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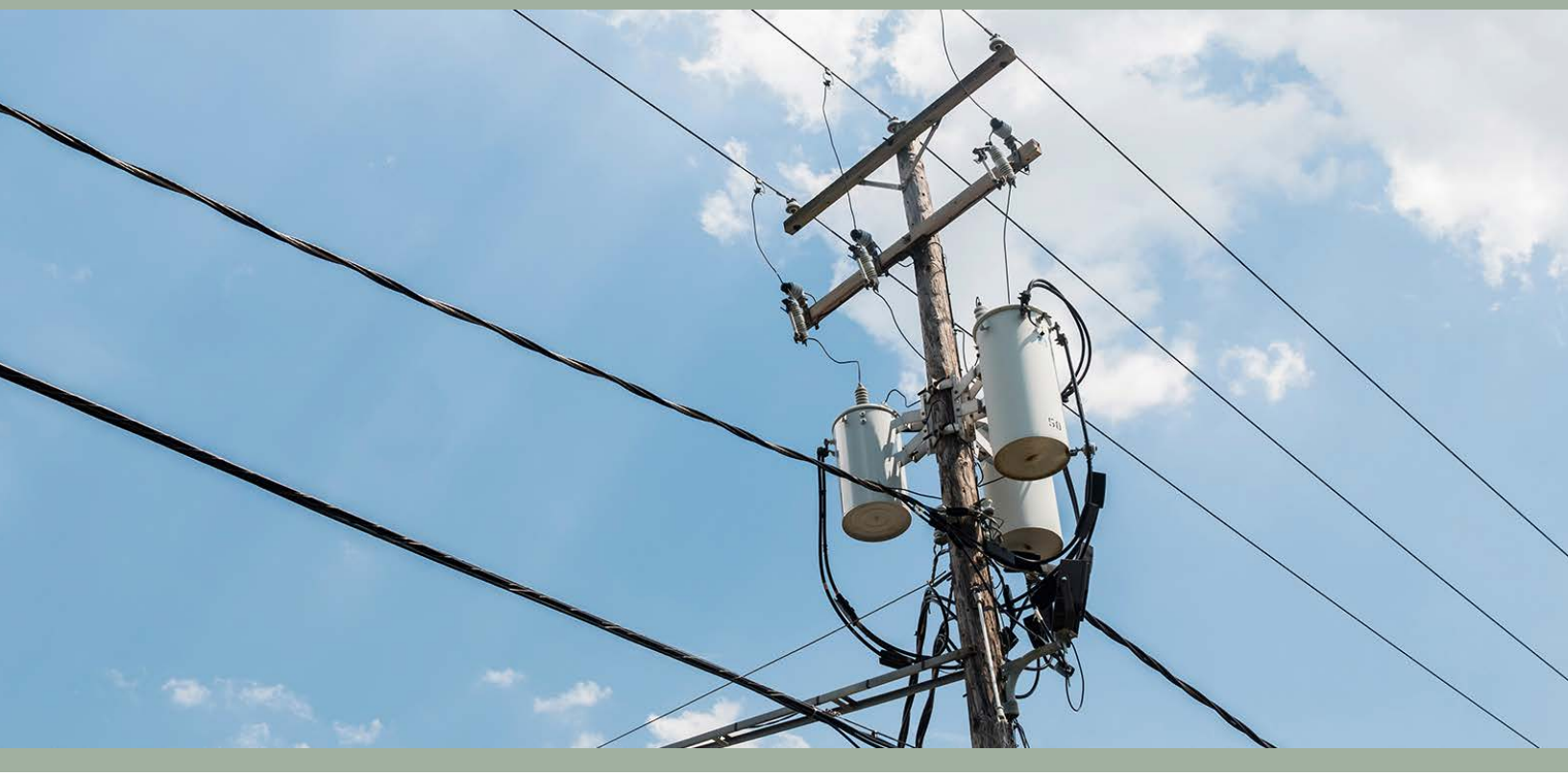
KEITH FABER



# Public Utilities Commission of Ohio

# Performance Audit

September 2026

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OHIO AUDITOR OF STATE
KEITH FABER

To the Governor's Office, General Assembly, Public Utilities Commission of Ohio, Ohio Taxpayers, and Interested Citizens:

The Auditor of State's Office recently completed a performance audit of the Public Utilities Commission of Ohio. This service to the Commission and to the taxpayers of the state of Ohio is being provided at the request of the General Assembly.

This performance audit report contains recommendations, supported by detailed analyses, to enhance the overall efficiency, effectiveness, and transparency of the Commission and its operations. This report has been provided to the Commission, and its contents have been discussed with appropriate staff and leadership.

It is my hope that the Commission will use the results of the performance audit as a resource for improving operational efficiency as well as service delivery effectiveness. The analyses contained within are intended to provide management with information, and in some cases, a range of options to consider while making decisions about their operations.

This performance audit report can be accessed online through the Auditor of State's website at http://www.ohioauditor.gov and choosing the "Search" option. Additional resources related to performance audits are also available on the Ohio Auditor of State's website.

Sincerely,

KEITH FABER
Ohio Auditor of State

Tiffany L Ridenbaugh

Tiffany L Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

September 15, 2026

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# Public Utilities Commission of Ohio

## Performance Audit Summary

## WHAT WE LOOKED AT

The Public Utilities Commission of Ohio (PUCO) is responsible for ensuring access to safe and reliable utility services within the state. PUCO regulates many types of utilities in Ohio including investor-owned utilities, which are private companies that provide services such as electricity, natural gas, or telecommunications to the general public. This regulatory authority includes assuring consumers access to fair rates and competitive markets, approving new facilities, and adjudicating complaints related to utilities.

Ohio House Bill (HB) 96 of the 136th General Assembly required the Ohio Auditor of State to conduct a performance audit of PUCO including a review of the Ohio Power Siting Board. This audit, conducted by the Ohio Performance Team, included a limited review of the Commission's overall strategic and operational management including strategic planning, financial management, and regulatory enforcement. In addition, we reviewed the Commission's processes for case resolution relating to rates and Ohio Power Siting Board decisions.

## WHAT WE FOUND

PUCO is governed by five commissioners that are appointed by the governor to serve staggered five-year terms. In State Fiscal Year 2025, the Commission had a total of 365 employees that were responsible for overseeing the day-to-day operations of PUCO including reviewing applications for new facilities and infrastructure, conducting rate analyses, and conducting service monitoring and enforcement activities. The Commission received approximately $78 million in revenue through fees and grants in SFY 2025.

The Commission does not have written formal plans relating to organizational strategy, finance, or staffing resources. These types of planning documents are important for organizations to allocate resources in a manner that best aligns with operational goals. In addition, PUCO does not track data elements that could be used to develop and monitor key performance indicators. In particular, House Bill 15 of the 136th General Assembly made changes to how PUCO manages its rate case resolution process and power siting board application process. We found that PUCO is not tracking key metrics that may be necessary to ensure continued compliance with these changes.

Finally, we found that the civil penalty amounts charged by PUCO for violations relating to gas pipeline safety are at risk of falling out of alignment with standard amounts set in the Code of Federal Regulations. Misalignment with these standards increases the risk of potential negative

impacts to the quality of services PUCO can provide related to gas pipeline monitoring and enforcement activities across the state as a consequence of forfeiting Pipeline and Hazardous Materials Safety Administration (PHMSA) certification.

## KEY OBSERVATIONS

**Key Observation 1:** PUCO is a complex agency with a wide-ranging span of regulatory roles and responsibilities across multiple utility industries and includes many public facing programs. This complexity increases the importance of formal policies and plans related to organizational strategy, finance, and staffing resources, which the Commission currently lacks. These management tools offer the most utility when they are guided by quality data, and so would be better informed once the Commission improves its data collection efforts.

**Key Observation 2:** PUCO does not currently capture case resolution and staff labor data in a uniform manner that would allow for identification of root causes of delays in the case resolution process or the identification of potential improvements. However, PUCO is well positioned to improve its data collection efforts as it is in the process of transitioning to a new case docketing system. It is currently in the design phase and maintains oversight of the vendor as they design workflows, which could include uniform case process milestone inputs.

**Key Observation 3:** While improvements in data collection may reveal opportunities to further achieve process improvements, within the context of total time to resolution for permit and rate cases, the impact of HB15 may be limited in practice. Currently, the most significant portion of total time to resolution is comprised by activity that occurs after PUCO issues an opinion and order, which falls outside the scope and purview of the Commission and the timing parameters as set forth by the legislation.

**Key Observation 4:** PUCO does not have a formal fund balance reserve policy that aligns with best practices. As a result, across all funds, PUCO maintains cash reserves in far excess of recommended levels. Specifically, PUCO maintained at least one year's worth of operational expenditure coverage with their fund balance from SFY 2020 to SFY 2025, and as much as up to over a year and a half worth of coverage in SFY 2021 and SFY 2023. The total fund reserve levels were mostly driven by sizable cash balances in the Commission's two largest funds, which accounted for approximately 86 percent of PUCO's total cash reserves in SFY 2025.

**Key Observation 5:** The Service Monitoring and Enforcement Department (SMED) operates a call center that serves as the primary entry point for most utility consumer inquiries. The call center fields approximately 50,000 calls, annually, that span a wide range of issues such as utility service interruptions and disconnections, billing disputes, and inquiries about financial assistance programs. Some of these calls and complaints result in investigations based on their unique circumstances in accordance with the Department's established procedures and

protocols. SMED operates in a data-rich environment in which call types and relevant statistics are captured and tracked through an internal information system. As such, the Department is well positioned to leverage this data to proactively identify potential future issues and violations. Techniques that SMED could consider include targeted sampling of historical data based on company or industry size, in addition to leveraging the use of control charts to help identify timing patterns with higher risk.

**Key Observation 6:** Ohio's maximum forfeiture penalties for gas pipeline safety violations are among the lowest in the nation, and if not updated, puts them at future risk of losing regulatory autonomy. At present, Ohio's penalty amounts have fallen behind to levels closer to the federal minimums.

**Key Observation 7:** PUCO's operational workload could increase significantly if energy demand projections stemming from behind-the-meter generation come to fruition. Behind-the- meter generation refers to electricity that is produced and consumed on-site that bypasses the public energy grid without passing through a utility meter. PUCO expects Ohio's peak load, or maximum electric demand, to increase by approximately 56 percent over the next two decades when considering projected data centers and industrial growth in Ohio. Should this become reality, regulation of this new mechanism of power production will likely fall under the regulatory purview of the Commission, thereby increasing the scope of its work. Accurate tracking of staff labor time and the establishment of staffing plans based on data-driven workload metrics would then become even more important in comparison to its current operational landscape.

**Key Observation 8:** PUCO's Transportation Department works in partnership with the Ohio State Highway Patrol (OSHP) to enforce motor carrier safety and compliance across the state. PUCO conducts onsite inspections of motor carrier operators and specializes in regulating the transport of hazardous materials, while the OSHP enforces the daily traffic component of motor carriers. Although each agency focuses on different enforcement activities, there may be an opportunity for the agencies to explore consolidating motor carrier enforcement under one agency. While future efficiencies may be possible, upfront investments in applicable training and certifications may be required, resulting in increased near-term costs.

## SUMMARY OF RECOMMENDATIONS

**Recommendation 1:** PUCO is a complex agency with a wide-ranging span of regulatory roles and responsibilities across multiple utility industries and includes many public facing programs. Given the depth and breadth of its regulatory duties, a formal strategic plan is critical for ensuring it continues to accomplish its tasks, goals and mission across the entire spectrum of its functions. However, PUCO has not prioritized the development of a formal strategic plan. In the

absence of a strategic plan, PUCO may be at risk of not aligning its attention and resources with its organizational priorities and regulatory obligations in the most optimal manner. PUCO should develop a formal, written, strategic plan that is linked to the budget in order to ensure that its resources, processes, and activities are aligned with its organizational goals. Doing so could enhance resource allocation decisions and potentially improve programmatic outcomes.

**Recommendation 2:** Maintaining adequate fund balances helps entities to avoid financial difficulties that may arise from unforeseen expenses or reduced revenues. Conversely, maintaining excessive fund balances may add unnecessary costs to end users of a good or service. Formal fund balance reserve policies that align with best practices can help ensure that entities maintain reserve levels that are commensurate with operational needs and future risks without adding unnecessary cost. However, PUCO has not developed formal fund reserve policies. Of the Commission's 11 total funds, which are comprised of dedicated purpose funds and federal funds, all seven of the dedicated purpose funds maintain cash reserve amounts in far excess of the GFOA recommended level. On the basis of all combined funds, PUCO maintained at least one year's worth of operational expenditure coverage in cash reserves from SFY 2020 to SFY 2025, and as much as up to over a year and a half worth of coverage in SFY 2021 and SFY 2023. The Commission should establish formal, written fund balance policies that indicate both minimum and maximum fund balance levels and apply them to the existing balances. Doing so would help the Commission maintain adequate balances to address future unforeseen budgetary issues, while ensuring the balances and fee charges are not higher than necessary.

**Issue for Further Study 1:** The statutory scheme for the manner in which PUCO is funded and operates has evolved over time. Since the Commission's funding is largely derived through assessments to utilities, the timing of these assessments as outlined in the ORC have a significant impact on its fund balances. PUCO, in collaboration with the Office of Budget and Management (OBM), should review the statutory scheme of ORC § 4905.10, particularly as it relates to the timing of the assessment and their two collection periods, and consider exploring opportunities to amend the law with the General Assembly. Aligning the assessment and collection schedules may allow PUCO to more easily manage its fund balances and ensure adequate financial resources are available for its operational needs. Further, as discussed in **Recommendation 2**, PUCO's current approach to building reserves through the assessment calculation may be inconsistent with the current statutory language in ORC § 4905.10 to mitigate the risk of overpayment by applying overages ratably. Since a clear mechanism for establishing cash reserve levels is not enumerated in the law, an amendment to ORC § 4905.10 to allow for a reasonable fund balance could be beneficial. A possible alternative could be to establish a formal fund balance policy that considers the requirements of the statute.

**Recommendation 3:** PUCO's case docketing system (DIS) serves as its primary source of data collection and is the public's primary means of accessing information regarding cases filed with

PUCO. While DIS stores all the case information and electronically filed documents associated with their cases, these documents are not coded in a way that organizes them according to defined case milestones or deadlines, and that readily facilitates data-driven management. Without the appropriate data points, PUCO's ability to monitor and improve its rate case process using a data-driven approach is limited. These data points must be adequately captured and monitored to ensure that PUCO remains compliant with its statutory requirements, especially with respect to HB 15 and the new deadlines it is required to meet for both rate and power siting cases. PUCO should develop uniform language and document coding that will enable it to effectively monitor timelines within their case processes. Further, they should establish a system to then monitor each of the steps within their processes to identify potential areas for improvement and ultimately ensure their continued compliance with statutory timeline requirements.

**Recommendation 4:** PUCO does not currently operate with formal, data-driven staffing plans. Further, certain data elements in the data management system (DIS) are not structured in a way that enables managers to isolate and analyze performance within key parts of the case resolution process, as noted in **Recommendation 3.** PUCO should identify and collect the necessary information to allow the Commission to develop meaningful workload metrics that correspond to its statutory obligations under HB 15.

**Matter for Legislative Consideration:** During the course of the audit, we identified a potential risk to Ohio's future regulatory autonomy with respect to gas pipeline safety enforcement. We found that while the federally approved range of acceptable fines have been shifting upward, Ohio's fines are set in the ORC, and have not adjusted in tempo with the federally approved range. While PUCO is not currently in violation of the Federal Natural Gas Pipeline Safety Act in CFR Title 49 Section 60122, there is a potential future risk of noncompliance if the CFR changes its maximum forfeitures and the ORC is not updated accordingly. The General Assembly could consider ways to proactively address adjustments to these fines, such as:

- Add in a specific reference to the applicable CFR in the ORC language, so Ohio's pipeline safety maximum forfeiture automatically updates in accordance with the federal regulation,
- Increasing the maximum forfeiture amounts to at least the peer state average, or
- Having the fines tied to an inflationary measure, such as the CPI.

Doing so would reduce the risk of potential negative impacts to the quality of services related to gas pipeline monitoring and enforcement activities across the state as a consequence of forfeiting Pipeline and Hazardous Materials Safety Administration (PHMSA) certification.

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# Introduction

Anyone who has ever experienced a power or water outage quickly comes to appreciate how crucial reliable utility services are to daily life. From power generation facilities that provide the electricity needed to operate modern communication devices such as computers and smart phones, to clean drinking water, to the gas that heats our stoves and furnaces; our electric, water, and gas utilities provide the basic services that make the modern world go round.

While safe, reliable utilities are critical to the modern world, utilities themselves can pose a unique regulatory challenge. Utilities are considered a "natural monopoly", due to the relatively high cost of infrastructure needed to produce and distribute them. The naturally monopolistic nature of utilities, combined with the centrality of reliable water, gas, or electric service to modern life, generally lead federal, state, and local governments to create regulations to ensure that utilities remain safe and reliable.

