

FY 2018



# Annual Report

# MESSAGE FROM THE CHAIRMAN

Aug. 1, 2018

Dear members of the General Assembly,

I am pleased to present the Public Utilities Commission of Ohio (PUCO) Fiscal Year 2018 Annual Report.

The PUCO's mission is to assure all residential and business consumers have access to adequate, safe and reliable utility services at fair prices, while facilitating an environment that provides competitive choices. We achieve this mission through a team of dedicated public service professionals. As the chairman of the commission, I have set the bar high for providing excellence in every action we take on behalf of Ohioans.

I am particularly proud to report that this fiscal year we completed two (AEP Ohio and Dayton Power & Light Company) extremely complex electric utility rate cases, moving them toward long-term rate stability. In fact, after the Commission decides two major utility rate settlements in 2019, we will have rate stability for all four of our electric utilities until the mid-2020s. This is a true achievement, and it will mark the longest period of rate stability in the state since the electric restructuring law passed in 2008. To have this kind of reliability and stability is good for residential and business customers, and will help propel positive interest and economic growth in our state.

At the same time, we continued our push to drive innovation through the 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 PowerForward, we intend to chart a clear path forward for future grid modernization projects, innovative regulations and forward-thinking policies.

We also continue to monitor the safe construction and operation of Ohio's pipeline systems by working to ensure compliance with state and federal gas pipeline safety standards, and work to ensure access to telecommunications services for all Ohioans. Recent updates to PUCO rules foster greater competition in the telecommunications industry while protecting consumers' rights and access to service.

Lastly, the PUCO opened an investigation earlier this year to examine the effects of the Tax Cuts and Jobs Act of 2017 on regulated utility rates. This important work to ensure federal corporate tax reductions are recognized in utility rates will continue into FY 2019.

We continue our deep appreciation for the support of Ohio's General Assembly, and as always stand ready to assist consumers, businesses, government entities and other stakeholders.

Sincerely,



Asim Z. Haque  
Chairman



(Photo credit: Columbus Academy)

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# PUCO

## COMMISSIONERS



ASIM  
Z. HAQUE  
Chairman

Term ends: April 10, 2021

Chairman Asim Z. Haque was appointed to the PUCO by Governor John R. Kasich in 2013, and reappointed and named chairman by Kasich in 2016.



THOMAS  
W. JOHNSON  
Commissioner

Term ends: April 10, 2019

Commissioner Thomas W. Johnson was appointed to the PUCO by Governor John R. Kasich in April 2014.



M. BETH  
TROMBOLD  
Commissioner

Term ends: April 10, 2023

Commissioner M. Beth Trombold was appointed to the PUCO by Governor John R. Kasich in 2013 and reappointed to a second term in 2018.



LAWRENCE  
K. FRIEDEMAN

Term ends: April 10, 2020

Commissioner Lawrence K. Friedeman was appointed to the PUCO by Governor John R. Kasich in 2017.



DANIEL  
R. CONWAY

Term ends: April 10, 2022

Commissioner Daniel R. Conway was appointed to the PUCO by Governor John R. Kasich in 2017.

## CASES FILED IN FISCAL YEAR (FY) 2018

In a balanced and transparent manner, the PUCO decides matters ranging from rate cases to service complaints. Regulated utilities, consumers and interested parties regularly participate in the proceedings. During FY 2018, 2,041 cases were filed. Each category of utility, along with the number of formal cases opened in fiscal year 2018 in each category is represented below. In addition to formal cases before the Commission, the PUCO also informally regulates public utilities in many ways.

Industry Code	Industry	Number
AU	Two or more industries	37
EL	Electric	1,475
GA	Gas	202
GE	Gas and electric	10
HT	Heating	1
PL	Pipeline	6
RR	Railroad	42
ST	Sewage treatment	1
TP	Telephone	197
TR	Transportation	61
WS	Water and sewer	3
WW	Waterworks	6
<b>Total cases filed</b>		<b>2,041</b>

*\* No cases were filed under the following industry codes during FY 2017: BR (Bridge), BS (Bus), BT (Bus and Truck), CC (Cooling Company), CT (Competitive Telephone), DE (Depot), HC (Heating and Cooling), Non-Regulated Industries, RC (Radio Common Carriers), UN (Industry Not Regulated by PUCO), WT (Water Transportation)*

