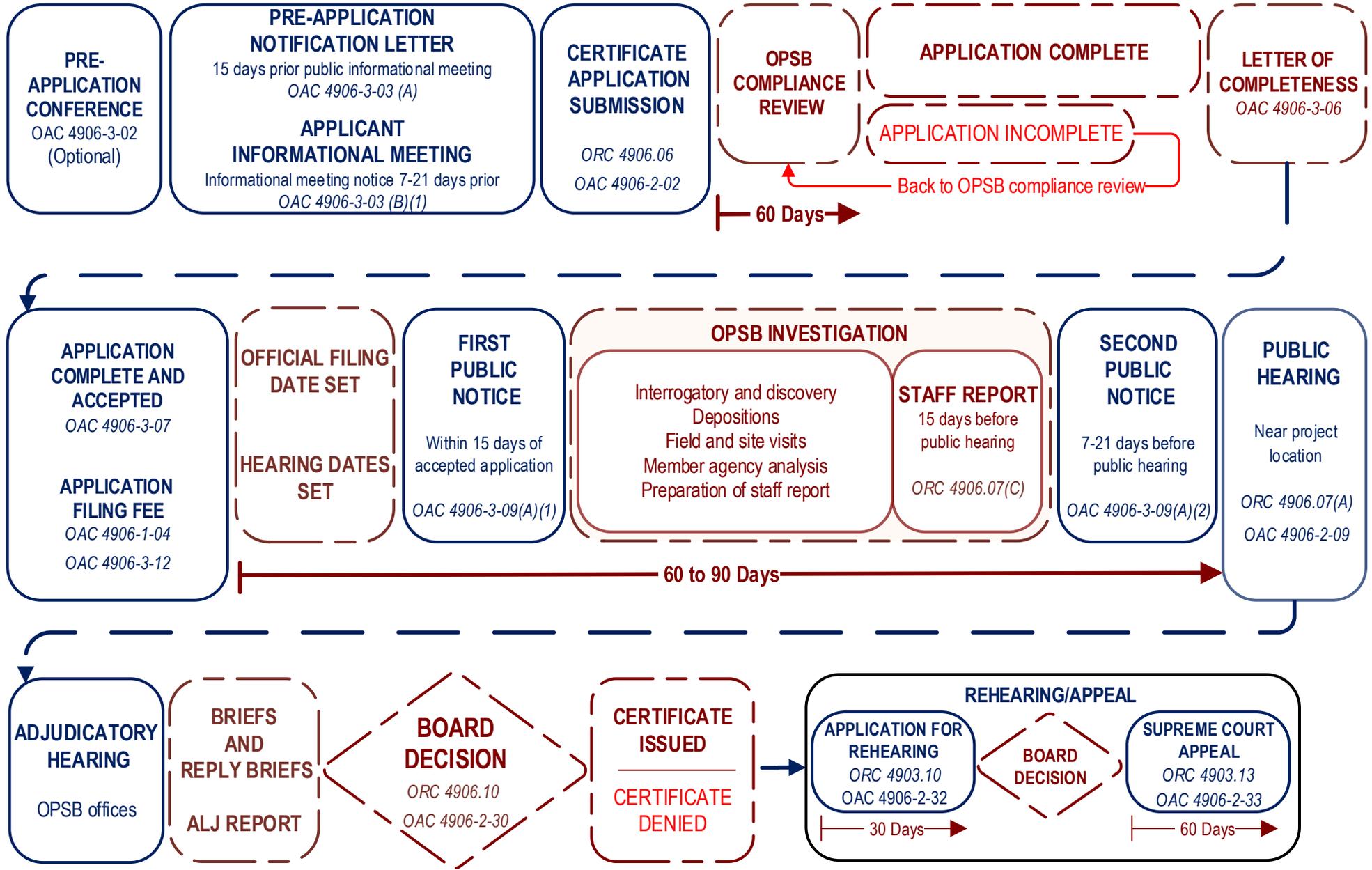


# OPSB jurisdiction

Siting of major utility facilities:

- A generating plant of 50 megawatts (MW) or more
- Wind facilities greater than 5 MW
- An electric transmission line of 125 kilovolts or greater
- Intrastate gas or natural gas transmission line capable of transporting gas at or greater than 125 pounds per square inch of pressure (does not include production, gathering or liquids lines)

# STANDARD APPLICATION PROCESS FLOWCHART



**LEGEND**



Construction and operation are monitored by the OPSB

# Public Utilities Commission of Ohio

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[www.PUCO.ohio.gov](http://www.PUCO.ohio.gov)