Ohio's approach to regulating utilities can be broadly divided into three methods. First, municipalities can elect to operate utilities that provide services to their residents. Utilities can also be organized as a not-for-profit co-op that is owned by, and operated for, the benefit of their customers. Finally, utilities can also be owned and operated by investors for the purpose of making a profit. Investor-Owned Utilities (IOU) fall under the jurisdiction of the Public Utilities Commission of Ohio (PUCO or Commission).

Utility and transportation regulation began in Ohio in 1867 with the establishment of the Commissioner of Railroads and Telegraphs. Over time, the scope of this regulation expanded and in 1911 the Public Service Commission was established to address concerns arising outside the field of railroads including electric, gas, telephone, and water companies. In 1913, the name of the Commission was changed to PUCO. PUCO's jurisdiction continued to expand—first to include motor bus lines in 1921, then transportation of property in 1923, and wastewater in 1961. In addition, the Ohio Power Siting Board (OPSB or Board) was created in 1972 and is responsible for approving the construction of economically significant power generation facilities.

In House Bill 96 of the 136th General Assembly, the Ohio legislature mandated that the Ohio Auditor of State complete a performance audit of the Public Utilities Commission of Ohio, including a review of the Ohio Power Siting Board, in accordance with Chapter 117 of the Ohio Revised Code (ORC). The Ohio Auditor of State, through its Ohio Performance Team (OPT), is required by ORC § 117.46 to complete at least four performance audits of state agencies or, at

its discretion, institutions of higher education during each biennium.[1] In August 2025, OPT initiated a performance audit of the Public Utilities Commission of Ohio. The audit was designed to identify areas for improved economy, efficiency, or effectiveness of the Public Utilities Commission, including the Power Siting Board. The audit included reviews of the Commission's strategic and operational management and permit and rate case resolution processes. This report contains findings from our audit and recommendations that will assist organizational leadership in making operational decisions.

[1] Performance audits are conducted under Generally Accepted Government Auditing Standards, for more information please see **Appendix A**.

# Audit Scope and Methodology

As part of the performance audit, OPT worked with PUCO leadership to identify areas for review that would result in recommendations the Commission can use to improve its overall operations. As a result, OPT determined that the scope of the audit would comprise a review of the Commission's overall strategic and operational management practices, including strategic planning, financial management, and regulatory enforcement. In addition, OPT reviewed the Commission's processes for rate case resolution and Ohio Power Siting Board decisions. To complete our audit objectives, documentation surrounding key processes and practices related to the audit objectives was collected, reviewed, and, where possible, compared to best practices.

During the initial planning of this audit, OPT leadership also met with a variety of stakeholders from industries regulated by PUCO to gain perspective from the associations, businesses, and customers impacted by the Commission. The stakeholders provided valuable insights and observations concerning their perceptions of PUCO's current processes. Notable themes that emerged from these conversations include:

General frustration with the rate and permit case resolution processes in terms of perceived speed to resolution, the current degree of transparency, and the structure surrounding hearings that can only be appealed to the Supreme Court, which is costly.

- Some concern regarding staffing levels and experience at PUCO and how future increases to caseloads may impact efficiency for the Commission, including the Power Siting Board.
- General concern as to how House Bill 15 is implemented, including any potential adverse impacts with respect to actions taken outside of the newly established timeline parameters.
- A perception that PUCO is not prioritizing stakeholder engagement in developing policies and procedures that directly impact the industry.

The feedback provided by outside stakeholders were considered by the audit team during the audit planning process. The final scope of the audit was developed after taking into account the audit requirements from House Bill 96 of the 136th General Assembly, a review of available data, interviews with key PUCO personnel, input from outside stakeholders, and high-level comparisons to similar states.

# Public Utilities Commission of Ohio

Whether it's electricity to power a television, natural gas to fuel a stove, or a glass of drinking water, utilities broadly all follow a similar, three step process to provide service to the end-user: production or generation, transmission, and distribution. Electricity is generated in some kind of production facility, such as a nuclear power plant, or a coal or natural gas fired plant; natural gas begins at a natural gas processing plant; and water is either pulled from a large body of water or produced from groundwater. The next step is transportation to some type of short-term storage for water and natural gas and high voltage lines for electricity. Finally, distribution delivers to the end user when someone turns on a stove, flips a light switch, or turns a faucet.

Utility regulation involves many different types of government agencies at different steps in the process, often with varying goals. For example, if electricity is generated by a coal burning power plant, the emissions from the plant itself are generally regulated by the Environmental Protection Agency (EPA) to ensure compliance with clean air regulations while the sale of the power generated by the plant could fall under local, state, or federal regulations to ensure competitive pricing, depending on if the plant is operated by a municipality, a co-op, or an investor-owned utility. In the case of a water system, the purity of potable water and safe handling of wastewater are generally under the purview of the EPA, whereas the rates charged to end-users could fall under a local or state government, depending on who owns the water system. Natural gas has a similar layered structure, with the Federal Energy Regulatory Commission responsible for the placement and construction of new pipelines and the United States Department of Transportation responsible for developing general pipeline safety rules which can then be

## Ohio Utility Regulation

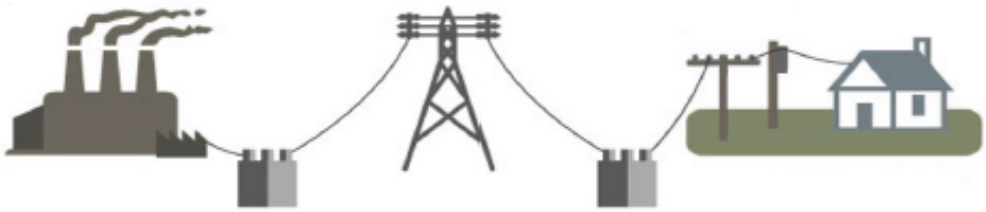
Providing electric or natural gas requires large investments of infrastructure making competition difficult. As a result, the utility industry was broadly regulated to control the natural monopoly and ensure fair prices were set for consumers. However, in more recent years, there has been some movement to deregulate components of utility provision.

Across the US, there are now two broad models of electricity markets; regulated and deregulated. In regulated markets, transmission, distribution, and generation were bundled together by the local utility in a vertically integrated monopoly; in a deregulated market, distribution is unbundled and consumers are able to choose their supplier. Ohio was deregulated via Senate Bill 3 (SB3) of the 123rd General Assembly which was passed in 1999 and enacted in 2001. After 2001, electricity generation began to operate in a market competition model, with PUCO primarily being involved in regulating the distribution of utilities. Ohio is one of 18 states that currently operates in a deregulated electricity market. See **Appendix H: Landscape of Utility Regulation and Governance** for additional information.

enforced at the state level through federal certifications.[2] (See **Appendix H** for more information).

The graphic below shows how the FERC, NERC, PJM, and PUCO all interact within a deregulated market. Within the deregulated market, PUCO is primarily responsible for regulating the distribution of electricity and oversight of the retail market within the state. The Federal Energy Regulatory Commission (FERC), the North American Electric Reliability Corporation (NERC), and the Pennsylvania-New Jersey-Maryland (PJM) Interconnection regulate or administer the other components of electricity generation and transmission.

## Energy Jurisdiction



| GENERATION | |
|---|---|
| FERC: | Wholesale Market |
| PJM: | Operations |
| PUCO: | Retail Market |

| TRANSMISSION | |
|---|---|
| FERC: | Rates |
| NERC: | Reliability |
| PJM: | Planning |

| DISTRIBUTION | |
|---|---|
| PUCO: | Rates |
| PUCO: | Safety |
| PUCO: | Reliability |

Source: PUCO

The Public Utilities Commission of Ohio (PUCO) is responsible for utility rate regulation, utility rate disputes, adjudicating consumer complaints, enforcing safety and reliability standards, and administering regulations that cover utility competition.[3] Additionally, the Commission has jurisdiction over commercial motor carriers, moving companies, transportation network companies, and railroad crossing safety, with a particular emphasis on transportation of hazardous materials.[4] PUCO also regulates the construction of new power generation facilities through the Ohio Power Siting Board (OPSB). The OPSB is responsible for approving the

[2] The District of Columbia, Puerto Rico, and all States except Alaska and Hawaii participate in the pipeline safety program under PHMSA's safety authority.
[3] There are approximately 1,387 public utility companies operating in the state that fall under the Commission's regulatory oversight. In addition, there are over 12,000 certified renewable energy facilities that are regulated by PUCO. These are smaller facilities, 98 percent of which are solar farms.
[4] PUCO does not regulate cellular service, internet service, cable service, propane and fuel oil, or municipal and cooperative utilities.

construction and placement of major utility facilities and economically significant wind farms (ESWFs) and ensuring that they meet requirements specified in Ohio law.[5]

PUCO has regulatory authority over natural gas distribution companies, pipeline safety for natural gas delivery, reviews the gas purchasing activities of local distribution companies, and enforces and resolves consumer complaints against marketers. PUCO does not directly regulate gas production or the rates that marketers charge.

State Public Utility Commissions (PUCs) regulate the water rates of privately owned utilities and less commonly regulate rates charged by municipal and non-profit owned utilities. PUCs in 45 states regulate private for-profit water rates. PUCO regulates the price and service quality for investor-owned water and wastewater companies. Not all water companies in Ohio are regulated by PUCO. Most water, wastewater, and sewer services are operated by municipalities, counties, water districts or cooperatives, and are not PUCO regulated.

The Ohio Environmental Protection Agency (OEPA) Division of Drinking and Ground Waters (DDAGW) and the Division of Surface Water (DSW) ensures compliance with U.S. EPA regulations. OEPA's DSW certifies operators of water and wastewater treatment facilities in drinking water treatment and distribution and wastewater collection and treatment. OEPA's DDAGW conducts inspections of water treatment plants, storage and distribution systems; informs public water systems of monitoring and reporting requirements; and takes enforcement actions for failing to comply with Ohio's safe drinking water laws and regulations.

In addition to regulatory bodies, in Ohio, consumers are represented by a consumer advocacy group which is a state agency. The Office of the Ohio Consumers' Counsel (OCC) is a statewide representative for Ohio's residential consumers in matters related to their investor-owned electric, natural gas, telephone, and water services. OCC monitors public utilities' compliance

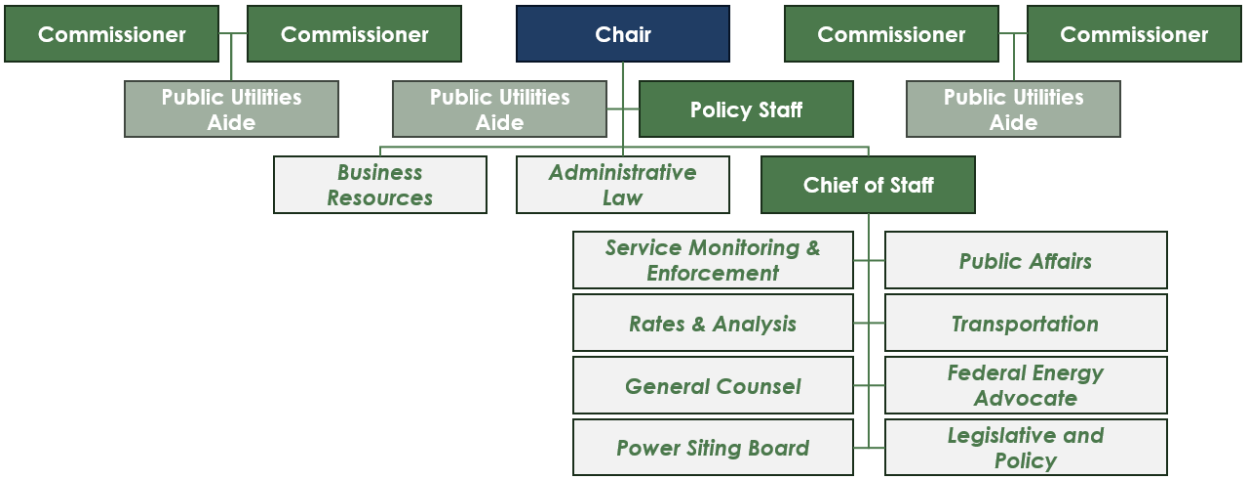
[5] Facilities classified as major utility facilities include electric generating plants capable of operation at a capacity of 50 megawatts (MWs) or more; electric transmission lines with a design capacity of 100 kilovolts or more; gas pipelines that exceed 500 feet in length, more than nine inches in outside diameter, and designed for transporting gas at a maximum allowable operating pressure that is 125 pounds per square inch; and large solar or wind facilities, consisting of solar panels or wind turbines with a single interconnection to the electrical grid. Before any construction of a major utility facility or ESWF can take place, a certificate of environmental compatibility and public need must be obtained from the OPSB. Utility facilities that do not fall under OPSB jurisdiction include: gas transmission lines subject to federal jurisdiction; solid waste facilities; electric distributing lines; manufacturing facilities that create byproducts that may be used in electricity generation; gathering lines, gas gathering pipelines, and processing plant gas stub pipelines; gas processing plants; natural gas liquids finished product pipelines; natural gas liquids fractionation plants; pipelines from a gas processing plant to a fractionation plant; production operations for oil, gas, or mineral resources; and certain compressor stations.

with regulatory standards and educates consumers about utility issues that affect their bills and quality of service.

## *PUCO Structure and Organization*

PUCO is governed by five commissioners. The number, term, and additional qualifications for the Commissioners are established in ORC § 4901.02. The commissioners are appointed by the governor and serve five-year, staggered terms. According to ORC § 4901.02, only three are permitted to belong to or be affiliated with the same political party. Commissioners are selected from a list of qualified candidates submitted to the governor by the Public Utilities Commission Nominating Council.[6]

## Public Utilities Commission Table of Organization




[6] The Council is a broad-based twelve-member panel charged with screening candidates for the position of commissioner. By law, the Council is comprised of the Chair of the Consumers' Counsel Governing Board, President of the Accountancy Board of Ohio, Chair of the State Board of Registration for Professional Engineers and Surveyors, President of the Ohio Municipal League, President of the Ohio State Bar Association, Director of the Ohio Department of Development, Appointees of the Ohio Department of Aging, the President of the Ohio Senate, the Speaker of the Ohio House and the Governor of Ohio. The governor's three appointees represent the utility industry, the business community, and organized labor.

In State Fiscal Year (SFY) 2025, PUCO employed a total of 365 people, a full-time equivalent (FTE) of 315.6. These positions include a mixed range of professions including attorneys, auditors, economists, and engineers. There are eight departments within the Commission that each serve a variety of functions.

**Commission Offices:** Consists of the offices of the five commissioners, the office of legislative affairs, the office of public affairs and the Federal Energy Advocate.

**Business Resources:** Consists of four divisions: administration, finance and office services, human resources, and information technology. They provide management and operational support services within PUCO.

**General Counsel:** Consist of staff attorneys that provide legal guidance to PUCO employees.

**Legal Department:** Consists of administrative law judges that adjudicate cases involving electricity, water and sewage, telecommunications, natural gas, power siting and all utilities and transportation.

**Rates and Analysis:** Consists of three divisions: Audits and Ratemaking, Telecom, and Finance. They serve as the department responsible for completing utility rate analysis and completing staff reports associated with rate increase cases.

**Service Monitoring and Enforcement (SMED):** Quality control makes up a large part of SMED's services. They ensure that the quality of service provided by utilities is up to standard. They operate the call center, field complaints, do site inspections, investigations, and issue penalties for violations. Their team is divided into three divisions: Consumer Services Division (CSD), Facility and Operations Field Division (FOFD), and Reliability and Service Analysis Division (RSAD).

**Power Siting Board:** The Power Siting Board reviews applications for facilities and infrastructure. The staff investigates the application based primarily on eight criteria outlined in ORC § 4906.10 and files a report of investigation that serves as a recommendation to the Board.[7]

[7] The OPSB consists of eleven members, four of which are non-voting. The voting members consist of the PUCO Chairperson, Director of Environmental Protection, Director of Health, Director of Development, Director of Natural Resources, Director of Agriculture; and, a governor-appointed public representative, who is an engineer.

**Transportation:** Oversees regulatory and safety responsibilities of Ohio's commercial transportation sector. The Director's Office administers the Motor Carrier Safety Assistance Program (MCSAP) and guides three divisions: Rail, Compliance & Registration, and Motor Carrier Enforcement. These divisions conduct federal and state rail investigations; perform motor carrier and hazardous materials inspections and audits;[8] and manage the registration of intrastate carriers. The department also handles the prehearing components of the civil forfeiture process, and their jurisdiction extends to industries such as ferry boats, towing companies, and transportation network companies.

## MCSAP Structure

The Motor Carrier Safety Assistance Program (MCSAP) is a Federal grant program that provides financial assistance to States to help reduce the number and severity of crashes and hazardous materials incidents involving commercial motor vehicles. A State lead MCSAP agency is designated by its Governor and is eligible to apply for grant funding by submitting a commercial vehicle safety plan.

PUCO serves as the lead agency for Ohio and the OSHP receives approximately 55 percent of the grant funding as the subrecipient. The majority of other states have their department of transportation, state police, or state highway patrol equivalent serve as the lead agency. Seven states, including Ohio, have more than half of their grant towards contractual and subaward expenditures.

[8] Transportation works with the Ohio State Highway Patrol (OSHP) to regulate the safe transportation of hazardous materials.

