

Role and Overview

The Public Utilities Commission (PUCO) assures that all residential, business, and industrial consumers have access to adequate, safe, and reliable utility services at fair prices, while facilitating an environment that provides competitive choices. The PUCO regulates a wide variety of public utilities including electricity, natural gas, pipelines, heating and cooling, telephone services, waterworks, wastewater, railroads, household goods carriers, towing companies, water transportation, hazardous materials carriers, and commercial transportation carriers.

A chairman and four commissioners, who are appointed by the Governor for five-year terms, govern the PUCO. The chairman serves as the agency's director and chairs the Power Siting Board, which reviews all applications for building electric generating and transmission facilities in Ohio. The PUCO employs about 400 staff members and has an annual budget of approximately \$78.6 million. Additional information regarding the Public Utilities Commission is available at <http://www.puco.ohio.gov>.



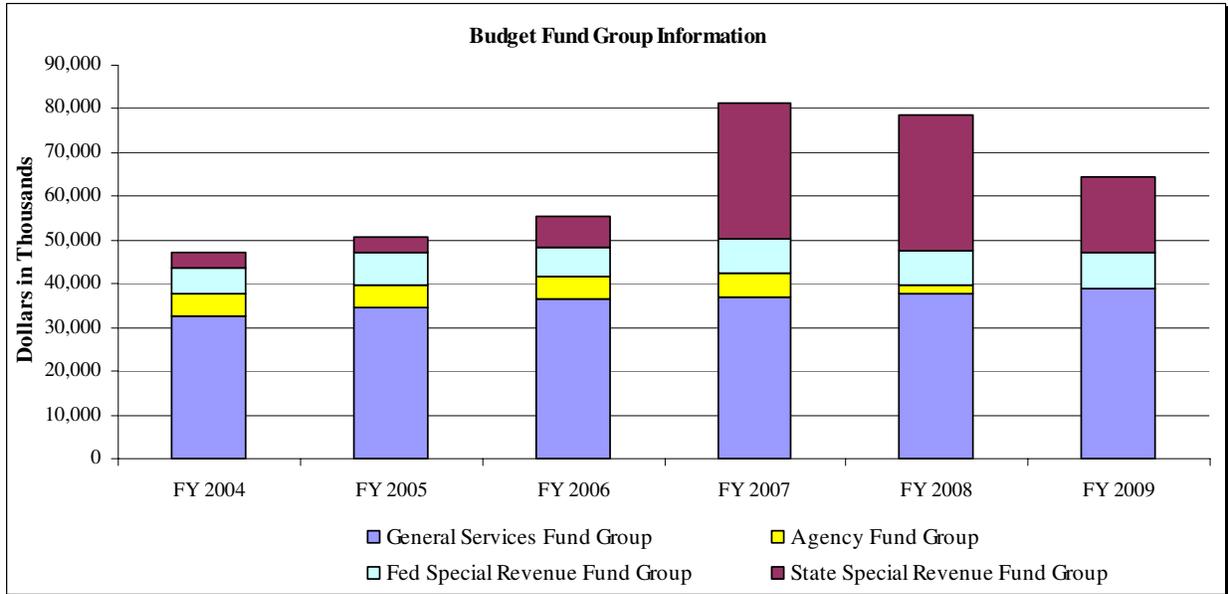
Turnaround Ohio Initiatives

- Promote utility regulatory policies such as industrial incentive rates that encourage investment in Ohio.
- Explore alternative energy resources and the feasibility of creating a more diverse generation portfolio in Ohio.
- Encourage the development of broadband infrastructure through appropriate public policy.