## FINANCIAL INFORMATION, FY 2018

Revenues FY 2018	
Assessment to utilities	\$30,882,648
Federal gas pipeline safety	\$1,029,816
Federal motor carrier safety	\$8,558,712
Gas pipeline assessment	\$215,246
Hazardous materials and civil forfeitures	\$73,330
Fines and penalties - Attorney General collected	\$2,426,316
Miscellaneous revenues	\$1,016,633
Motor carrier registration	\$5,650,409
Power siting	\$1,392,989
State grade crossing protection	\$1,200,000
Telecommunication relay service	\$5,361
Underground facilities protection	\$32,366
<b>Total revenues received by the PUCO</b>	<b>\$52,483,826</b>
<b>Revenue contributed to the General Revenue Fund</b>	<b>\$977,730</b>

Expenditures FY 2018	
Personnel service - payroll	\$32,767,448
Purchased personal services	\$4,239,764
Supplies and maintenance	\$5,800,750
Equipment	\$1,078,104
Subsidies and shared revenue	\$803,940
Transfers	\$6,521,246
<b>Total expenditures by the PUCO</b>	<b>\$51,211,252</b>

# PowerForward

Ohio

Public Utilities  
Commission

## PUCO COMPLETES INNOVATIVE POWERFORWARD INITIATIVE; REPORT FORTHCOMING

In March 2018, the PUCO continued the grid modernization conversation with the third installment of PowerForward. PowerForward is the PUCO's review of the latest in technological and regulatory innovation that could serve to enhance the consumer electricity experience. Phase 3, entitled "Ratemaking and Regulation", was split into two three-day sessions that engaged many national experts on a variety of topics including electric vehicles, distribution system planning, cybersecurity, ratemaking and rate design.

Unlike the first two phases, the focus of Phase 3 centered primarily on defining the regulatory framework required to move Ohio towards a modern electricity grid. Panel presentations followed by a Q&A session with the commissioners highlighted the several differing perspectives behind every aspect of grid modernization.

PowerForward Phase 3 wrapped up with these words from Chairman Haque: "I assure you, this is not the end." Stakeholders and consumers can indeed look forward to a policy document in FY19 that uses the information and expert presentations gathered during PowerForward to chart a path ahead for the Ohio electric grid.



## CATCH UP WITH POWERFORWARD

### In the news

PowerForward was extensively covered in both local and statewide news media, including the following:

**"PUCO chairman reflects on a critical first year and 'changing the dialogue' on energy policy"**

Columbus Business First

**"Change is coming to how you use power"**

Commissioner Trombold for the Glenn College Alumni Insights blog

**"PUCO chairman focused on modernizing electricity grid"**

The Columbus Dispatch

**"Your electricity experience must advance"**

Chairman Haque for the Ohio Chamber of Commerce blog

### Outreach to stakeholders - by the numbers

- PowerForward email list – **1,562** subscribers, a **58 percent** increase since phase 2
- Email open and click rate – smashes the industry average by more than **10 percent**
- Phase 3 Twitter engagement rate increases by **57 percent**
- YouTube views increase **292 percent**
- PowerForward-related web traffic up **47 percent**

## PUCO CALL CENTER SAVES OHIOANS \$612,000

Throughout FY 2018, the PUCO Call Center received **64,284** calls and **3,088** email, letter, fax and walk-in inquiries from consumers. Many of these consumers have a question a representative can quickly handle. In other instances, issues require a closer examination. At that point, a PUCO investigator is assigned to look into the matter. In FY 2018, the PUCO Call Center saved Ohio consumers **\$612,898**.

The PUCO website continues to be a resource for consumers, stakeholders and Ohioans that are looking for more information about the industries regulated by the PUCO. In FY 2018, [www.puco.ohio.gov](http://www.puco.ohio.gov) received over **450,000** visitors and more than **1.85 million** page views.



# PUCO OUTREACH

## SOCIAL MEDIA OUTREACH

The PUCO has put a renewed focus in FY 2018 on connecting with Ohioans through social media. Using Facebook, Twitter, LinkedIn and Instagram, the PUCO educated consumers, posted updates on cases and promoted the agency's overall work across the state.



This renewed focus on social media showed strong results. Tweets from the PUCO had an average of **35.4 thousand** impressions per month, Facebook posts reached an average of **275** people per day and visitors to the LinkedIn page increased over **175 percent**. On Instagram, the PUCO gathered over **290** followers since launching almost one year ago. Social media will continue to be a key part of PUCO outreach in FY19 and beyond.