## *Forecasted Electricity Demand*

One of the major issues facing federal, state, and local governments is the increasing demand for electricity. The United States Energy Information Administration (EIA) cites data center energy use as a major cause of increasing demand for electricity, along with other market factors and societal changes. A key measure of demand for electricity is known as "peak demand", which means the highest level of demand for a given time period. Peak demand is important to understand because electricity is very difficult to store long term, so electricity production capacity needs to be able to meet the highest level of demand.

Broadly, generated electricity is transmitted across state lines through an interconnected electric transmission grid. The grid is organized into regional transmission organizations (RTOs) or independent system operators (ISOs), that manage day-to-day transmission needs, make long-term plans for the grid, and run the wholesale electricity markets for their areas. Ohio is part of the PJM Interconnection RTO, which consists of 13 states and the District of Columbia. See **Appendix H** for additional information.

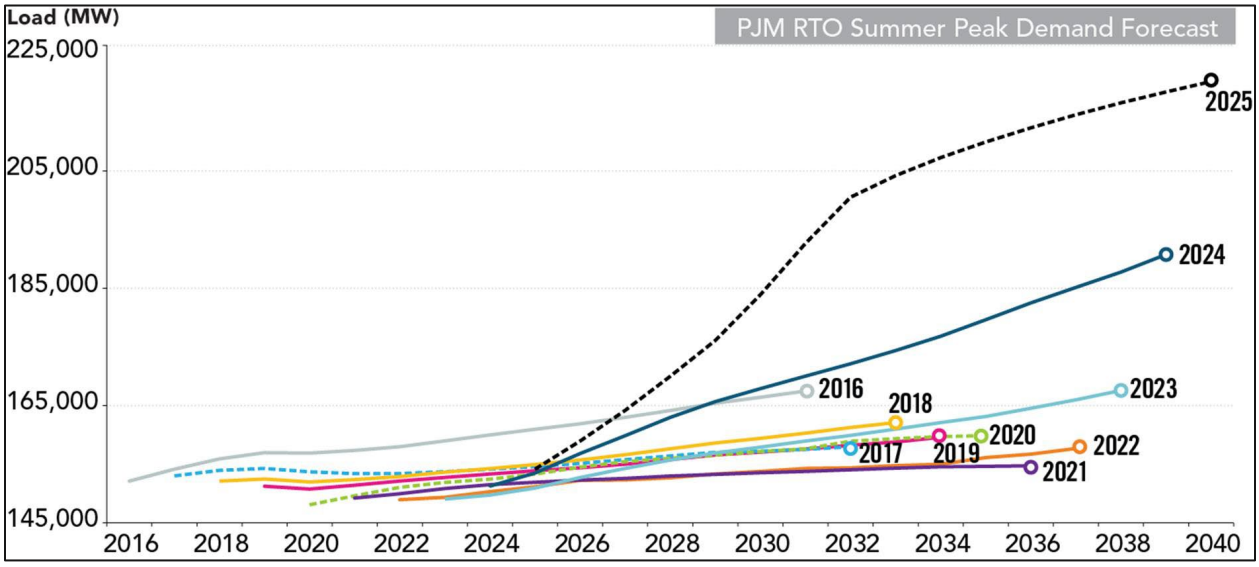
### Measuring Energy

Megawatts (MW) measure instantaneous power. In other words, the rate at which energy is being generated, transmitted, or consumed at any moment. Megawatt-hours (MWh) is used for measuring energy delivered or consumed over a period of time usually as it relates to utility-level production or large industrial usage. A kilowatt-hour (kWh) is a measure associated with everyday residential billing.

A megawatt-hour is a substantial amount of energy. For context, it is enough electricity to power about 300 average households for a day. To further illustrate, one megawatt-hour of power is enough to power one average household for 1.2 months, drive an electric vehicle 3,600 miles, or even toast 90,000 slices of bread.

The chart below shows the summer peak demand forecast for PJM, through the year 2040. The left vertical axis shows estimated demand in megawatts. Each line shows estimated peak demand over the next 15 years. For example, in its 2016 forecast, PJM expected peak demand in 2031 to be about 165,000 megawatts, based on the peak demand recorded in 2016.

## PJM Peak Demand Forecast

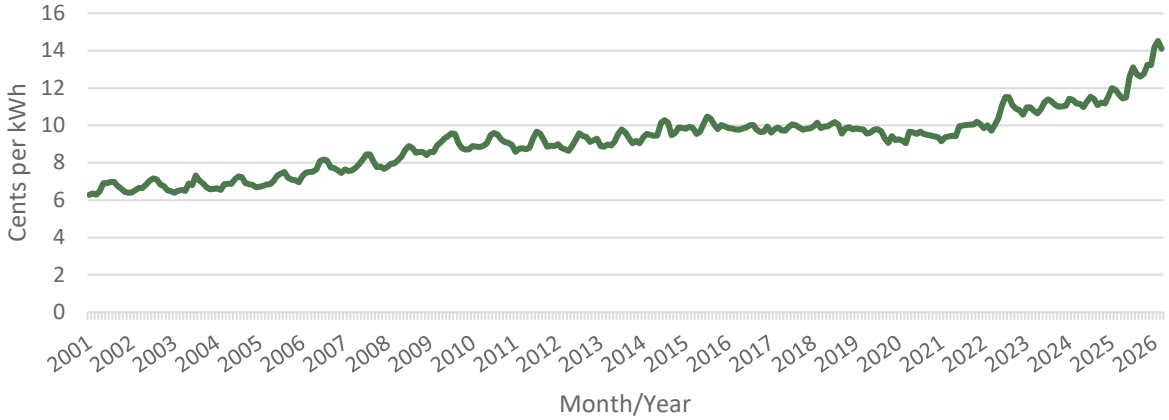



Source: PJM

Overall, this chart shows that there have been large increases in the estimated future peak demand during the last few years. PJM reported that the region's expected summer peak demand in 2025 would be 154,000 megawatts and predicted that the region's peak summer demand would increase about 3.1 percent per year through 2035.

One consequence of increasing electricity demand is an increase in the price of electricity. An average home uses about 10,500 kilowatt hours of electricity per year, and the chart below shows the price (cents) per kilowatt-hour in Ohio from 2002 through March of 2026.

## Ohio Average Cost per Kilowatt Hour




Source: EIA

The average retail price of electricity in Ohio has increased from approximately 6.6 cents per kilowatt-hour in CY 2001 to approximately 14.3 cents per kilowatt-hour year to date in CY 2026, a 116 percent increase, or three percent annual rate of change. More recently, the average retail price of electricity has increased from 10.6 cents per kilowatt-hour in CY 2022 to 14.3 cents per kilowatt-hour year to date in CY 2026, a 34 percent increase, or six percent annual rate of change.

## *House Bill 15*

One possible approach to control the increase in electricity prices is to increase power generation capacity. Increasing capacity requires the construction of new facilities. To this end, House Bill 15 of the 136th General Assembly took effect in August 2025, which amended and modified laws and actions under ORC § 4906 and ORC § 4909 impacting the PUCO and OPSB. Changes to those laws are shown in the table below.

### House Bill 15 Changes to Application Timelines

| Type | Milestone | Prior to HB 15 | Established by HB15 | Difference | ORC |
|---|---|---|---|---|---|
| Standard Power Siting Applications | Completion Determination | 60 days | 45 days | Reduced Timeline | 4906.06(G) |
| | Staff Report Filed | 60-90 days | 45-60 days | Reduced Timeline | 4906.07(A) |
| | Opinion & Order | No requirement | 150 days | New Requirement | 4906.10(D) |
| Rate Case Applications | Completion Determination | No requirement | No more than 45 days after application filed | New Requirement | 4909.193 |
| | Staff Report Filed | No requirement | Within 180 days of completion determination | New Requirement | 4909.19(C) |
| | Opinion & Order | Within 545 days of application filed | Within 360 days of completion determination | Reduced Timeline | 4909.421 |

Source: The Ohio Revised Code

As shown above, House Bill 15 primarily made changes to three main milestones related to rate cases and standard OPSB siting cases. Overall, the new law set forth a mix of reductions in some of the existing timelines while also creating some new timing parameters. See **Recommendation 3** for additional details surrounding House Bill 15's process timeline implications for rate and OPSB cases.

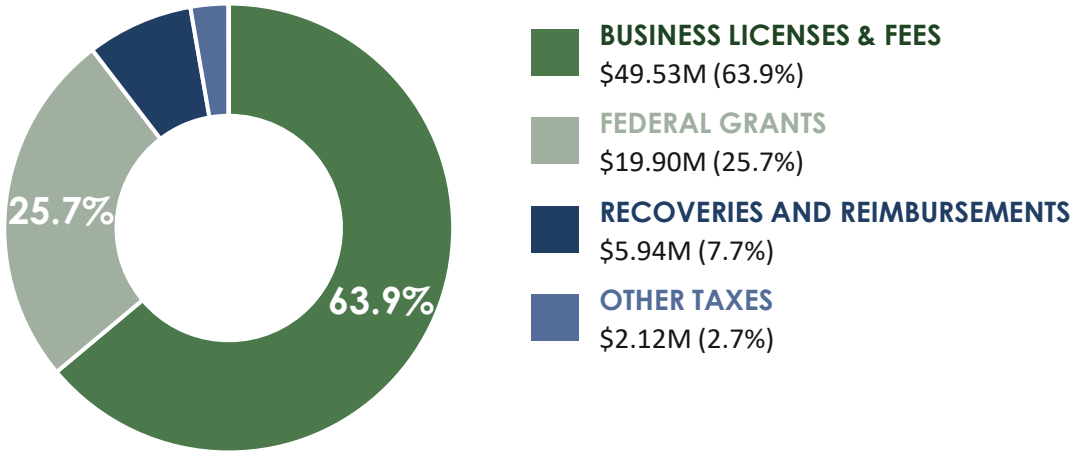
# PUCO Financials

## Revenues

State agencies receive funding from various sources, including taxes, fines, and user fees. Agency spending is controlled through appropriations, which are bills passed by the General Assembly and signed by the governor that provide the agency with spending authority limits. PUCO's funding is derived through assessments of utilities, fees generated by interstate and intrastate motor carrier registrations, and federal assistance. PUCO receives no funding from the state's General Revenue Fund. In SFY 2025, PUCO generated $77.5 million in total revenues.

SFY 2025 PUCO Revenue

**Total: $77.49M**




Source: OAKS BI

Note: Other includes payroll deductions, other reimbursements, and statewide indirect cost allocations.

The graph above shows that approximately 64 percent of PUCO's revenue, or $49.5 million, is generated by business licenses and fees. The majority of this, $41.4 million, comes from the assessment fee charged to all regulated utilities. Also, PUCO charges fees for intrastate motor carriers, those transporting between two points within Ohio, to the sum of $4.8 million. Additionally, application fees to the power siting board equated to $1.2 million. Finally, the remaining $2.1 million is made of smaller licenses and fees such as those related to telecommunication relay service, underground facilities protection, and gas pipeline assessment in SFY 2025.

The graph also shows that PUCO receives significant federal grants. The federal grant revenue comes from three main federal grants: Motor Carrier Safety Assistance Program (MCSAP), Gas Pipeline Safety, and Hazardous Material Safety Inspection (HMSI) grants. Motor Carrier Safety

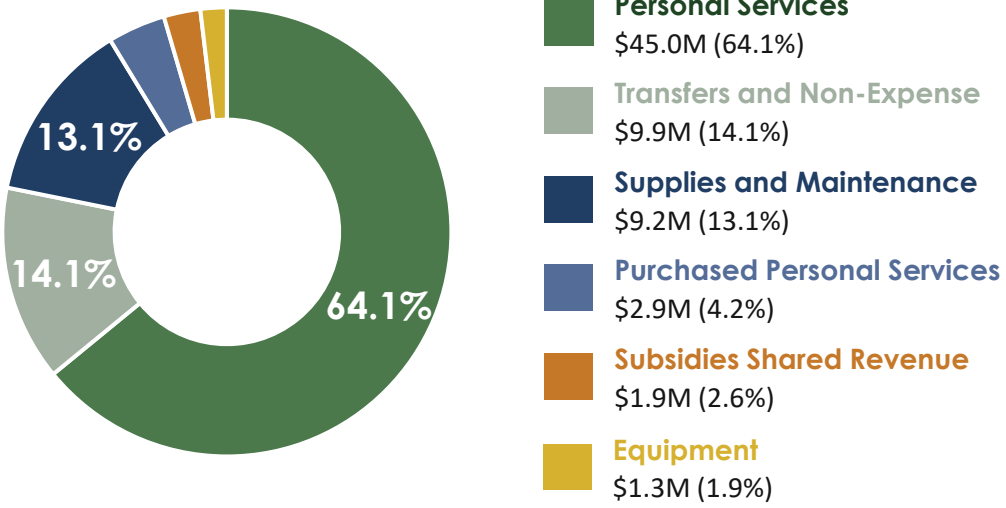
makes up approximately $18.4 million of the federal grants total of $19.9 million. PUCO is the lead department on the motor carrier safety grant from the federal government, and in turn, sub-grants approximately 55 percent of the federal grant money to the Ohio State Highway Patrol, as it handles the enforcement of the Motor Carrier Safety program.

## Expenditures

In the state budget, agencies are given spending authority through appropriations. In SFY 2025, PUCO's appropriation was $80.4 million. Total SFY 2025 expenditures were $70.2 million, meaning that PUCO spent approximately $10 million less than what it was appropriated. The graph below shows PUCO's expenditures, broken down by account, for SFY 2025.

SFY 2025 Expenditures by Account

**Total: $70.2M**



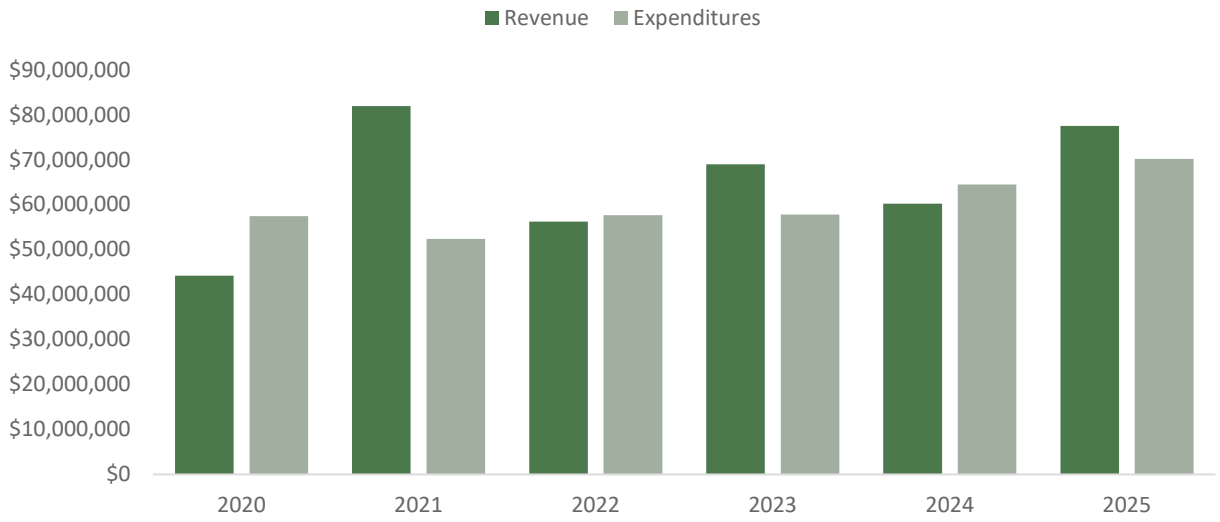

Source: OAKS BI

Note: Judgements, Settlements, and Bonds in the amount of $47,000 is not included.

Personal services consist primarily of the salaries and benefits of PUCO staff and make up 64 percent of their total expenditures. The Transfers and Non-Expense category consists mainly of the federal grant money that is sub-granted to the Ohio State Highway Patrol for the enforcement of the motor carrier safety grant.

Revenue and expenditures have been generally increasing over the past six years, with total annual expenditures exceeding annual revenue in alternating years. The fluctuation is primarily caused by the flow in federal funding not aligning with the state fiscal year. The graph below shows this trend and the corresponding funding fluctuation. The substantial revenue increase in 2021 is due to PUCO not collecting an assessment in Spring 2020 due to COVID, resulting in that money being collected the following year.

## Total Revenues and Expenditures by Fiscal Year




Source: OAKS

Fines and penalties collected by PUCO must be deposited to the General Revenue Fund, or other designated fund, per ORC.[9] Over the past six years, PUCO has deposited an average of $2.6 million annually. The amount contributed ranged from $1.5 million in 2023 to $3.3 million in 2021. See **Recommendation 2** for further discussions of PUCO's cash balances. The 2026-2027 biennium's enacted budget appropriates $83.6 million for SFY 2026 and $85.9 million for SFY 2027.[10]

[9] Forfeitures collected for motor carrier safety violations under ORC § 4923.99 are deposited into the Public Utilities Transportation Safety Fund per ORC § 4921.21. Fines collected under ORC Chapter 4913 are deposited into the Underground Facilities Protection Administration Fund pursuant to ORC § 4913.27 and ORC § 4913.30. Renewable energy compliance payments are to be deposited into the Advanced Energy Fund pursuant to ORC § 4928.64.