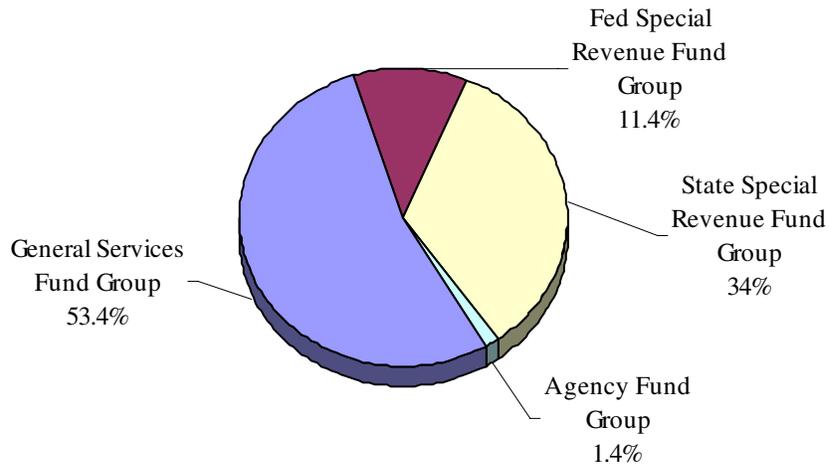
Agency Priorities

- Mandate the availability of adequate, safe, and reliable utility service to all business, industrial, and residential consumers.
- Ensure financial integrity and service reliability in the Ohio utility industry.
- Promote utility infrastructure investment through appropriate regulatory policies and structures.
- Regulate utilities' rates and terms of service for monopoly and non-competitive services.
- Monitor and enforce compliance with rules and statutory protections against deceptive, unfair, unsafe, and anti-competitive utility practices.
- Safeguard the security of Ohio's regulated motor carrier and rail operations, through aggressive inspection, training, monitoring, and education programs.
- Enhance safety at all public highway-railroad grade crossings in Ohio through education and the installation of lights and gates and other safety devices.
- Resolve through mediation, arbitration, and adjudication disputes between utilities and residential, commercial, and industrial customers, as well as between competing utilities.
- Foster competition by establishing and enforcing a fair competitive framework for all utilities.

Summary of Budget History and Recommendations



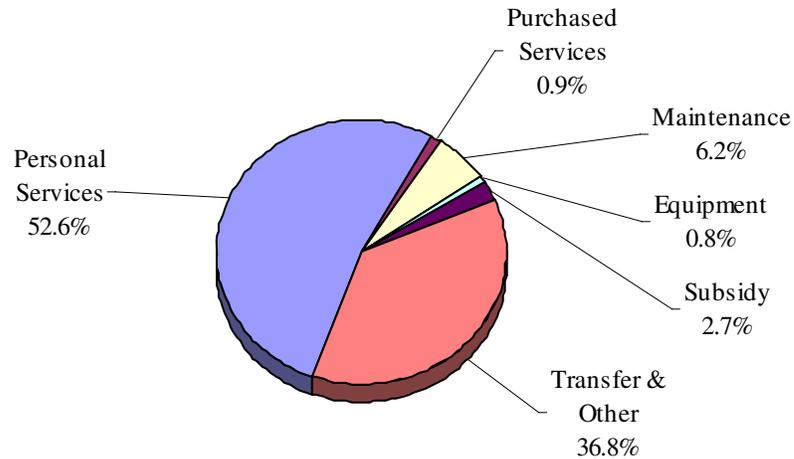
**FY 2008-09 Biennial Appropriation
by Budget Fund Group**



State of Ohio
Public Utilities Commission

| (In thousands) BUDGET FUND GROUP | ACTUAL | | | ESTIMATE FY 2007 | % CHANGE FY 06-07 | RECOMMENDED | | | |
|-------------------------------------|---------------|---------------|---------------|---------------------|-------------------------|---------------|--------------|---------------|---------------|
| | FY 2004 | FY 2005 | FY 2006 | | | FY 2008 | % CHANGE | FY 2009 | % CHANGE |
| General Services Fund Group | 32,772 | 34,619 | 36,575 | 36,801 | .6 | 37,613 | 2.2 | 38,735 | 3.0 |
| Fed Special Revenue Fund Group | 6,110 | 7,528 | 6,713 | 7,926 | 18.1 | 8,035 | 1.4 | 8,250 | 2.7 |
| State Special Revenue Fund Group | 3,499 | 3,610 | 6,898 | 30,916 | 348.2 | 30,984 | .2 | 17,484 | (43.6) |
| Agency Fund Group | 4,769 | 4,924 | 5,131 | 5,600 | 9.2 | 2,000 | (64.3) | 0 | (100.0) |
| TOTAL | 47,150 | 50,680 | 55,317 | 81,243 | 46.9 | 78,633 | (3.2) | 64,469 | (18.0) |

