

**Testimony of Councilman George Sarantou (City of
Toledo) Before the Ohio House of Representatives
Finance Committee**

April 12, 2011

Good afternoon. Thank you to Chairman Ron Amstutz and the House Finance Committee for the opportunity to testify today on the proposed budget for the Ohio Consumers' Counsel.

Since 1976, the Ohio Consumers' Counsel has played a vital role in representing the interests of Ohio's 4.5 million residential utility customers. As a Toledo City Councilman since January 2002, I have had the opportunity to work closely with the Ohio Consumers' Counsel as well as the Public Utilities Commission of Ohio on electric, natural gas and telephone utility issues.

In Toledo the Ohio Consumers' Counsel was very helpful in working with Toledo City Council and its Public Utilities Committee to assist us in evaluating Senate Bill 221, which has had a profound impact on electric rates in Northwest Ohio. The OCC reached an agreement with First Energy in its deferred distribution cost recovery case which provided customers with \$178 million in avoided interest charges. Also as a result of the agreement that OCC worked out with First Energy, an additional \$2.5 million of shareholder dollars were added to a low income fuel fund. Last year after First Energy removed a previously available discount for all electric home customers, the OCC worked diligently to protect all First Energy customers. The OCC worked with legislators, the PUCO staff, members of Citizens for Keeping the All Electric Promise and other customers to advocate for permanent, affordable and fair solutions for all electric First Energy residential customers. The OCC held town meetings throughout Northwest Ohio and distributed important educational materials.

In the field of natural gas the OCC has assisted the City of Toledo and other jurisdictions throughout Northwest Ohio as well as residential customers in making sure that Columbia Gas encounter a competitive market which ultimately would save money for all natural gas customers.

It is estimated that savings resulting from the first wholesale auction of natural gas would range from \$38 to \$50 million dollars. Back in 2006, the OCC was very helpful to us in Northwest Ohio when we discovered that there was a huge natural gas pipeline coming from the West Texas area through Maumee, Ohio into Monroe County, Michigan which offered a much lower price to the citizens of Southeastern Michigan compared to higher natural gas that we were paying in Northwest Ohio. Today Columbia Gas customers in Northwest Ohio are enjoying much lower natural gas rates, and I believe that the OCC played a vital role in advocating for lower pricing of natural gas to be available to customers in Toledo and Northwest Ohio.

Since 1976, the OCC has had broad bipartisan support from the Ohio General Assembly all the way to the Governor's office. Just in the last two years they have saved customers nearly \$55 million directly through its advocacy and they have also saved an additional \$1.9 billion in shared savings with other partners. In its 35 year history, they have saved utility customers in Ohio approximately \$10 billion dollars.

As a Toledo City Councilman and businessman (financial adviser with Brennan Financial, LTD.) I have advocated for lower natural gas and electric rates, not just in Toledo and Lucas County but throughout Northwest Ohio. For many decades, Toledo and Lucas County had some of the highest electrical rates in the nation and our natural gas rates were also higher than most other areas of Ohio. Why is this important? It is important because as a region, Toledo and Northwest Ohio must offer competitive utility rates if we are to retain and attract employers. Without employment opportunities for our citizens we will continue to lose current employers as well as future companies that want to expand and will consider the Toledo area. There is no question that lower taxes play a significant role in attracting and retaining jobs in Northwest Ohio and we appreciate the work the Ohio General Assembly has done in reducing state taxes so we can be more competitive with our neighbors in Indiana, Michigan, Pennsylvania and Kentucky as well as throughout the United States. Lower taxes and reasonable utility rates along with a skilled workforce will ensure we will be more competitive in the areas of economic development for many years to come.

Additionally, the Ohio Consumers' Counsel is not funded from Ohio's General Revenue Fund. The OCC is funded by assessment on utility companies which is equal to \$1 per year per residential customer. This is a small price to pay in order to ensure that residential customers are being represented by one agency. True, the PUCO does receive consumer complaints and does advocate for consumers, but I believe that the Ohio Consumers' Counsel serves as a lawyer for residential utility customers in contrast with the Public Utilities Commission of Ohio, which I believe serves as a judge. Where the

OCC advocates for residential customers, the PUCO balances the interest of the utility companies, shareholders and customers when it makes decisions regarding utility rates. By having an agency such as the OCC which is solely responsible to consumers, we will ensure that residential customers in Ohio will have one advocate that will do everything they can to make sure that utility rates are fair and proper for all of Ohio. Additionally, the OCC was created to provide balance in regulating Ohio's utilities. Today utility companies have an army of attorneys, accountants, and technical experts that lobby the PUCO on utility issues including applications for rate increases. Today the OCC is the only agency that represents residential customers, including our Senior Citizens, against strong and influential utility corporations. By reducing the OCC's budget by over 50 percent this will lead to an unfair advantage for utilities over residential customers.

As a businessman as well as a Toledo City Councilman I understand the need to have competitive utility rates as well as lower tax rates and a highly skilled and educated workforce that will lead to more economic development growth throughout Toledo, Lucas County and Northwest Ohio. I believe the OCC has performed admirably over the last 35 years and they will continue to play a vital role in improving Ohio's economic development environment. I understand the necessity for every department in the State of Ohio to reduce its budget during the next biennium just as I as Chairman of the Toledo City Council Finance Committee for the last eight years have been involved in cutting expenditures throughout every single department in the City of Toledo. Since 2004, the OCC itself has reduced its budget by 8.4 percent and their caseloads have increased by 100 percent during that same time period. Today their employees must perform legal,

accounting and technical analysis with regard to utility issues-and utility issues at times can be very complex. Therefore, I would request a more reasonable reduction for the Ohio Consumers' Counsel budget rather than a 50 percent reduction which could decimate this organization at a time when consumers need it most.

On behalf of Toledo consumers and businesses, I appreciate the opportunity to testify on this very important issue affecting 4.5 million residential utility customers throughout Ohio.