[10] The increases to appropriations are the result of additional federal funding, largely due to the Infrastructure Investment and Jobs Act (IIJA), which created a new grant program for energy grid resiliency.

# Summary of Audit Results

Our audit reviewed several operational areas and analyzed the Commission's policies and procedures and compared them to best practices and industry standards. Specific areas of review for this audit included Permit and Rate Case Resolution Processes and Strategic and Operational Management.

Our audit identified four recommendations and one issue for further study across these areas of review that can assist the Commission in improving overall efficiency and effectiveness. The audit, and the associated recommendations, also provides transparency to the stakeholders of PUCO.

## Strategic and Operational Management

**Recommendation 1:** PUCO is a complex agency with a wide-ranging span of regulatory roles and responsibilities across multiple utility industries and includes many public facing programs. Given the depth and breadth of its regulatory duties, a formal strategic plan is critical for ensuring it continues to accomplish its tasks, goals and mission across the entire spectrum of its functions. However, PUCO has not prioritized the development of a formal strategic plan. In the absence of a strategic plan, PUCO may be at risk of not aligning its attention and resources with its organizational priorities and regulatory obligations in the most optimal manner. PUCO should develop a formal, written, strategic plan that is linked to the budget in order to ensure that its resources, processes, and activities are aligned with its organizational goals. Doing so could enhance resource allocation decisions and potentially improve programmatic outcomes.

**Recommendation 2:** Maintaining adequate fund balances helps entities to avoid financial difficulties that may arise from unforeseen expenses or reduced revenues. Conversely, maintaining excessive fund balances may add unnecessary costs to end users of a good or service. Formal fund balance reserve policies that align with best practices can help ensure that entities maintain reserve levels that are commensurate with operational needs and future risks without adding unnecessary cost. However, PUCO has not developed formal fund reserve policies. Of the Commission's 11 total funds, which are comprised of dedicated purpose funds and federal funds, all seven of the dedicated purpose funds maintain cash reserve amounts in far excess of the GFOA recommended level. On the basis of all combined funds, PUCO maintained at least one year's worth of operational expenditure coverage in cash reserves from SFY 2020 to SFY 2025, and as much as up to over a year and a half worth of coverage in SFY 2021 and SFY 2023. The Commission should establish formal, written fund balance policies that indicate both minimum and maximum fund balance levels and apply them to the existing balances. Doing so would help the Commission maintain adequate balances to address future unforeseen budgetary issues, while ensuring the balances and fee charges are not higher than necessary.

**Issue for Further Study 1:** The statutory scheme for the manner in which PUCO is funded and operates has evolved over time. Since the Commission's funding is largely derived through assessments to utilities, the timing of these assessments as outlined in the ORC have a significant impact on its fund balances. PUCO, in collaboration with the Office of Budget and Management (OBM), should review the statutory scheme of ORC § 4905.10, particularly as it relates to the timing of the assessment and their two collection periods, and consider exploring opportunities to amend the law with the General Assembly. Aligning the assessment and collection schedules may allow PUCO to more easily manage its fund balances and ensure adequate financial resources are available for its operational needs. Further, as discussed in **Recommendation 2**, PUCO's current approach to building reserves through the assessment calculation may be inconsistent with the current statutory language in ORC § 4905.10 to mitigate the risk of overpayment by applying overages ratably. Since a clear mechanism for establishing cash reserve levels is not enumerated in the law, an amendment to ORC § 4905.10 to allow for a reasonable fund balance could be beneficial. A possible alternative could be to establish a formal fund balance policy that considers the requirements of the statute.

## Permit and Rate Case Resolution Processes

**Recommendation 3:** PUCO's case docketing system (DIS) serves as its primary source of data collection and is the public's primary means of accessing information regarding cases filed with PUCO. While DIS stores all the case information and electronically filed documents associated with their cases, these documents are not coded in a way that organizes them according to defined case milestones or deadlines, and that readily facilitates data-driven management. Without the appropriate data points, PUCO's ability to monitor and improve its rate case process using a data-driven approach is limited. These data points must be adequately captured and monitored to ensure that PUCO remains compliant with its statutory requirements, especially with respect to HB 15 and the new deadlines it is required to meet for both rate and power siting cases. PUCO should develop uniform language and document coding that will enable it to effectively monitor timelines within their case processes. Further, they should establish a system to then monitor each of the steps within their processes to identify potential areas for improvement and ultimately ensure their continued compliance with statutory timeline requirements.

**Recommendation 4:** PUCO does not currently operate with formal, data-driven staffing plans.[11] Further, certain data elements in the data management system (DIS) are not structured in a way that enables managers to isolate and analyze performance within key parts of the case

[11] PUCO provided OPT with staffing plan documents that were created in response to the initial Request for Information (RFI). However, the staffing plans were absent of specific workload metrics and data-driven staffing targets.

resolution process, as noted in **Recommendation 3.** PUCO should identify and collect the necessary information to allow the Commission to develop meaningful workload metrics that correspond to its statutory obligations under HB 15.

## Matter for Legislative Consideration

During the course of the audit, we identified a potential risk to Ohio's future regulatory autonomy with respect to gas pipeline safety enforcement. We found that while the federally approved range of acceptable fines have been shifting upward, Ohio's fines are set in the ORC, and have not adjusted in tempo with the federally approved range. While PUCO is not currently in violation of the Federal Natural Gas Pipeline Safety Act in CFR Title 49 Section 60122, there is a potential future risk of noncompliance if the CFR changes its maximum forfeitures and the ORC is not updated accordingly. The General Assembly could consider ways to proactively address adjustments to these fines, such as:

- Adding in a specific reference to the applicable CFR in the ORC language, so Ohio's pipeline safety maximum forfeiture automatically updates in accordance with the federal regulation,
- Increasing the maximum forfeiture amounts to at least the peer state average, or
- Having the fines tied to an inflationary measure, such as the CPI.

Doing so would reduce the risk of potential negative impacts to the quality of services related to gas pipeline monitoring and enforcement activities across the state as a consequence of forfeiting Pipeline and Hazardous Materials Safety Administration (PHMSA) certification.

# Strategic and Operational Management

In support of its primary regulatory functions, PUCO conducts a wide range of activities to meet programmatic goals. As discussed in the **Background**, internal operations include four divisions of business resources comprised of administration, finance and office services, human resources, and information technology. Additionally, PUCO's general counsel function provides legal support to PUCO staff while its legal department acts as the administrative law judges hearing cases and ruling on procedural matters for the Commission. Externally, the Commission regulates motor carriers and railroad crossings in the state through its Transportation Department, while its Service Monitoring and Enforcement Department (SMED) works to ensure that the quality of service provided by utilities is up to standard. In service of this endeavor, SMED operates a call center, fields complaints, conducts site inspections, performs investigations, and issues penalties to any oversight entities for violations. The Office of Public Affairs coordinates public and stakeholder education events, local public hearings, speeches, and presentations.

Our audit reviewed the Commission's overall strategic and operational management activities. In addition to assessing the Commission's strategic planning efforts, we also reviewed its financial management practices related to fund balances levels, as well as its methods for assessing and collecting rates and fees from utility companies. We also reviewed its regulatory enforcement practices as they relate to its Service Monitoring and Enforcement Department.

# Recommendation 1: Develop a Formal Strategic Plan

PUCO is a complex agency with a wide-ranging span of regulatory roles and responsibilities across multiple utility industries and includes many public facing programs. Given the depth and breadth of its regulatory duties, a formal strategic plan is critical for ensuring it continues to accomplish its tasks, goals and mission across the entire spectrum of its functions. However, PUCO has not prioritized the development of a formal strategic plan. In the absence of a strategic plan, PUCO may be at risk of not aligning its attention and resources with its organizational priorities and regulatory obligations in the most optimal manner. PUCO should develop a formal, written, strategic plan that is linked to the budget in order to ensure that its resources, processes, and activities are aligned with its organizational goals. Doing so could enhance resource allocation decisions and potentially improve programmatic outcomes.

## Impact

Multi-year strategic plans can help to guide an agency's operations including the allocation of funding and other resources. By having a multi-year plan with clearly identified goals and objectives that are specific, measurable, achievable, relevant, and time-bound, an organization can more effectively work towards achieving desired outcomes. Establishing a formal strategic plan that is linked to the budget could enhance resource allocation decisions and potentially improve programmatic outcomes.

## Methodology

We interviewed key personnel at PUCO to develop an understanding of their current strategic planning efforts. We then compared the Commission's practices to industry best practices identified by the Government Finance Officers Association (GFOA), as well as those of both regulated and deregulated state utility commissions to identify potential opportunities for improvement.

## Analysis

PUCO does not currently have a formal strategic plan that guides internal operations. Instead, they defer to a collection of high-level goals contained within the Office of Budget and Management Executive Budget, commonly referred to as the "Blue Book", as its de facto strategic plan.

While PUCO has not established a formal strategic plan, it does engage in some strategic management activities. For instance, the Commission has established a mission statement, which is, "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." According to the Commission, it also engages in a strategic, collaborative budgeting

process that includes input from all departments, with an overarching goal to ensure its two-year budget is in alignment with their mission statement.

Additionally, PUCO publishes annual reports each fiscal year in accordance with ORC § 149.01. Each report contains financial and legal information, as well as estimated energy needs, as required under ORC § 4935.01. However, these annual reports do not provide future projections for internal operational needs. Unlike a strategic plan, they are written to report on the current condition of the organization and so may only offer limited utility for future management decision-making. Additionally, PUCO has not developed formal financial policies related to fund reserve levels that could be incorporated into a strategic plan (See **Recommendation 2**).

According to the GFOA, strategic planning is a tool designed to help organizations anticipate and respond to changes in the environment, envision the future, increase effectiveness, and develop consensus on strategies and objectives to achieve their missions. The GFOA recommends that governments should engage in strategic planning to provide a vision for the future that can be used to align budgeting with organizational priorities. Key steps in the strategic planning process include initiating the strategic planning process, preparing a mission statement, assessing and identifying environmental factors and critical issues, agreeing upon and developing strategies for a small number of broad goals, creating an action plan (including measurable objectives and performance measures), obtaining approval of the plan, and implementing, monitoring, and reassessing the plan. Additionally, the GFOA emphasizes the importance of collaboration and the inclusion of stakeholders in the strategic planning process in ensuring the plan has a positive impact. Stakeholders can be wide-ranging, including parties both inside and outside of government.

Several public utility commissions nation-wide have formal strategic plans published publicly. Of the 50 public utility commissions, 21 states (42%) have published formal strategic plans. Of the 18 deregulated states, 8 states (44%) have publicly available strategic plans, while 10 states (56%) do not. Of the 32 regulated states, 13 states (41%) have publicly available strategic plans, while 19 states (59%) do not. [12]

In addition to public utility commissions in other states, there are several Ohio state agencies that have noteworthy components within their respective strategic plans. These include the Ohio Department of Transportation, the Ohio Department of Natural Resources, the Ohio Department of Health, the Ohio Department of Behavioral Health, and the Ohio Department of Children and Youth (see **Appendix B: Strategic Planning**). While each of these state agencies

[12] These figures do not include any additional states whose public utility commissions may have formal strategic plans that are not made publicly available.

have developed internal strategic plans unique to their respective purpose and mission, an important, common trait among them is that the strategic plans are operationalized. Broadly, the strategic plans spell out specific actions to achieve the strategic goals and the manners in which progress will be measured.

## Conclusion

Without a formal strategic plan that is linked to the budget, PUCO may be at increased risk of not optimally addressing all the financial, programmatic, and operational needs and priorities of the organization in a high demand, shifting landscape. Therefore, PUCO should develop a formal, written, strategic plan that is linked to the budget in order to ensure that its resources, processes, and activities are aligned with its organizational goals. Doing so could enhance resource allocation decisions and potentially improve programmatic outcomes.

# Recommendation 2: Establish Fund Balance Policies

Maintaining adequate fund balances helps entities to avoid financial difficulties that may arise from unforeseen expenses or reduced revenues. Conversely, maintaining excessive fund balances may add unnecessary costs to end users of a good or service. Formal fund balance reserve policies that align with best practices can help ensure that entities maintain reserve levels that are commensurate with operational needs and future risks without adding unnecessary cost. However, PUCO has not developed formal fund reserve policies. Of the Commission's 11 total funds, which are comprised of dedicated purpose funds and federal funds, all seven of the dedicated purpose funds maintain cash reserve amounts in far excess of the GFOA recommended level. On the basis of all combined funds, PUCO maintained at least one year's worth of operational expenditure coverage in cash reserves from SFY 2020 to SFY 2025, and as much as up to over a year and a half worth of coverage in SFY 2021 and SFY 2023. The Commission should establish formal, written fund balance policies that indicate both minimum and maximum fund balance levels and apply them to the existing balances. Doing so would help the Commission maintain adequate balances to address future unforeseen budgetary issues, while ensuring the balances and fee charges are not higher than necessary.

## Impact

Establishing formalized fund balance policies that set maximum fund balance thresholds would allow the Commission to determine if excess reserves could be applied to current or planned operational needs. Additionally, establishing a minimum threshold has practical benefits that include a lower risk of insufficient cash flow to meet short-term obligations and better solvency in the face of unexpected downturns.

## Background

As discussed in the **PUCO Financials**, the Commission does not receive funding from the State's General Revenue Fund (GRF). The Commission's funding is instead derived from assessments to utilities, fees generated from interstate and intrastate motor carrier registrations, and federal assistance. PUCO maintains 11 funds, seven of which are dedicated purpose funds and four of which are federal funds.

## Methodology

We obtained detailed financial activity from the Ohio Administrative Knowledge System (OAKS), which is an information system used by all state agencies and public institutions of higher education in Ohio for payroll and human resources functions, accounting, budgeting, procurement, and asset management. We compiled the annual revenue, expenses, and ending cash balances for each fund for several years to identify trends and to ultimately compare

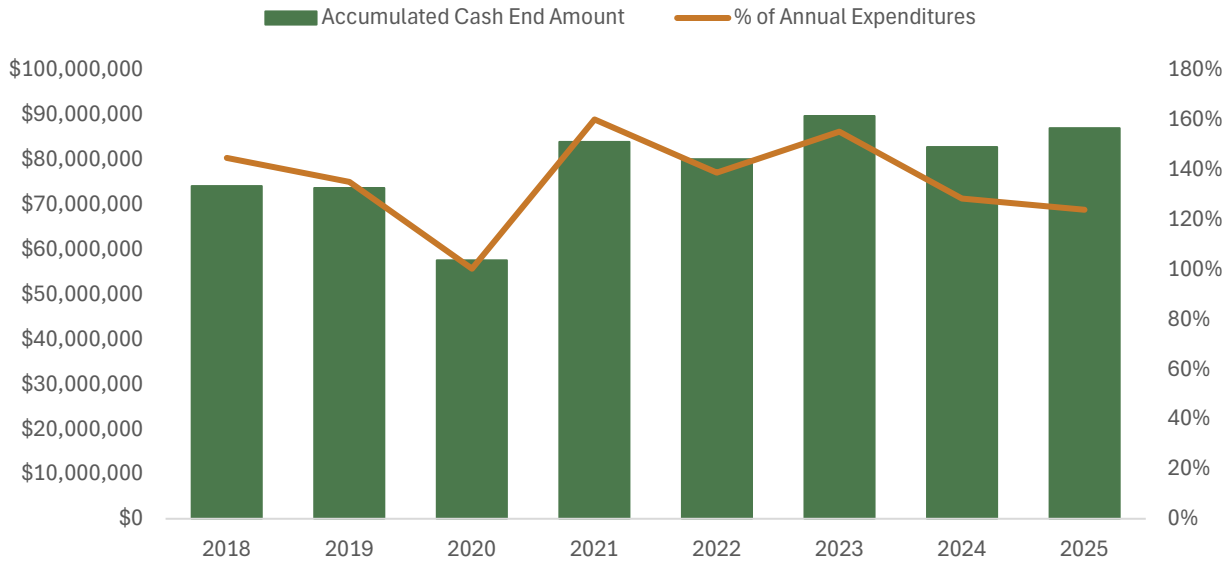
ending cash balances to annual expenditures. In addition, we further analyzed the Commission's largest funds at the monthly level to investigate and control for timing ebbs and flows of revenue and expenses landing in the funds. We then conducted interviews with key personnel at PUCO and the Deputy Director from the Ohio Office of Budget and Management (OBM) to understand the Commission's current financial management policies and practices. Finally, we identified best practices for fund balance management from the GFOA and compared PUCO to these best practices to identify opportunities for improvement.

## Analysis

PUCO does not have a formal, written policy guiding fund balance requirements for any of the 11 funds it maintains. While there is not a formal policy, as part of the budget request process specifically associated with dedicated purpose funds, the Commission does provide some narrative around the fund balances (See **Appendix D: Financials**). However, the narrative largely does not include specific targets or ranges surrounding appropriate fund balances. Instead, the narratives are generalized descriptions, such as, "the ending cash balance should be sufficient to support the majority of the following year's appropriation plus any outstanding obligations from the prior fiscal year."