**FY 2008-09 Biennial Appropriation
by Expense Category**



| (In thousands) OBJECT OF EXPENSE | ACTUAL | | | ESTIMATE FY 2007 | % CHANGE FY 06-07 | RECOMMENDED | | | |
|-------------------------------------|---------------|---------------|---------------|---------------------|-------------------------|---------------|--------------|---------------|---------------|
| | FY 2004 | FY 2005 | FY 2006 | | | FY 2008 | % CHANGE | FY 2009 | % CHANGE |
| Personal Services | 30,685 | 32,243 | 33,117 | 35,472 | 7.1 | 36,666 | 3.4 | 38,567 | 5.2 |
| Purchased Services | 306 | 775 | 557 | 563 | 1.1 | 696 | 23.5 | 594 | (14.7) |
| Maintenance | 4,413 | 4,547 | 5,614 | 5,268 | (6.2) | 4,688 | (11.0) | 4,249 | (9.4) |
| Equipment | 722 | 1,044 | 1,509 | 465 | (69.2) | 563 | 21.2 | 539 | (4.3) |
| Subsidy | 1,317 | 1,464 | 1,319 | 1,899 | 44.0 | 1,932 | 1.7 | 1,932 | .0 |
| Transfer & Other | 9,708 | 10,608 | 13,200 | 37,576 | 184.7 | 34,087 | (9.3) | 18,588 | (45.5) |
| TOTAL | 47,150 | 50,680 | 55,317 | 81,243 | 46.9 | 78,633 | (3.2) | 64,469 | (18.0) |

PROGRAM SERIES 01: Utility Regulation

The Public Utilities Commission of Ohio is the only state agency that regulates the operations of public utility companies. The PUCO implements appropriate regulatory safeguards that ensure Ohio’s residential and business consumers have access to adequate, safe, secure, and reliable utility services at fair prices, while facilitating an environment that provides competitive choices. The PUCO regulates the electric, natural gas, telephone, water, rail, and transportation industries through a comprehensive regulatory program that encompasses infrastructure development, registration and certification, economic and financial integrity monitoring, service reliability, and safety enforcement.

Program 01.01: Safety and Service Quality, Oversight, and Enforcement

This program monitors and enforces compliance with state and federal safety and service quality regulations in a wide variety of public utilities including electricity, natural gas, pipelines, heating and cooling, telephone services, waterworks, wastewater, railroad, household goods carriers, tow trucks, water transportation, hazardous materials carriers, and commercial transportation carriers.

The Executive Recommendation will:

- Continue the implementation of the regulations of multiple federal agencies, including (but not limited to) US Department of Transportation, Federal Motor Carrier Safety Administration, and the Federal Rail Commission;
- Provide for the implementation of the Commercial Vehicle Information Systems and Networks (CVISN); and
- Fund the operation of the hazardous materials civil forfeiture program.

| FUND | | | | RECOMMENDED | |
|--------------------------|------|---------|-------------------------------------|-------------------|-------------------|
| GROUP | FUND | ALI | ALI NAME | FY 2008 | FY 2009 |
| GSF | 5F6 | 870-622 | Utility & Railroad Regulation | 14,201,177 | 14,647,591 |
| GSF | 5F6 | 870-624 | NARUC/NRRI Subsidy | 68,366 | 68,366 |
| GSF | 5F6 | 870-625 | Motor Transportation Regulation | 2,395,097 | 2,505,497 |
| FED | 333 | 870-601 | Gas Pipeline Safety | 542,561 | 542,564 |
| FED | 350 | 870-608 | Motor Carrier Safety | 7,137,534 | 7,351,660 |
| SSR | 4A3 | 870-614 | Grade Crossng Protectn Device-State | 1,349,757 | 1,349,757 |
| SSR | 4L8 | 870-617 | Pipeline Safety-State | 168,859 | 172,877 |
| SSR | 4U8 | 870-620 | Civil Forfeitures | 284,986 | 284,986 |
| SSR | 5BP | 870-623 | Wireless 911 Administration | 26,875,000 | 13,375,000 |
| SSR | 560 | 870-607 | Public Utilities Investigations | 50,000 | 50,000 |
| SSR | 561 | 870-606 | Power Siting Board | 185,465 | 185,466 |
| SSR | 661 | 870-612 | Hazardous Materials Transportation | 900,000 | 900,000 |
| TOTAL FOR PROGRAM | | | | 54,158,802 | 41,433,764 |

Program 01.02: Registration and Certification

This program registers and certifies public utilities operating in the State of Ohio including electric, natural gas, heating and cooling, telephone, waterworks, wastewater, railroads, household goods, towing, water transportation, hazardous materials, and commercial transportation carriers. Through the establishment of a fair and reasonable regulatory framework, the PUCO protects the public interest and facilitates competitive choices where feasible while also assuring adequate utility infrastructure.