## ACROSS THE STATE

As the state agency that regulates public services, the PUCO can and often does provide Ohioans with helpful information on a variety of utility issues. Community and business organizations can request speakers from the PUCO with a simple phone call.



Here are some of the ways that the PUCO reaches out to consumers across the state:

- Public speaking engagements
- Fairs such as the **Ohio State Fair** and the **Farm Science Review**
- Senior outreach events like the **Older Adult Expo** and presentations at local service organizations
- Children's events like **Buckeye Boys State** and **Children's Water Festival**

# KEY CASES

## 2018

### ELECTRIC SECURITY PLANS

The PUCO adopted an agreement in October 2017 that established an electric security plan (ESP) for the Dayton Power & Light Company (DP&L). In April 2018, the PUCO also adopted the ESP proposed by American Electric Power (AEP Ohio). The adoption of these two plans, along with the previous approval of the ESP proposed by FirstEnergy, means rate stability for three of the four state-regulated electric utilities until the mid 2020s.

These ESP decisions also represent collaborative efforts between several interested parties, including customers, environmental and residential groups, large retail employers and competitive suppliers.

The approved ESPs also include provisions for ensuring grid reliability and modernization. Specifically, the AEP plan expands access to renewable generation, microgrids and electric vehicle charging.

If similar measures are approved in the proposed ESP by Duke Energy Ohio, it would mean the longest period of rate stability in the state since the passage of the ESP statute in 2008.

### YOUNGSTOWN THERMAL

In summer 2017, the PUCO worked to ensure continued service of the Youngstown Thermal heating and cooling customers by ordering the utility into receivership.

The PUCO was made aware of financial and management troubles in mid-2017, and sought authority from the Mahoning County courts to establish a receiver to operate the utility until a long-term solution can be worked out. During FY 2018, the PUCO and receiver have worked to establish temporary rates that will provide the utility with stable revenues year-round that will provide the utility with the necessary cash flow to allow the utility to continue providing safe, reliable service that its customers depend upon.

### TAX REDUCTION RETURN

The Commission rejected legal arguments from the state's four electric utilities challenging the PUCO's authority to examine the impacts of the reduction in corporate income tax on utility rates, saying Ohio's regulated companies must continue to set aside all money from the tax cut until plans are made to return funds to customers.

In issuing the ruling PUCO Chairman Haque said,

***“Ohio, along with other states, will continue to work to return the tax savings to customers... [Utilities should] continue to set aside money as of January 1, 2018 that is rightfully due to customers, and be productive with us in trying to figure out how that money will be returned to the people and businesses of Ohio.”***

# EMERGING TRENDS

## 2018



Per Ohio law, the PUCO provides the following information identifying emerging trends related to energy supply, demand and costs of energy to consumers, and specifying statewide and regional energy needs.

Ohio is part of a regional electric market served by PJM Interconnection — the regional transmission operator. The region includes 13 states and the District of Columbia wherein PJM is responsible for maintaining the reliability of the grid, developing regional transmission expansion plans, and administering wholesale energy, ancillary services and capacity markets.

Each year, PJM procures enough electric supply resources (capacity) to ensure reliability three years ahead. The reliability target includes an excess reserve margin to address unforeseen widespread outages. PJM's current projections indicate a 19.7 percent reserve margin beginning June 1, 2017, and a 23.3 percent reserve margin beginning June 1, 2020.

For purposes of meeting our statutory load forecasting requirement for fiscal year 2017, the PUCO expects Ohio's peak load, or maximum electric demand, to increase minimally by a total of 1.5 percent over the 20 year horizon (2015–2035). This is equivalent to a 0.13 percent electric demand increase per year. Ohio consumed 146.9 million MWh of electricity in 2015 and is forecasted to consume 153.3 million MWh in 2035.

## WINTER RECONNECT ORDER

The Winter Reconnect Order allows customers who have had their home heating service disconnected for nonpayment or who have been threatened with disconnection the opportunity to pay a maximum of \$175, plus a reconnection fee, to restore or maintain their utility service. Ohioans can utilize the Winter Reconnect Order once per winter heating season. Customers who use the Winter Reconnect Order are required to make payment arrangements with their natural gas or electric company on any outstanding balance. During the 2017–2018 heating season **217,494** consumers utilized the Winter Reconnect Order.