To provide a sense of scale, the chart below shows the ending cash amount in the aggregate for all funds from SFY 2018 to SFY 2025. Additionally, PUCO's ending cash amount is shown as a percentage of its total annual expenditures in each year.

## Total Ending Cash Balance as a Percentage of Annual Expenditures




Source: OAKS

As shown above, PUCO had at least one year's worth of operating expenditure coverage in combined fund balance reserves across all funds during this time period, and as much as up to over a year and a half worth of coverage in SFY 2021 and SFY 2023. Further, the ending cash balance increased from $74 million in SFY 2018 to $87 million in SFY 2025.[13]

The majority of PUCO's funds are dedicated purpose funds. It is important to note that while these funds maintain activity for specific purposes, with permission from OBM, PUCO does have the latitude to transfer cash balances across other dedicated purpose funds, when necessary. The cash balances for each individual fund, in terms of nominal amount and as a percentage of the combined balance of all funds of $87 million in SFY 2025, are displayed below.

[13] For context, other Ohio state agencies, commissions, and offices of similar size were compared to PUCO regarding their dedicated purpose fund balances in SFY 2025 as a percentage of annual expenditures. See **Fund Balances** in **Appendix D: Financials**.

## Cash End Amount by Fund

| Fund | Fund Name | Cash End Amount FY 2025 | Percent of Total Cash End Amount Across All Funds |
|---|---|---|---|
| 5F60 | Public Utilities | $38,064,157.63 | 44% |
| 5LT0 | Puco Transportation Safety | $36,174,513.57 | 42% |
| 4A30 | Grade Crossing Protection | $4,651,468.35 | 5% |
| 3500 | Motor Carrier Safety* | $2,635,873.13 | 3% |
| 3300 | Gas Pipeline Safety* | $2,524,325.37 | 3% |
| 5610 | Power Siting Board | $1,792,138.25 | 2% |
| 5Q50 | Telecommunications Relay Service | $940,821.35 | 1% |
| 5QS0 | Underground Facilities Admin | $125,034.60 | 0% |
| 4L80 | Pipe-Line Safety | $67,172.98 | 0% |
| 3V30 | Commercial Vehicle Information* | $23.95 | 0% |
| 3IE0 | Hazmat Carrier Inspection* | $0.00 | 0% |

Source: OAKS

Note: * indicates federal funds.

As shown, 86 percent of the total fund balance was concentrated within two funds; fund 5F60 Public Utilities and fund 5LT0 PUCO Transportation Safety.[14] Due to the significant balances, both funds were analyzed in more detail, specifically on a monthly basis from SFY 2020 to SFY 2025.

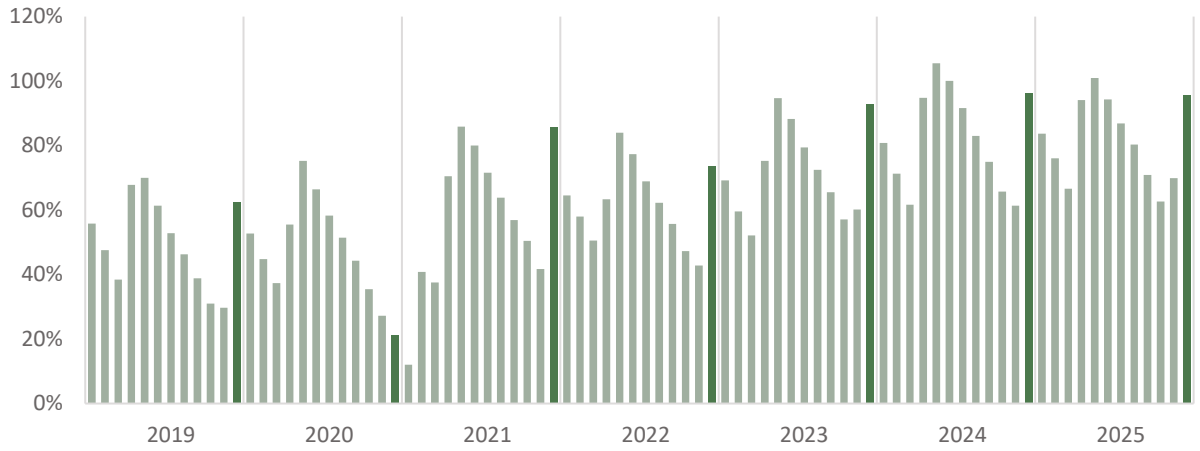
### *Fund 5F60, Public Utilities Fund*

The Revised Code established Fund 5F60 for the sole purpose of maintaining and administering the duties of the Commission. The principal duties of PUCO are registering and certifying utilities to operate in the state while monitoring and analyzing the quality and reliability of service provided to consumers. The fund's primary revenue source is derived from assessments that all regulated utilities pay based on their intrastate revenues. The total amount of assessments collected is equivalent to appropriations from Fund 5F60.[15] The visual below shows the monthly ending cash balance for Fund 5F60 as a percentage of the annual expenditures. The darker bar in the visual represents the annual ending cash balance.

[14] Fund 5F60, the Public Utilities Fund, is funded by PUCO's primary revenue source. All regulated utilities pay an assessment based on their intrastate revenues. Fund 5LT0, the Transportation Safety Fund, houses motor carrier registration fees and transportation and hazardous materials fines used to operate PUCO's motor carrier enforcement.

[15] ORC § 4905.10

## Fund 5F60 Monthly Ending Cash Balance as Percent of Annual Expenditures




Source: OAKS

On a monthly basis, the fund had, on average, 67 percent of annual expenditures in cash reserves. The lowest point was at the start of SFY 2021 with 12 percent of annual expenditures in cash reserves, or $3.9 million. The highest point was in November of SFY 2024 with 106 percent of annual expenditures in cash reserves, or $38.7 million. The peaks and valleys within the monthly ending cash balance is attributable partly to the timing of assessments as discussed in **Issue for Further Study**. Importantly, however, the trend of increasing cash reserves in this fund year over year is generally inconsistent with the ORC 4905.10 requirement to reduce collections in the following year if the current year's collections (the amount of the annual appropriation) are in excess of annual expenditures.

As shown in the graph above, the ending cash balance has been growing over time. Expenses have been less than adjusted annual appropriations by $1.6 million, on average, over the seven year time period evaluated. ORC § 4905.10, which outlines how assessments for expenses are determined, includes the following requirement, "any such amounts paid into the fund but not expended by the Commission shall be credited ratably". In other words, if the Commission's expenditures fall short of its appropriation in a given year, the next year's assessment is reduced by the difference. In essence, the difference between expenditures and appropriations is credited to the assessment calculation. However, due to cash balances constituting less than two months of operational expenditures in SFY 2021, an update to the assessment calculation beginning in SFY 2022 was implemented by PUCO to ensure balances did not fall below six months of coverage, or half of the annual appropriation total, and has remained in place since. As such, this change in policy appears to be the primary reason as to why the fund balance has

grown over time, as the assurance of adequate fund balances, while still factored in the assessment, reduced or removed the amount credited towards the assessment.

## *Fund 5LT0, Transportation Safety Fund*

Fund 5LT0 was established in SFY 2013, formed primarily from funds transferred from Fund 5F60, in addition to funds resulting from the consolidation of other smaller funds within PUCO. This was done to centralize the collection of civil forfeitures and penalties from hazardous materials and motor carrier fees. $20.6 million was initially transferred to Fund 5LT0 and that balance has continued to carry over, as illustrated in the visual below. The graph shows the monthly ending cash balance in fund 5LT0 as a percent of the annual expenditures associated with that fund from SFY 2020 to SFY 2025.

### Fund 5LT0 Monthly Ending Cash Balance as Percent of Annual Expenditures


Source: OAKS

The ending cash balance of the state fiscal year is depicted by the darker column. On a monthly basis, the fund's cash balance represented 470 percent of annual expenditures, on average. That equates to approximately five years' worth of annual expenditures coverage. The lowest point was in SFY 2020 with 384 percent of annual expenditures in cash reserves, or $28.6 million. The highest point was in March of SFY 2023 with 541 percent of annual expenditures in cash reserves, or $35.2 million.

The GFOA recommends that governments establish a formal policy on the level of unrestricted fund balance that should be maintained in the general fund for Generally Accepted Accounting Principles (GAAP) and budgetary purposes. The fund level should take into account a government's unique purpose and operations. At a minimum, the GFOA recommends that

governments maintain a fund balance of no less than two months of their operating revenues or expenditures, or, in other words, 17 percent. Across all funds from SFY 2018 to SFY 2025, PUCO had an ending cash balance as a percentage of their annual expenditures, on average, that was 119 percent higher than the recommended minimum. Across the historical period analyzed, PUCO's combined ending cash balance was higher than the GFOA benchmark in every year reviewed. In SFY 2020, its lowest year, PUCO still maintained a cash balance that exceeded the GFOA benchmark by 84 percent.

Beyond financial metrics for fund balance reserves, the GFOA also emphasizes the importance of entities taking their unique circumstances into account when determining the adequacy of fund balances.

Unique circumstances could include the consideration of risks specific to public utility commissions. Since risks are difficult to quantify with precision, the development of a fund balance range may express a government's requirement for a margin of error to operate within. The use of a range not only helps decision makers discuss reserve strategies but it might also help with communicating reserve strategy to the public. One risk that should be considered, especially with dedicated purpose funds that involve fees, is revenue sources. For PUCO, invoices being paid late should be a risk that is considered in their fund balance reserves policy (see **Issue for Further Study 1: Review Timing of Assessment and Related Statute**). Additionally, sources of revenue and potential instability should be considered as well. While cash reserves may be necessary to safeguard against future operational deficits, PUCO's current approach to building reserves in the Public Utilities Fund (Fund 5F60) through the assessment calculation may be inconsistent with the current statutory language in ORC § 4905.10 to mitigate the risk of overpayment by applying overages ratably. Since a clear mechanism for establishing cash reserve levels is not enumerated in the law, an amendment to ORC § 4905.10 to allow for a reasonable fund balance could be beneficial. A possible alternative could be to establish a formal fund balance policy that considers the requirements of the statute.

## Conclusion

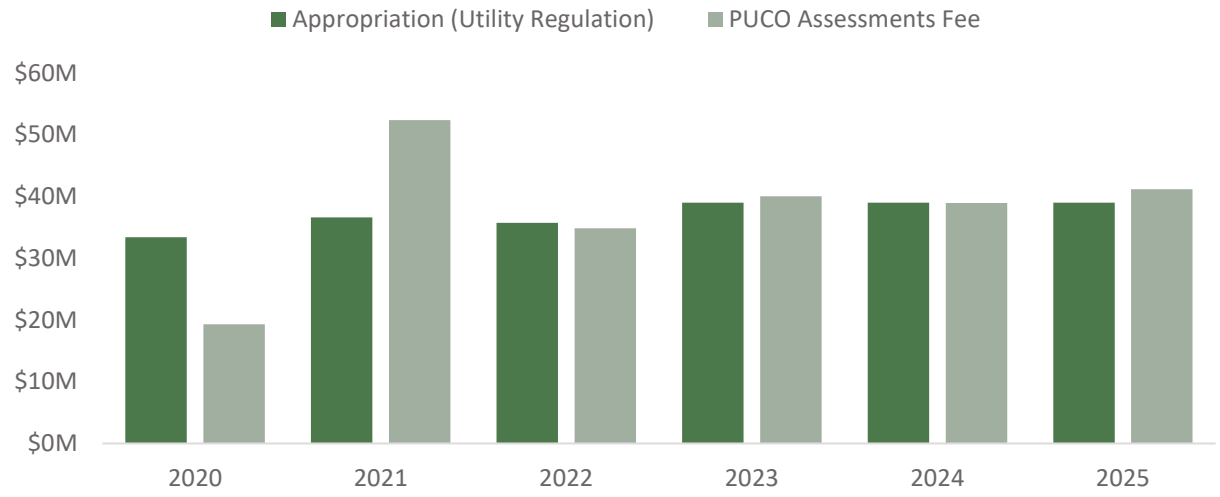
PUCO should develop formal financial policies that include fund balance reserve targets. Large fund balances may indicate that PUCO is not maximizing its operational resources. However, the reserve amounts may be appropriate dependent on the agency's risks, which can be defined and communicated to the public through formal financial fund balance policies. In tandem with fund balance reserve targets, PUCO's financial policies should also define mechanisms and protocols for managing funds in excess of the reserve targets. These could include plans to spend down reserves for operational improvements or providing rate and fee reductions beyond those required under the ORC.

# Issue for Further Study 1: Review Timing of Assessment and Related Statute

As discussed in **Recommendation 2**, PUCO Assessment Fees are done in accordance with ORC § 4905.10 for the sole purpose of maintaining and administering the public utilities commission and exercising its supervision and jurisdiction over the railroads and public utilities of this state. All regulated utilities pay an assessment based on their intrastate revenues. The total amount of assessment fees collected is equivalent to the appropriations of Fund 5F60.

The assessment is determined and collected twice per year, referred to as the spring assessment and fall assessment. For the spring assessment, the amounts owed by a utility company for the current fiscal year are required to be invoiced by May 15th. Fifty percent of that amount is due June 20th every year as an initial payment of the assessment against the company for the following fiscal year. The fall assessment is placed on or before the first day of October in each year. PUCO shall make a final determination of the sum of the assessment against each utility company and payment of the assessment shall be made by the first day of November of that year. As shown below, the assessment schedule results in a difference between the total amount collected and the adjusted appropriations on a fiscal year basis.

PUCO Assessment Fee in Comparison to Appropriations by SFY

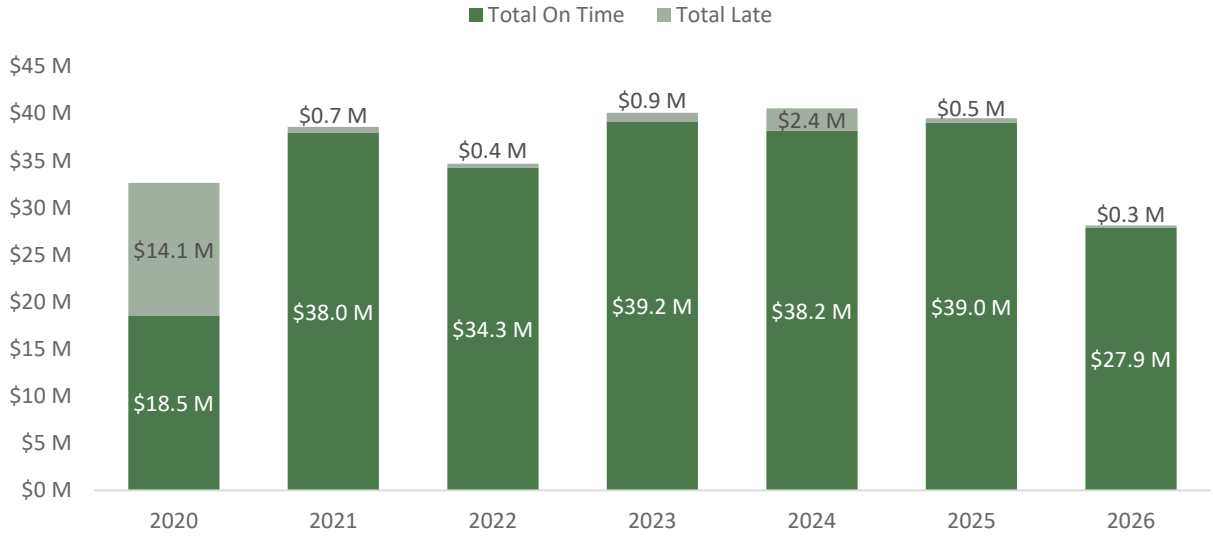



Source: OAKS

The differences in SFY 2020 and SFY 2021 were due to PUCO not collecting a spring assessment in SFY 2020 as a result of the COVID-19 pandemic. That spring assessment was instead collected in the following year, along with the two normally scheduled assessments, for a total of three assessments collected in SFY 2021.

The remaining years shown above had less of a difference between fees collected and appropriations, approximately $550,000 higher, on average. This was determined to be due to timing of the collections. Invoices for Spring are only sent out on May 15th and due June 20th, and in the Fall, sent on October 1st and due November 1st. As such, in general, revenue received outside of those four months (May, June, October, November), is considered late for the purpose of the visual below. In other words, late Spring assessment payments (i.e. those received after June 20th, between July to September) are recorded in the following fiscal year, while late Fall assessment payments (i.e. those received after November 1st, between December to April) are recorded within the current fiscal year.

## Late Assessment Fees by SFY




Source: OAKS

The spring assessment is where most late payments occur and are the most impactful in the comparison of fees and appropriations. The spring assessment is due near the end of June, which is the end of the fiscal year. Therefore, any late payments from the spring assessment will increase the amount collected in the following fiscal year. Excluding SFY 2020 which was impacted by COVID-19, on average, two percent of the assessments were collected late. Invoices being paid late should be a risk that is considered in a future fund balance reserve policy (See **Recommendation 2**).