The Executive Recommendation will:

- Support the registration and certification of over 8,000 intrastate carriers; 2,500 hazardous materials carriers; 7,000 rail cars; 3,000 hazardous materials rail cars; 7,500 rail grade crossings; and over 1,000 power, utility, and telecommunication companies each calendar year.

State of Ohio
Public Utilities Commission

| FUND | | | | RECOMMENDED | |
|--------------------------|------|---------|-------------------------------------|------------------|------------------|
| GROUP | FUND | ALI | ALI NAME | FY 2008 | FY 2009 |
| GSF | 5F6 | 870-622 | Utility & Railroad Regulation | 3,963,430 | 4,092,597 |
| GSF | 5F6 | 870-624 | NARUC/NRRI Subsidy | 19,080 | 19,080 |
| GSF | 5F6 | 870-625 | Motor Transportation Regulation | 1,981,561 | 2,007,619 |
| FED | 3V3 | 870-604 | Commercial Veh Info Sys/Net Federal | 300,000 | 300,000 |
| FED | 333 | 870-601 | Gas Pipeline Safety | 55,396 | 55,395 |
| SSR | 4L8 | 870-617 | Pipeline Safety-State | 18,762 | 14,744 |
| SSR | 4S6 | 870-618 | Hazardous Material Registration | 464,325 | 464,325 |
| SSR | 4S6 | 870-621 | Hazardous Materials Base State Reg | 373,346 | 373,346 |
| SSR | 561 | 870-606 | Power Siting Board | 185,465 | 185,466 |
| AGY | 4G4 | 870-616 | Base State Registration Program | 2,000,000 | 0 |
| TOTAL FOR PROGRAM | | | | 9,361,365 | 7,512,572 |

Program 01.03: Tariff and Economic Oversight

This program provides for the review and approval of the utilities' rules and regulations to ensure that they comply with state and federal regulations. Rates and terms for monopoly and non-competitive utility services are set by the PUCO. Utility activities and markets are closely monitored to ensure financial integrity within the utility industry, safeguards for the consumers, enforcement of regulations, and the enhancement of the state's economy.

The Executive Recommendation will:

- Allow PUCO to monitor the implementation of 9-1-1 systems within counties, as well as the wireless 9-1-1 service; and
- Fund investigations and audits conducted through the financial analysis and audits division.

| FUND | | | | RECOMMENDED | |
|--------------------------|------|---------|------------------------------------|-------------------|-------------------|
| GROUP | FUND | ALI | ALI NAME | FY 2008 | FY 2009 |
| GSF | 5F6 | 870-622 | Utility & Railroad Regulation | 14,655,420 | 15,064,439 |
| GSF | 5F6 | 870-624 | NARUC/NRRI Subsidy | 70,554 | 70,554 |
| GSF | 5F6 | 870-625 | Motor Transportation Regulation | 258,755 | 259,649 |
| SSR | 559 | 870-605 | Public Utilities Territorial Admin | 4,000 | 4,000 |
| SSR | 560 | 870-607 | Public Utilities Investigations | 50,000 | 50,000 |
| SSR | 561 | 870-606 | Power Siting Board | 33,721 | 33,720 |
| SSR | 638 | 870-611 | Biomass Energy Program | 40,000 | 40,000 |
| TOTAL FOR PROGRAM | | | | 15,112,450 | 15,522,362 |