## PUCO IN THE NEWS

Work from the PUCO has been the topic of several statewide news features. From Cleveland to Columbus, these stories highlighted the most important cases of FY18:

### **“Receiver for Youngstown Thermal to be appointed”**

The Vindicator

### **“Push toward electric vehicles gets boost from Ohio regulators”**

The Columbus Dispatch

### **“Tax cut may lower utility bills, PUCO orders utilities to set aside savings for customers”**

The Plain Dealer

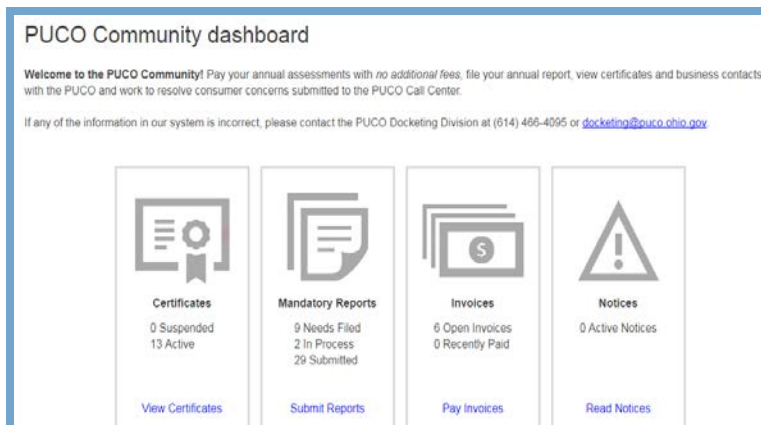
## MONITORING SAFETY OF ELECTRIC AND NATURAL GAS INFRASTRUCTURE

Ohio is home to more than 71,000 miles of regulated gas pipelines, and 88,000 miles of electric overhead distribution. The PUCO employs field inspectors who perform compliance inspections of gas pipelines and electric distribution facilities to ensure they are following design, construction, operation and maintenance safety regulations.

Each year, PUCO field inspectors work to ensure the safety of gas pipelines and electric infrastructure all over the state. During fiscal year 2018, staff conducted **185** audits of natural gas pipelines and worked **904** total days inspecting electric distribution facilities.

## NEW ONLINE SYSTEM FOR ANNUAL REPORT FILERS

The PUCO continues to modernize and streamline its business processes, launching the new online PUCO Community. Currently, regulated companies may file their annual report and pay annual assessments and view active and inactive certificates. The Telecommunications Relay Service (TRS) assessment report was recently added. And coming soon, businesses will be able to update important business contacts on file with the PUCO, work to resolve investigations and consumer concerns sent to the PUCO Call Center and other important business transactions - all in a secure, transparent online environment.



## PUCO AWARDS HAZARDOUS MATERIALS TRAINING GRANTS

Throughout fiscal year 2018, the PUCO awarded seven hazardous materials training grants totaling **\$221,485**. The funds will be used to train more than **2,100** public safety and emergency services professionals in Ohio. The PUCO awards hazardous materials planning and training grants to local government subdivisions, educational institutions and state agencies. Money for these grants comes from fines paid by hazardous material carriers and shippers. Individual grants are based upon applications to the PUCO and are awarded on a reimbursement basis. The grant funds are used for emergency response planning and proper techniques for the management of hazardous material releases.



## RAIL CROSSING SAFETY UPGRADES AND INSPECTIONS

The PUCO ordered a total of **91** rail crossing safety upgrades during FY 2018, including the installation of lights and gates, supplemental assistance upgrades and circuitry upgrades. These upgrades are funded through federal, state and local monies. The rail division also conducted **593** federal rail safety inspections and all 5,800 grade crossings in the state were inspected for state compliance. The number of train-motor vehicle crashes in Ohio in 2017 was 68.

## 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 **89,305** driver/vehicle inspections during fiscal year 2018. Each inspection follows a thorough process to ensure that the driver and vehicle meet necessary state and federal regulations. In addition, the PUCO conducted **469** motor carrier and shipper compliance reviews to ensure proper state and federal safety and hazardous materials regulations were followed. PUCO staff worked with more than **923** motor carriers during FY 2018 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.





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

Asim Z. Haque, Chairman



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