The statutory scheme for the manner in which PUCO is funded and operates has evolved over time. Since the Commission's funding is largely derived through assessments to utilities, the timing of these assessments as outlined in the ORC have a significant impact on its fund balances. PUCO, in collaboration with the Office of Budget and Management (OBM), should review the statutory scheme of ORC § 4905.10, particularly as it relates to the timing of the

assessment and their two collection periods, and consider exploring opportunities to amend the law with the General Assembly. Aligning the assessment and collection schedules may allow PUCO to more easily manage its fund balances and ensure adequate financial resources are available for its operational needs. Further, as discussed in **Recommendation 2**, PUCO's current approach to building reserves through the assessment calculation may be inconsistent with the current statutory language in ORC § 4905.10 to mitigate the risk of overpayment by applying overages ratably. Since a clear mechanism for establishing cash reserve levels is not enumerated in the law, an amendment to ORC § 4905.10 to allow for a reasonable fund balance could be beneficial. A possible alternative could be to establish a formal fund balance policy that considers the requirements of the statute.

# Permit and Rate Case Resolution Processes

One of PUCO's primary functions is to decide on a variety of matters that arise from cases filed with them. These cases can range from things like investor-owned utilities requesting to increase their rates (rate cases), to customer service complaints, to requests to construct large power generation facilities. Regulated utilities, consumers, and interested parties regularly participate in the proceedings. All cases filed are available to view online on the PUCO Docketing Information System (DIS). Approximately 1,200 cases were opened in each of the past four calendar years.

The Rates and Analysis and Service Monitoring and Enforcement Departments, with assistance from the General Counsel's office, are responsible for a variety of state programs and investigations regarding energy policy, delivery and reliability. These departments also monitor and advise on utility compliance with corporate oversight practices and procedures, process utility rate change requests, and perform technical investigations. The Commission's Legal Department addresses the procedural aspects of formal cases and ensures a complete case record is created to support a Commission decision.

The Ohio Power Siting Board staff review applications for major utility facilities and economically significant wind farms submitted to the OPSB. The staff provide reports that serve as a recommendation to the voting members of the OPSB. During its investigation, OPSB technical staff examine a wide range of criteria that cover socioeconomic, ecological, and utility grid impacts.

As discussed in the **House Bill 15** section, the timeline for when PUCO is required to issue an opinion and order on rate cases has been reduced. For power siting applications, HB 15 established a deadline for issuing an opinion and order on standard certificate cases for the first time. The specific timeline parameters are as follows:

Rate Cases are cases where investor-owned utility companies file with PUCO to change the distribution rate charged to consumers. The new timeline milestones, as defined in HB 15, are as follows:

- PUCO staff has 45 days to determine whether the filing is complete and conforms with the standard filing requirements.
- From the completion determination date, PUCO staff has 180 days to issue a staff report.

- From the staff report issuance, the Commission has 180 days to conduct hearings and to render a final order.

In total, the new timeline for rate cases from application to the issuance of a final order is no more than 405 days.

Standard OPSB cases are where major utility facilities and economically significant wind farms apply for approval of siting. The new timeline milestones, as defined in HB 15, are as follows:

- For standard applications for a siting permit, the Power Siting Board has 45 days from when an application is filed to review it for completeness.
- Within 45-60 days after the completeness determination, a public hearing must be held as scheduled by an administrative law judge. OPSB staff must file its report of investigation 5 days prior to the public hearing.
- The Board then has to issue its decision on the application within the remaining time. Based on the maximum allowable timing parameters of the completeness determination and the public hearing requirement, functionally, the Board has 55 days to file a staff report, followed by an additional 95 days to issue an opinion & order.

Altogether, this process may take no longer than 195 days.

Our audit reviewed all the cases filed in DIS since 2014 and analyzed cases associated with the Rates and Analysis Department and the Ohio Power Siting Board in greater detail over the past five years. We assessed the amount of time PUCO and OPSB has historically taken to decide on cases and attempted to identify areas for improvement. Additionally, we assessed their processing times in consideration of HB 15 and the new statutory deadlines that have been applied to rate cases and power siting cases specifically. Our analyses resulted in two recommendations that can assist PUCO in ensuring that they will be compliant with the new timeline requirements and will provide better insight and management opportunities moving forward.

# Recommendation 3: Improve Data Collection and Monitoring

PUCO's case docketing system (DIS) serves as its primary source of data collection and is the public's primary means of accessing information regarding cases filed with PUCO. While DIS stores all the case information and electronically filed documents associated with their cases, these documents are not coded in a way that organizes them according to defined case milestones or deadlines, and that readily facilitates data-driven management. Without the appropriate data points, PUCO's ability to monitor and improve its rate case process using a data-driven approach is limited. These data points must be adequately captured and monitored to ensure that PUCO remains compliant with its statutory requirements, especially with respect to HB 15 and the new deadlines it is required to meet for both rate and power siting cases. PUCO should develop uniform language and document coding that will enable it to effectively monitor timelines within their case processes. Further, they should establish a system to then monitor each of the steps within their processes to identify potential areas for improvement and ultimately ensure their continued compliance with statutory timeline requirements.

## Impact

Speed to resolution for utility cases was cited by public utilities as a challenge to doing business in Ohio. While HB 15 requires certain timing parameters to be met with permit and rate cases, these timing parameters are limited to certain key milestones. Improving its data collection and monitoring efforts by capturing more data points along the process will allow PUCO to be better positioned to effectively analyze, improve, and control their case process moving forward, ultimately leading to process efficiencies and reduced case resolution timeframes.

## Background

While PUCO is responsible for responding to a wide and varying range of case types, our analysis focused on the case types that have the most direct implications under HB 15. The timing parameters established in HB 15 had an effective date of August 14, 2025. These included Application for Increased Rate Cases (AIR), also known as Rate Cases, and Standard Power Siting Board Cases.

According to PUCO, "a rate case is a formal proceeding before a utility regulatory body in which a utility files an application to increase its distribution rate. The distribution rate is the cost to deliver electricity, natural gas, or water to customers. This cost is separate from the transmission and generation costs found on consumer utility bills and is regulated by PUCO. Utilities are required to file rate case applications before the Commission if they wish to increase distribution rates. The application is usually several hundred pages long and includes information about the company's existing delivery system, financial accounts, and capital

assets. The company must request a specific rate and state why the rates are reasonable and necessary". From calendar year 2020 to 2025, there were 26 total AIR cases ranging from 2 to 6 cases per year.

In addition to AIR cases, cases designated to the Ohio Power Siting Board can be split into three application categories based upon their size, purpose, and operating characteristics. Certificate applications, designated by the BGN (generator) or BTX (transmission) purpose codes, are processed by the OPSB using the standard application process. For the purpose of this report, these cases will be referred to as standard cases. Projects under the standard application process are typically larger facilities and include economically significant wind farms and most other electric generating facilities. In addition, the standard application process also applies to most electric transmission lines more than two miles in length and most gas pipelines more than five miles in length. The standard case type comprised the primary focus of our OPSB analysis. In addition to standard cases, letter of notification (BLN) and construction notice (BNR) applications are processed by the OPSB using the accelerated application process. For the purpose of this report, these cases will be referred to as accelerated cases. These projects are typically smaller in size and are most often electric transmission lines of two miles or less and gas pipelines of five miles or less. Finally, amendments can be made to issued certificates but must also go through an application process. Those cases will be referred to as amendment cases (see **Appendix F: PUCO's Docketing System and Cases** for additional analysis surrounding these case types). In 2025, there were 11 standard cases, 117 accelerated cases, and 18 amendment cases.

For all types of cases, multiple documents may be submitted to PUCO for review. As a part of an application, these documents may include, but are not limited to, public comments, testimony, and various case process notifications. A single case can have hundreds of documents that are submitted to PUCO or OPSB throughout the review process.

## Methodology

We attempted to identify the key steps in the case resolution process for both AIR cases and OPSB cases and the average amount of time PUCO took to accomplish each step. This was ultimately done in an effort to identify areas of improved efficiency. To accomplish this, we obtained documents from PUCO for every case opened in DIS from 2019 to 2025, which included document activity through the date of the data pull on February 19, 2026.[16]

[16] Open cases frequently have ongoing activity beyond the year in which they were opened. Cases opened in, or prior to, 2025 that were not closed before year-end could have activity into 2026.

HB 15 has set key milestone timelines for both AIR and Power Siting Board cases. PUCO does not currently track cases based on these timelines using a defined, data-driven framework; however, we used the available information to determine past performance using the HB 15 guidelines. We also reviewed PUCO's current practices regarding data tracking to identify areas for improvement as the Commission works to maintain compliance with HB 15 requirements.

## Analysis

Between 2019 and 2025, there were 26 AIR cases and 94 standard Ohio Power Siting Board cases filed with PUCO. Our analysis focused on these cases as they are the most closely impacted by the HB 15 requirements. After reviewing the data associated with the 26 AIR cases, we determined that 17 had sufficient data for analysis.[17] Similarly, we determined that 67 standard Siting Board cases had sufficient data for analysis.[18]

### *Rate Cases*

PUCO has not historically tracked AIR cases based on the completion of key milestones. Because there were no milestones being tracked, we determined four major milestones of the AIR case process based on the timing parameters as established under HB 15. These milestones are:

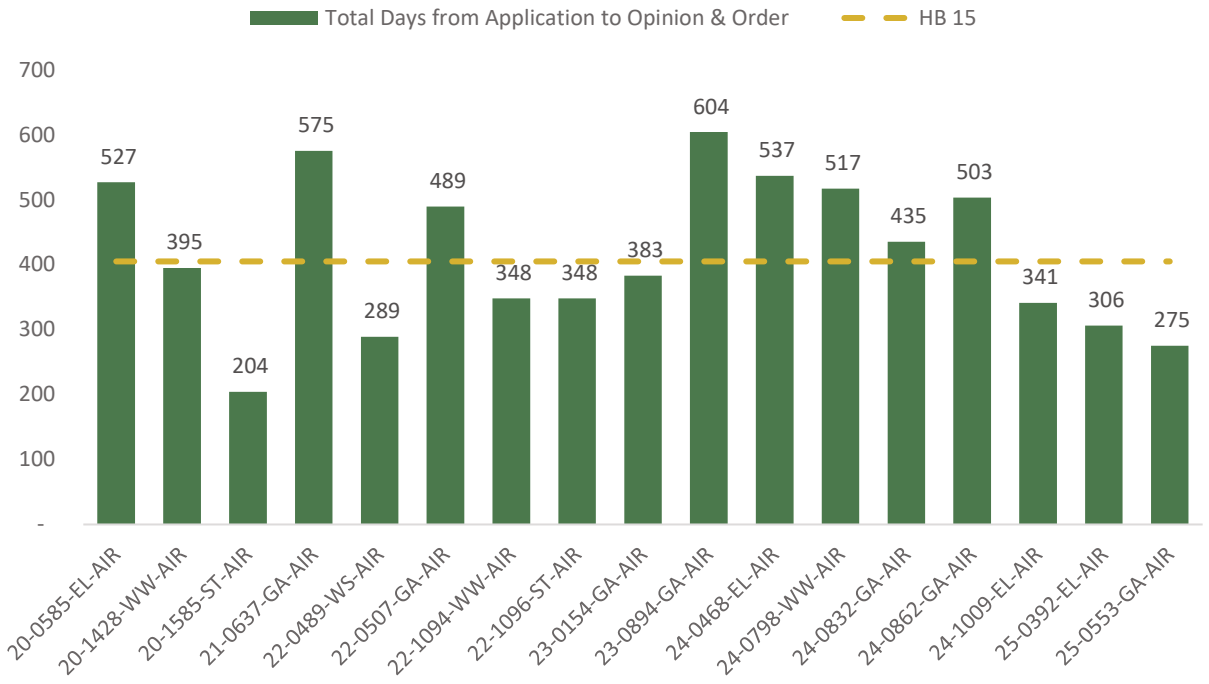
- the application filed date;
- the completion determination of the application;
- the staff report filed date; and then finally,
- the opinion & order.

In total, based on HB 15 guidelines, AIR cases filed after August 14, 2025, should take no more than 405 days in total from the time an application is filed to the final order being issued. Prior law required PUCO staff to file a staff report within a reasonable time after an application is filed. As shown in the table below, 9 of the 17 cases that were analyzed would have met this overarching timeline requirement, while 8 of the 17 would not have. Under the HB 15 guidelines, if PUCO does not meet the deadlines, the application for a rate increase is deemed approved by operation of law for cases filed after August 14, 2025.

[17] 17 of the 26 total AIR cases, or 65.4%, were analyzed. Nine AIR cases were excluded due to incomplete data or lack of record of completion.

[18] 67 of the 84 total standard cases, or 79.8%, were analyzed. 27 standard cases were excluded due to incomplete data due to timing of the analysis or application deficiencies were noted with a case that led to them being procedural outliers. Examples of this include the 60-day completeness periods being nullified due to the Governor's COVID-19 emergency orders, or in instances where extension dates were requested by the applicant as associated with supplemental filings or as determined by the administrative law judge.

## Total Days from Application to Order for AIR Cases




Source: PUCO

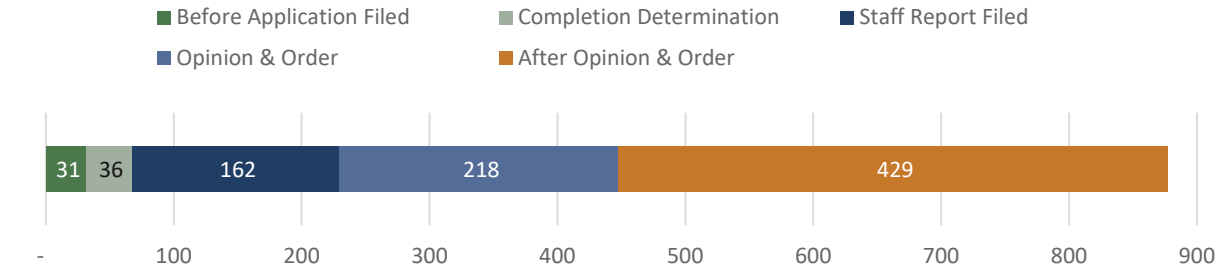
Our intended analysis was to determine the time to complete each of the steps in the process identified by HB 15. PUCO receives thousands of documents for each AIR case, and these documents are uploaded into DIS. However, there is no clear or consistent identification used when uploading these documents. Instead, our office manually reviewed documents to determine how long each step in the process has historically taken.

Our review identified multiple types of documents that were used to signify that a milestone had been reached. For example, there were five different types of documents that were identified as signifying an application had been reviewed and determined to be complete. Without consistent coding of milestones, it is not possible to easily track the completion of these tasks. It is also important to note that mapping documents back to the "Completion Determination" milestone was particularly challenging as there are numerous possible document types associated with this milestone across all rate cases. Additionally, no specific identifiers exist within each document type to easily attach to the appropriate milestone. Finally, specific to rate cases, there was no requirement to file a letter stating that the

application complied with the standard filing requirements, and so identifying this milestone was not always possible.[19]

In comparison to the newly established timing parameters, for the cases that could be analyzed, on average, PUCO historically would have met the reviewed for completion milestone (12 out of 17 cases would have met; 5 cases would not have met) and staff report filed milestone (11 out of 17 cases would have met; 6 cases would not have met). PUCO historically completed the reviewed for completion milestone nine days less than the HB 15 requirement (36 days versus 45 days) and the filing of the staff report 18 days less than the HB 15 requirement (162 days versus 180 days). The milestone in which PUCO historically would not have met was the opinion and order milestone, as it was 218 days, on average, compared to the new timing parameter of 180 days, a difference of 38 days (8 out of 17 cases would have met; 9 cases would not have met).

## Average Elapsed Days Between Milestones for Rate Cases




Source: DIS

Our analysis was limited to only the four main steps of the case process due to the way the process is captured within the DIS system. However, there are process steps not currently captured in DIS between the staff report being filed and the opinion and order. This is important because the opinion and order is the milestone that has taken the longest, on average. It is also important to note, as shown above, the majority of case activity occurs after PUCO issues an opinion and order due to various reasons, such as continued monitoring and appeals.