LINE ITEM SUMMARY - Public Utilities Commission

| FUND | ALI | ALI TITLE | FY 2004 ACTUAL | FY 2005 ACTUAL | FY 2006 ACTUAL | FY 2007 ESTIMATE | FY 2008 RECOMMENDED | % CHANGE | FY 2009 RECOMMENDED | % CHANGE |
|---|---------|-------------------------------------|-------------------|-------------------|-------------------|---------------------|------------------------|---------------|------------------------|----------------|
| 5F6 | 870-622 | Utility & Railroad Regulation | 28,401,666 | 29,801,599 | 31,456,553 | 31,272,223 | 32,820,027 | 4.9 | 33,804,627 | 3.0 |
| 5F6 | 870-624 | NARUC/NRRI Subsidy | 147,165 | 147,165 | 147,163 | 167,233 | 158,000 | (5.5) | 158,000 | .0 |
| 5F6 | 870-625 | Motor Transportation Regulation | 4,202,850 | 4,651,438 | 4,971,197 | 5,361,238 | 4,635,413 | (13.5) | 4,772,765 | 3.0 |
| 558 | 870-602 | Salvage & Exchange | 20,319 | 18,749 | 0 | 0 | 0 | .0 | 0 | .0 |
| TOTAL General Services Fund Group | | | 32,772,000 | 34,618,951 | 36,574,913 | 36,800,694 | 37,613,440 | 2.2 | 38,735,392 | 3.0 |
| 3V3 | 870-604 | Commercial Veh Info Sys/Net Federal | 0 | 308,609 | 45,489 | 300,000 | 300,000 | .0 | 300,000 | .0 |
| 333 | 870-601 | Gas Pipeline Safety | 488,533 | 454,858 | 659,857 | 597,957 | 597,957 | .0 | 597,959 | .0 |
| 350 | 870-608 | Motor Carrier Safety | 5,621,777 | 6,764,837 | 6,007,990 | 7,027,712 | 7,137,534 | 1.6 | 7,351,660 | 3.0 |
| TOTAL Fed Special Revenue Fund Group | | | 6,110,310 | 7,528,304 | 6,713,336 | 7,925,669 | 8,035,491 | 1.4 | 8,249,619 | 2.7 |
| 4A3 | 870-614 | Grade Crossng Protectn Device-State | 887,101 | 1,222,318 | 903,948 | 1,349,757 | 1,349,757 | .0 | 1,349,757 | .0 |
| 4L8 | 870-617 | Pipeline Safety-State | 178,367 | 161,388 | 151,089 | 187,621 | 187,621 | .0 | 187,621 | .0 |
| 4S6 | 870-618 | Hazardous Material Registration | 401,973 | 529,264 | 518,442 | 464,325 | 464,325 | .0 | 464,325 | .0 |
| 4S6 | 870-621 | Hazardous Materials Base State Reg | 255,795 | 315,615 | 302,755 | 373,346 | 373,346 | .0 | 373,346 | .0 |
| 4U8 | 870-620 | Civil Forfeitures | 297,390 | 344,144 | 292,515 | 284,986 | 284,986 | .0 | 284,986 | .0 |
| 5BP | 870-623 | Wireless 911 Administration | 0 | 0 | 3,372,650 | 26,875,000 | 26,875,000 | .0 | 13,375,000 | (50.2) |
| 559 | 870-605 | Public Utilities Territorial Admin | 0 | 0 | 0 | 4,000 | 4,000 | .0 | 4,000 | .0 |
| 560 | 870-607 | Public Utilities Investigations | 0 | 0 | 59,467 | 100,000 | 100,000 | .0 | 100,000 | .0 |
| 561 | 870-606 | Power Siting Board | 642,571 | 400,954 | 396,780 | 337,210 | 404,651 | 20.0 | 404,652 | .0 |
| 638 | 870-611 | Biomass Energy Program | 30,971 | 36,925 | 38,926 | 40,000 | 40,000 | .0 | 40,000 | .0 |
| 661 | 870-612 | Hazardous Materials Transportation | 804,909 | 598,986 | 861,304 | 900,000 | 900,000 | .0 | 900,000 | .0 |
| TOTAL State Special Revenue Fund Group | | | 3,499,077 | 3,609,594 | 6,897,876 | 30,916,245 | 30,983,686 | .2 | 17,483,687 | (43.6) |
| 4G4 | 870-616 | Base State Registration Program | 4,768,968 | 4,923,573 | 5,130,520 | 5,600,000 | 2,000,000 | (64.3) | 0 | (100.0) |
| TOTAL Agency Fund Group | | | 4,768,968 | 4,923,573 | 5,130,520 | 5,600,000 | 2,000,000 | (64.3) | 0 | (100.0) |
| TOTAL Public Utilities Commission | | | 47,150,355 | 50,680,422 | 55,316,645 | 81,242,608 | 78,632,617 | (3.2) | 64,468,698 | (18.0) |