### *Ohio Power Siting Board*

In similar fashion to the circumstances surrounding AIR cases, DIS currently does not capture milestones relating to Power Siting Board cases. As with the AIR cases, we determined the four

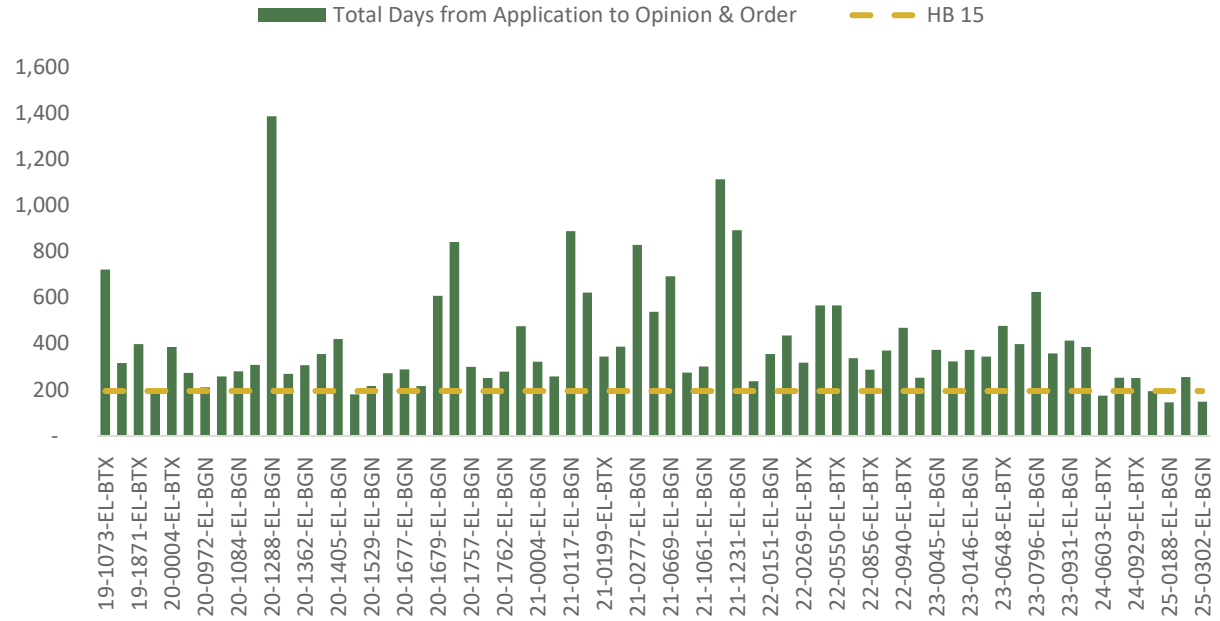
[19] OAC 4901-7, Appendix, Chapter II(A)(4)(c)

major milestones of the standard OPSB case process based on the timing parameters as established under HB 15. [20] The milestones include:

- the application filed date;
- the completion determination of the application;
- the staff report filed date; and then finally,
- the opinion & order.

In total, based on HB 15 guidelines, the entire process for standard siting cases should take no more than 195 days from the time an application is filed to the final opinion and order being issued. As shown in the table below, six of the 67 cases that were analyzed would have met this overarching timeline requirement. This is largely because prior to HB 15, there were only two different timing parameters around the completion determination (60 days) and staff report filing (90 days), and no requirement around the opinion and order.

## Total Days from Application to Order for Standard Cases




Source: DIS

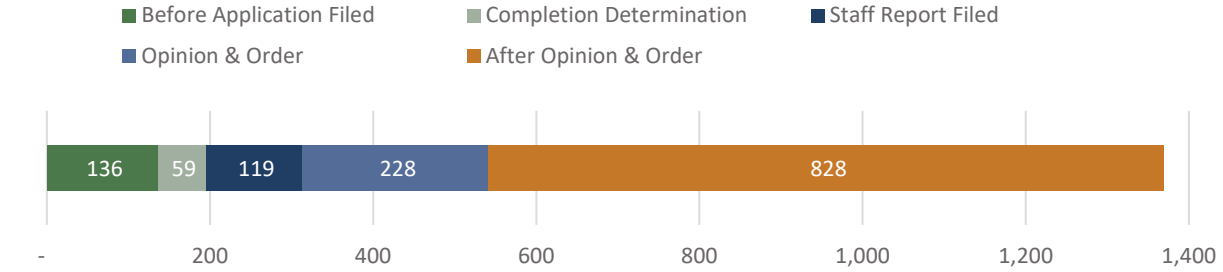
[20] Accelerated and amendment cases were determined to both have two milestones for the purpose of our analysis. The milestones for accelerated are "application filed" and "staff report being filed". The milestones for amendment cases are "application filed" and "opinion and order".

Our intended analysis was to determine the time to complete each of the steps in the process identified by HB 15. However, the documents associated with standard Power Siting Board cases are not coded by the Commission in a consistent way that corresponds to process milestones, rendering it unable to easily calculate actual process times for each step in the standard case resolution process. As a result, OPT again had to manually determine the timestamp for each milestone based on document summary, as stored in DIS.

Our review identified multiple types of documents that were used to signify that a milestone had been reached. As with the AIR cases, most variation occurred with the "Reviewed for Completion" milestone, as it had three different document types associated with it. Also similar to the AIR cases, mapping documents back to the "Completion Determination" milestone was particularly challenging as there were numerous possible document types associated with this milestone across all siting cases. Additionally, no specific identifiers exist within each document type to easily attach to the appropriate milestone.

In comparison to the newly established timing parameters, on average, OPSB historically would not have met the reviewed for completion (4 out of 67 cases would have met; 63 cases would not have met), staff report filed (2 out of 67 cases would have met; 65 cases would not have met), and opinion and order milestones (18 out of 67 cases would have met; 49 cases would not have met), which could indicate that the new milestones may place a burden on OPSB that it may not be fully prepared for. OPSB historically would have completed the reviewed for completion milestone 14 days later than the HB 15 requirement (59 days versus 45 days), the filing of the staff report 64 days later than the HB 15 requirement (119 days versus 55 days) and issued an opinion and order 133 days later than the HB 15 requirement (228 days versus 95 days). Again, prior to HB 15, there was not a timing parameter for opinion and order, but there were timing parameters for the completion review and staff report filed, which were 60 days and 90 days, respectively. In comparison to the previous timing parameters, on average, OPSB met the completion determination milestone but not the staff report filing milestone. The visual below shows the average amount of days elapsed between the main milestones previously described, as well as the average amount of activity in the days prior to when an application is filed and the average number of days elapsed after the opinion and order is issued. Note that the latter is based on the most recent document uploaded to the case.

Average Elapsed Days Between Milestones for Standard Cases




Source: DIS

As with the AIR cases, our analysis was limited to only the four main steps of the case process, due to the way the process is captured within the DIS system. However, there are process steps captured in DIS, but is not routinely extracted in a uniform, usable way for management purposes. between the staff report being filed and the opinion and order. This is important because the opinion and order is the milestone that has taken the longest, on average. It is also important to note, as shown above, the majority of case activity occurs after PUCO issues an opinion and order due to various reasons, such as continued monitoring and appeals.

## *Process Improvement*

Identifying opportunities to gain efficiencies requires an understanding of the processes, collecting useful data, and asking useful questions. PUCO leadership demonstrated an in-depth understanding of the entire application process and the case docketing system where case data is stored. We attempted to map out their case processes, identify potential opportunities for case resolution time reductions, and assess workload metrics utilized by the Commission. However, we found that these tasks could not be accomplished based on the current state of the Commission's data alone, and mapping out case timelines required an extensive amount of manual work and collaboration with PUCO. The data limitations restrict the Commission's ability to manage to the new requirements, as they prohibit it from effectively developing key workload metrics, assessing the steps in their timeline on a granular level, and projecting the impact of HB 15 on their current operations and staffing needs.

What follows is an outline of basic tools and practices taught by Lean Ohio that PUCO could leverage to identify system enhancements and potentially reduce case processing times through process improvements.

## *DMAIC Methodology*

Lean Six Sigma is a data-driven methodology that focuses on streamlining processes and reducing waste, including defects. Its DMAIC approach provides a framework for improving existing business processes. DMAIC is shorthand for:

**D**efine opportunities- In the Define phase, the purpose, scope, and goals of the process is established. Clearly defining the process can dramatically improve the effectiveness of the process.

**M**easure performance- In the Measure phase, the focus is on collecting data to measure the existing system performance. It is critical to identify the appropriate process measures and gather sufficient baseline data so that once improvements are made, the impact can be verified empirically.

**A**nalyze opportunities- In the Analyze phase, inefficiencies are investigated by finding and confirming the root cause using factual data; suspicions and hypotheses must be confirmed with data. Beyond confirming causal factors are present, this phase also seeks to confirm that changes in these factors will substantially impact the outcome.

**I**mprove performance- In the Improve phase, solutions to fix and prevent process problems are identified and implemented based on the data that has been analyzed. Proposed solutions should ideally be tested and verified in this phase, coupled with developing a detailed implementation plan.

**C**ontrol performance- In the Control phase, standardizing and documenting the new process, training, and creating a plan to monitor and measure performance in response to changes in the environment are the key components. This ensures that the gains obtained during the Improve phase are maintained.

## *Timeline Requirements*

Public utilities cited speed to resolution as a challenge to doing business in Ohio. HB 15 requires certain milestones to be met within a certain amount of time, and so the Define phase would establish the need to reduce speed to resolution within their case resolution processes. The Measure phase is focused on collecting data to measure the existing system performance. The data currently capturing the process lies within the DIS system, but it does not record case milestones and lacks standard inputs or uniform language for document uploads, making it unsuitable as a management tool for monitoring case progress in its current form. Without sufficient data regarding internal processes, PUCO is unable to identify and implement process improvements needed to meet statutory deadlines. Importantly, though, PUCO is well

positioned to improve its data collection efforts as it is in the process of transitioning to a new case docketing system. It is currently in the design phase and maintains oversight of the vendor as they design workflows, which could include uniform case process milestone inputs. Such an expansion of capabilities would allow for greatly improved monitoring.

## Conclusion

As it transitions to a new case docketing system, PUCO should improve its data collection and monitoring efforts to optimize case resolution efficiency and to ensure sustained adherence to HB 15 requirements. These efforts should include capturing all critical and intermediate milestones within their case resolution processes. To effectively track milestones within its new docketing system, PUCO should first establish uniform document and milestone naming conventions. Once PUCO has implemented an effective data collection and monitoring system, the information could be leveraged to better inform a formal strategic plan (see **Recommendation 1**) and to develop specific staffing plans across PUCO's various functions that are based on established, data-driven workload metrics (see **Recommendation 4**.)

# Recommendation 4: Develop a Formal Staffing Plan

PUCO does not currently operate with formal, data-driven staffing plans.[21] Further, certain data elements in the data management system (DIS) are not structured in a way that enables managers to isolate and analyze performance within key parts of the case resolution process, as noted in **Recommendation 3.** PUCO should identify and collect the necessary information to allow the Commission to develop meaningful workload metrics that correspond to its statutory obligations under HB 15.

## Impact

PUCO's data management system does not uniformly capture the milestones of the case resolution processes or the corresponding staff resources deployed in service of case resolution. This limitation is most significant to the case resolution functions of the Commission, as it prevents PUCO from analyzing staff performance to the degree necessary to develop a staffing plan based on meaningful workload metrics that correspond to its statutory obligations under HB 15. Operating without a staffing plan based on meaningful workload metrics increases the Commission's future risk of failing to comply with required timing parameters and ultimately meeting the needs of Ohio's energy landscape.

## Methodology

We obtained staffing details from OAKS and confirmed department coding with PUCO. We compiled staffing levels for the Rates and Analysis Department and Power Siting Department for several years to identify trends. In addition, we conducted interviews with the directors of the departments to understand staffing levels, workload, work metrics if applicable, and future workload implications from HB 15. Best practices related to staffing plans were also obtained from the Society of Human Resource Management to identify potential best practices when developing a staffing plan.

## Analysis

The Rates and Analysis Department consists of a mix of different positions and, in total, had 40.4 FTEs in SFY 2025. Utility specialists comprised 60 percent of the department's total staffing, or 24.2 FTEs. Public utilities administrators made up 23 percent of staffing, or 9.3 FTEs. Analysts comprised 10 percent of staffing, or 3.9 FTEs. Finally, project manager, deputy

[21] PUCO provided OPT with staffing plan documents that were created in response to the initial Request for Information (RFI). However, the staffing plans were absent of specific workload metrics and data-driven staffing targets.

director, and administrative staff made up the remaining 7 percent of staffing, or approximately 3.0 FTEs.

The Power Siting Department is made up of less variety in terms of unique positions as compared to the Rates and Analysis Department. In total, the Power Siting Department had 19.7 FTEs in SFY 2025. Utility specialists comprised 61 percent of total staffing, or 12.0 FTEs. Public utilities administrators comprised 30 percent of staffing, or 6.0 FTEs. Finally, a deputy director and a program administrator made up the remaining 9 percent of total staffing, or 1.7 FTEs.

While staffing levels for each department remained consistent, the length of time for each milestone varied from year to year. Historical staffing levels for each department can be viewed in **Appendix G: Staffing**. We specifically reviewed staffing levels within the Rates and Analysis Department and the Power Siting Board and attempted to measure them against workload metrics. However, because there are limited work metrics and data collection, no correlation can be drawn between staffing levels and productivity outputs, such as staff report turnarounds. Currently, the creation of appropriate work metrics is severely limited due to the unavailability of key data points, such as labor hour totals related to the staff report process. Additionally, tracking labor hours based on key tasks, and even at the case type level, is especially important as there are additional tasks and multiple types of cases beyond AIR and standard OPSB cases, as detailed in the **Background**.

In addition to the newly established standardized timelines, HB 15 also changed the way PUCO will handle other aspects of utility rate cases. For example, electric distribution utilities now have the option to use a fully forecasted test period to help set rates. Because forecast-based ratemaking relies on projected financial data, true-ups will be conducted to reconcile differences between forecasted costs and actuals, retroactively. If the forecast significantly overestimates or underestimates expenses or revenues, the true-up process adjusts rates or revenues accordingly. Utilities traditionally relied on a mix of actual and forecasted data, known as a test year. In this traditional method, mid-year cost increases and anomalies, such as unexpected weather-related costs, could then be adjusted across the time period, creating a "normal" operating year. Regardless of whether utilities use the traditional or forecast method, they are required to file a rate case every three years. All these changes may have implications on workload that are unknown at this time, particularly due to the lack of workload metrics currently implemented.

Much like its impact on the Rates and Analysis Department, HB 15 may have implications for the Power Siting Board beyond the shorter regulatory timelines it imposed. Specifically, some stakeholders anticipate that certain provisions within HB 15 will encourage private investment in new power generation, not only for traditional power plants, but also for installations for what is now commonly referred to as behind-the-meter generation. Behind-the- meter generation refers to standalone power directly serving a facility rather than connecting to the

power grid. These installations are typically associated with data center projects. For example, on July 24 of 2025, OPSB approved the construction of a 120 MW natural gas fired electric generation facility in the City of New Albany in Licking County to serve the electric load of an adjacent data center. Similar to the Rates and Analysis Department, these changes may have implications on workload that are unknown at this time due to the lack of workload metrics currently implemented.

## *Staffing Plan Development Process*

The Society of Human Resource Management (SHRM) published a six-step guide to developing a staffing plan. Being properly staffed would mean having enough staff to process case applications in a timely manner but not having too many staff that slower periods are full of idle time.

**Step 1: Evaluate Goals**

The first step in developing a staffing plan is to evaluate the goals needed to be achieved. By recognizing the targets employees will be working toward, human resource professionals can identify the amount and type of support needed to meet those expectations.

Ensuring a clear understanding of expectations helps decisionmakers in a number of ways. Departmental goals should align and support organizational goals. Thus, this exercise is a perfect opportunity to reach out to other leaders to understand their expectations of the department in the upcoming year, including support for major projects, new strategic initiatives or other changes that will require adjusting staff.

**Step 2: Identify Influencers**

In this step, both internal and external factors that could impact the staffing plan are identified. These influencing factors can be positive or negative and are things that the organization has little control over. This could include researching labor market data, both nationally and locally. Understanding the effect that these influences have over the application process may help PUCO to properly staff accordingly.

**Step 3: Analyze the Current State**

Compiling information on the current state of human resources involves listing all current resources, including staff, contingency workers or other people who regularly support function goals. In addition, the current-state analysis should determine competencies, skill set, or expertise to fully understand the tools presently available to meet expected plans.

**Step 4: Envision Needs**

In Step 4, decisionmakers envision what will be needed to accomplish the goals set out in Step 1. Keys to this step are to start fresh and not be overly influenced by the current state. This step identifies both end-state staffing and interim needs. It should be assessed at both a head count and skills level.

To complete this step, decision-makers should review the goals outlined in Step 1 and imagine what will be needed to accomplish those goals. It is best to envision needs as if building the department from scratch. Taking this approach will help articulate requirements without being hampered by the current state.

The envisioning step may be approached from a head count perspective. However, envisioning needs from a skill set, competency or expertise perspective helps overcome biases that may exist in the current state.

**Step 5: Conduct a Gap Analysis**

Step 5 identifies what is missing between the end state outlined in Step 4 and the current state identified in Step 3. Gaps may include inadequate staffing, lack of expertise or simply the wrong people in the wrong place. Information derived from a gap analysis will identify deficiencies in the current state of the function that decisionmakers will need to address to achieve the outlined goals. Decisionmakers should not view these gaps as weaknesses of the current department but rather as opportunities to evolve the function into an ideal state to achieve organizational goals.

**Step 6: Develop a Solution Plan**

In the sixth and final step, a plan is finalized based on the culmination of the prior steps. The plan should include both end-state and interim staffing needs, as well as timing and cost considerations. Lastly, the plan should be communicated in an easily consumable format.

As stated above, PUCO does not currently have formal, data-driven staffing plans based on meaningful workload metrics that could be deployed in order to ensure its capability to handle the demand associated with rate and OPSB cases. More comprehensive data would allow PUCO to better quantify specific workload and staffing needs.

## Conclusion

As a part of its data improvement strategy (see **Recommendation 3**), PUCO should develop a staffing plan based on meaningful workload metrics that correspond to its statutory obligations under HB 15. Doing so will enhance the Commission's ability to properly plan and allocate resources to better ensure continued compliance with the law. In addition to the compliance implications, leveraging workload data to accurately assess staff performance will allow the Commission to adapt to changing workload demands in an ever-changing environment, and ensure it maintains optimal staffing levels from an efficiency perspective.

# Client Response Letter

Audit standards and AOS policy allow clients to provide a written response to an audit. The letter on the following page is the Commission's official statement in regards to this performance audit. Throughout the audit process, staff met with Commission officials to ensure substantial agreement on the factual information presented in the report. When the Commission disagreed with information contained in the report, and provided supporting documentation, revisions were made to the audit report.

August 31, 2026

Keith Faber, Auditor of State
65 East State Street
Columbus, Ohio 43215

Dear Auditor Faber;

The Public Utilities Commission of Ohio (PUCO) sincerely thanks you and your staff for your work on the recently completed Performance Audit. The team led by Cody E. Koch demonstrated the highest level of professionalism and engaged in productive collaboration with our staff. We appreciate this opportunity to address the audit findings.

Strategic and Operations Management

The PUCO operates under a clear mission statement: 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. While that guiding mission is constant, the strategies and methods used to carry out that mission must be responsive to emerging issues in utility regulation and legislative changes.

The PUCO must be agile enough to meet regulatory challenges where they arise. For example, over the past few years, an increase in data centers and unprecedented electricity demand required a regulatory solution to protect other customers. The PUCO allocated staffing resources to work through the problem, resulting in the PUCO leading its peers in approving tariffs that separate data centers into their own class and impose financial requirements on data centers that protect other customers from paying for capacity and infrastructure required to serve the data centers.

The PUCO's agility has also helped to restore public trust in the PUCO. Under current leadership, the legal department was bifurcated to ensure the independence of administrative law judges from the legal advisors to staff. Staff and law department resources were also devoted to four separate House Bill 6-related investigations that led to $280 million being returned to FirstEnergy ratepayers in 2025.

The Ohio Power Siting Board (OPSB) staff has also been engaged in responding to an evolving energy landscape. The power siting process has been impacted by two significant pieces of legislation in the past 5 years—Senate Bill 52 passed in 2021, and House Bill 15 (HB 15) passed last year. The OPSB has also seen a shift in the types of



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projects seeking certification. The volume of applications for large-scale solar projects that were seen 5 years ago has subsided. Now the OPSB is seeing applications for behind the meter natural gas projects and projects with battery storage components. Discussions on nuclear projects are underway. As the state's energy needs and technologies have evolved, the OPSB re-allocated and shifted resources as needed.

Although these adaptations were not mapped out in a long-range planning document, they did occur within the context of the PUCO's broader mission and goals. When the recommendation to draft a written strategic plan first surfaced during our engagement with your office, we began working on memorializing our strategic plan in a way that preserves the flexibility that has been the key to so many of our successes. This document is nearing completion, and we look forward to sharing it with your office in the near future.

It should be noted that we currently develop staffing plans as we perform our results-focused budgeting as part of our biennial budget preparation. The Chief Financial Officer, Business Resource Director and respective department Directors collaborate to ensure that staffing decisions maximize performance of our statutory responsibilities. This collaboration is not driven solely by data points, but is informed by our experience and familiarity with the expertise and capabilities of our staff.

We appreciate the recommendation to develop written staffing plans informed by workload metrics. We will use the guidance provided in Recommendation 4 of the report. As noted, the current DIS Modernization project may help provide more detailed metrics. However, that system is currently in the design phase. We look forward to using data from the system to inform staffing plans in the future. In the interim, we will continue to use the collaborative approach discussed above to inform our staffing decisions. We will memorialize those staffing plans as the report recommends.

Financial Management

A. Reserve Balances

As reflected in the audit findings, the PUCO has managed its finances conservatively in recent years. We have been cautious in our spending and maintained strong reserves to ensure that the PUCO would not experience a shortfall that could compromise its ability to fulfill its statutory mandate. This fiscal conservatism has led to the accumulation of balances in PUCO funds that exceed the GFOA minimum.

While it is not unusual for a state agency's reserves to exceed the GFOA minimum, we appreciate the recommendation to create a new policy to address these balances. As soon as the audit process identified these balances as a concern, the PUCO began reassessing its approach to reserves. This work has already led to the development and adoption of a new policy which maintains defined thresholds. Those thresholds bring PUCO's reserves closer to the GFOA minimum.

B. Maximum Forfeitures for Gas Pipeline Safety Violations

We are particularly appreciative of your recommendation to further study the maximum forfeitures for gas pipeline safety violations. This has been an area of increasing concern for the PUCO in recent years. However, as you have pointed out, the maximums are set in statute which the PUCO is mandated to follow. Your team did an excellent job of examining how Ohio compares with its peers and analyzing the potential impact on federal funding. This funding supports the important work of our Facility and Operations Field Division in inspecting natural gas pipelines and ensuring compliance with federal safety regulations. We support further study of the issue and the consideration of an increase of these maximums.

Permit and Rate Case Resolution Process

Perhaps most directly relevant to the legislation that mandated this audit is the evaluation of the impact of the new HB 15 timelines on staffing and workload. We appreciate the retrospective review of the time elapsed between case milestones compared to the newly enacted HB 15 timelines. It is notable that these timelines were not in place at the time the cases were decided.

As HB 15 was under consideration before the Legislature, we recognized that we would need to adapt to meet these new timelines. We worked diligently to prepare for these changes by strategically adding staff, restructuring departments, and updating processes and internal deadlines. Personnel were added within the OPSB, Rates & Analysis and Legal Departments.

The work done in anticipation of the enactment of this important legislation allowed us to move quickly after the bill passed to align our rules with the new law. Within the first 12 months after the effective date of HB 15, the PUCO conducted 6 rule dockets and reviewed, amended and/or adopted 69 rules to address changes required by HB 15. One of those rule dockets was a major overhaul of the standard filing requirements (600+ pages) designed to reduce the workload of staff by requiring utilities to submit as

part of their initial filing a number of items that staff had routinely collected as part of their investigation.

Since this audit commenced within a month of the effective date of HB 15, there was, of course, no way for your team to evaluate whether the changes we have implemented were effective. Our experience over the past year suggests that the PUCO is well-positioned to fulfill the requirements of HB 15. Three electricity rate increase applications and two natural gas rate increase applications were filed in the last year. All five cases are on course to meet or exceed all of the HB 15 deadlines. Additionally, our experience in OPSB over the past year has been the same. The OPSB has met all HB 15 deadlines since the effective date of that legislation. This includes 12 staff completeness determinations within 45 days and 10 staff reports issued within 55 days after completeness in standard certificate cases all while processing 122 automatic approval cases. Moreover, the OPSB has rendered orders on 6 standard certificate cases within 195 days of filing.

Stakeholder Engagement

Thank you for sharing the observations on stakeholder engagement that your team gathered from those external participants interviewed for the audit. The PUCO is continuously engaged in stakeholder outreach. In FY26 alone, the PUCO delivered 110 speeches and presentations, participated in 25 local public hearings, 23 public information meetings, 49 exhibits at fairs and festivals, and 32 workshops. These efforts are on top of our standard case process, through which entities can seek to intervene and engage directly with the PUCO staff or can file comments. We conduct workshops and take comments on every administrative rule revision. The PUCO is always educating and listening to stakeholders. We will continue to strive to make the public and other stakeholders aware of these engagement opportunities.

Again, we truly appreciate the hard work and professionalism of your entire team. We look forward to continuing to work with your team as we implement the report recommendations.

Sincerely,

Jenifer A. French
Chair



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# Appendix A: Purpose, Methodology, Scope, and Objectives of the Audit

## Performance Audit Purpose and Overview

Performance audits provide objective analysis to assist management and those charged with governance and oversight to improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.

Generally accepted government auditing standards (GAGAS) require that a performance audit be planned and performed so as to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on audit objectives. Objectives are what the audit is intended to accomplish and can be thought of as questions about the program that the auditors seek to answer based on evidence obtained and assessed against criteria.

We conducted this performance audit in accordance with GAGAS. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## Audit Scope and Objectives

In order to provide the Commission with appropriate, data driven, recommendations, the following questions were assessed within each of the agreed upon scope areas:

### Summary of Objectives and Conclusions

| Objective | Recommendation |
|---|---|
| **Permit and Rate Case Resolution Processes** | |
| What opportunities exist to improve the Power Siting Board permit resolution process? | **R.3, R.4** |
| What opportunities exist to improve the Commission's rate case resolution process? | **R.3, R.4** |

| **Strategic and Operational Management** | |
|---|---|
| Are the Commission's strategic planning practices consistent with leading practices? | **R.1** |
| Are the Commission's financial management practices consistent with leading practices? | **R.2, IFFS.1** |
| Are the Service Monitoring and Enforcement Department's large-scale investigation and enforcement techniques in line with best practices? | **No recommendation: SMED's investigation and enforcement techniques are in line with best practices.** |
| Are the Commission's maximum forfeiture penalty amounts in line with those established in federal regulation, leading practices, and/or peers? | **Matter for Legislative Consideration** |

Although assessment of internal controls was not specifically an objective of this performance audit, internal controls were considered and evaluated when applicable to scope areas and objectives. The following internal control components and underlying principles were relevant to our audit objectives:[22]

- Control environment
    - We assessed the Commission's exercise of oversight responsibilities related to setting rates and fees to utility companies.
    - We assessed the Commission's exercise of oversight responsibilities related to grants administration.
    - We assessed the Commission's exercise of oversight responsibilities related to service delivery and regulatory enforcement.
- Risk Assessment
    - We considered the Commission's activities to assess fraud risks.
- Information and Communication
    - We considered the Commission's use of quality information in relation to its financial, payroll, staffing, and case data.
- Control Activities
    - We considered the Commission's compliance with applicable laws and contracts.

[22] We relied upon standards for internal controls obtained from *Standards for Internal Control in the Federal Government* (2014), the U.S. Government Accountability Office, report GAO-14-704G

No internal control deficiencies related to the audit objectives were identified during the course of the audit.

## Audit Methodology

To complete this performance audit, auditors gathered data, conducted interviews with numerous individuals associated with the areas of Commission operations included in the audit scope, and reviewed and assessed available information. Assessments were performed using criteria from a number of sources, including:

- Peers;
- Industry Standards;
- Leading Practices;
- Statutes and Administrative Regulations; and
- Policies and Procedures.

In consultation with the Commission, we selected state public utility commissions with consideration to size, functions served, geographic location, and other factors to form two peer groups designated for specific objectives where peer outreach occurred. The Primary Peers are states we identified as most closely aligning with Ohio for the sake of comparison. The Secondary Peers are additional states that are comparable, while having characteristics that make them less similar to Ohio in operation. Additionally, publicly available information was gathered from all states for certain objectives. The two peer groups are identified as necessary and appropriate within the section where they were used. Those peer groups are:

### *Primary Peers*

- Illinois
- Pennsylvania
- Michigan

### *Secondary Peers*

- Maryland
- New Jersey
- Virginia

# Appendix B: Strategic Planning

As discussed in R.1, several Ohio state agencies that have noteworthy components within their respective strategic plans. These include the Ohio Department of Transportation (ODOT), the Ohio Department of Natural Resources (ODNR), the Ohio Department of Health (ODH), the Ohio Department of Behavioral Health (ODBH), and the Ohio Department of Children and Youth (ODCY).

ODOT has a noteworthy Transportation Asset Management Plan that is a specific strategic planning document for implementing the state's Transportation Asset Management Plan as required by the Federal Highway Administration. This plan describes the current conditions, performance targets, performance gaps, evaluates asset plans, evaluates revenue forecasts, and identifies improvement opportunities.

ODH's strategic plan also has notable aspects. ODH assesses the current public health landscape and environment by conducting focus groups and interviews with internal and external stakeholders across the state, and conducts internal focus groups, where the Director meets with team members to understand their challenges and successes in their work. Additionally, ODH's strategic plan identifies four overarching strategic priority areas, that have specific strategies listed with key action steps to achieve the strategy. The ODH's strategic plan also includes detailed steps in how the agency is tracking and monitoring their performance. The key performance measures for each goal are updated monthly, quarterly, or annually depending on the availability of data. Additionally, there is an annual comprehensive review where accomplishments are highlighted, strategies are revised or added, changes to the outcomes and key performance measures are considered, and their strategic plan scorecard is updated.

ODNR has a Statewide Comprehensive Outdoor Recreation Plan, which is a five-year strategic plan that guides state and local investment for developing and managing outdoor recreational lands and facilities. This plan evaluates existing outdoor recreational resources, evaluates participation patterns, evaluates state and national trends, and identifies gaps in service.

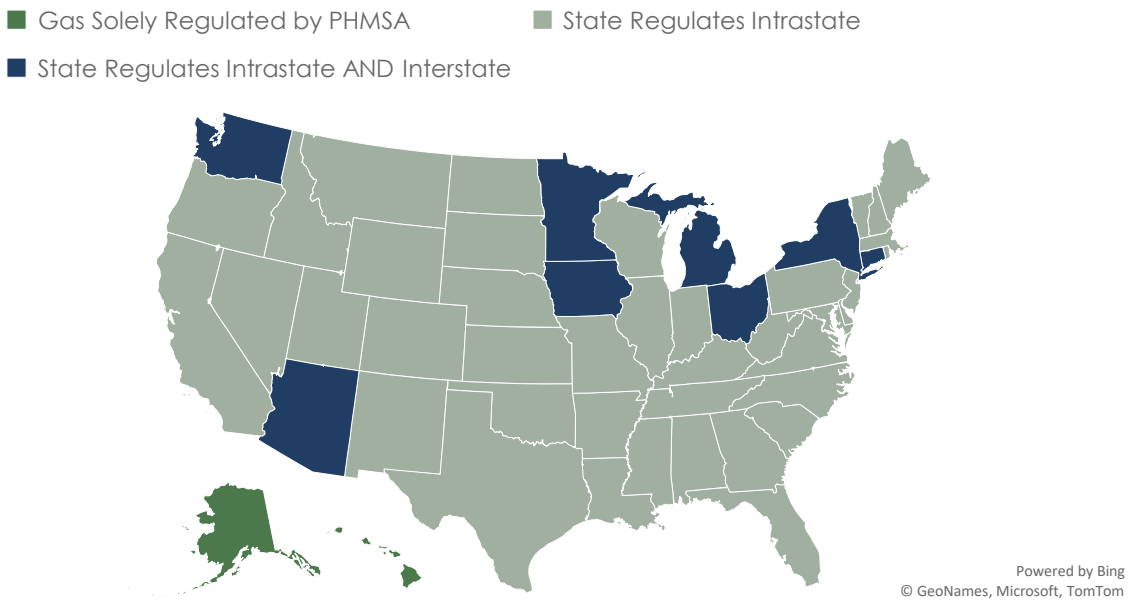
ODBH's strategic plan includes a noteworthy component in that they include a Strategic Action Plan matrix that outlines their strategic focus areas, the goals and objectives associated with the focus area, action items to achieve the goals, and ways to measure success of the goals, like using key performance indicators.

Finally, the Ohio Department of Children and Youth (ODCY), has a logic model that acts as a strategic planning document. This logic model visual includes ODCY's agency priorities, short-term goals, specific goal metrics on how to reach those short-term goals, and long-term goals.

# Appendix C: Gas Pipeline Safety Enforcement

The U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration (PHMSA) implements federal pipeline safety standards for interstate and intrastate gas pipelines, hazardous liquid pipelines, and underground natural gas storage under The Natural Gas Pipeline Safety Act. This act authorizes states with intrastate regulations, inspections, and enforcement responsibilities that are subject to annual certifications with PHMSA. Although the federal government is responsible for developing, issuing, and enforcing pipeline safety regulations, most inspections are conducted by state regulatory agencies, which are responsible for regulation, inspection, and enforcement of pipelines within state boundaries. The Office of Pipeline Safety authorizes some states to inspect interstate pipelines, including Ohio, although it retains enforcement responsibilities for interstate pipelines. The map below outlines which state agencies regulate interstate and intrastate gas and hazardous liquid pipelines.

## Regulation of Interstate and Intrastate Gas Pipelines




Source: PHMSA

State agency participation in the pipeline safety program is based on voluntary submission of a Certification pursuant to 49 U.S.C. 60105, or of an Agreement pursuant to 49 U.S.C. 60106. Within the guidelines for states participating in the pipeline safety program, the state agency

regulations must be at least as stringent or substantially the same as the federal regulations. When violations of PHMSA are detected, the state agency may impose fines and other penalties, commonly referred to as "forfeitures", to natural gas operators and utilities to ensure natural gas is delivered safely and reliably throughout the state.

According to the Federal Natural Gas Pipeline Safety Act found in CFR Title 49 Section 190.223, the current maximum administrative civil penalty for pipeline safety violations is not to exceed $272,926 for each violation for each day the violation continues, with a maximum administrative civil penalty not to exceed $2,729,245 for any related series of violations. The Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015 requires Federal agencies to adjust minimum and maximum civil penalty amounts to preserve their deterrent impact. Pursuant to the 2015 Act, PHMSA revises regulations to the maximum civil penalties based on the consumer price index. The federal daily violation and maximum civil penalty amounts have increased every year from Federal Fiscal Year (FFY) 2016 to FFY 2025.

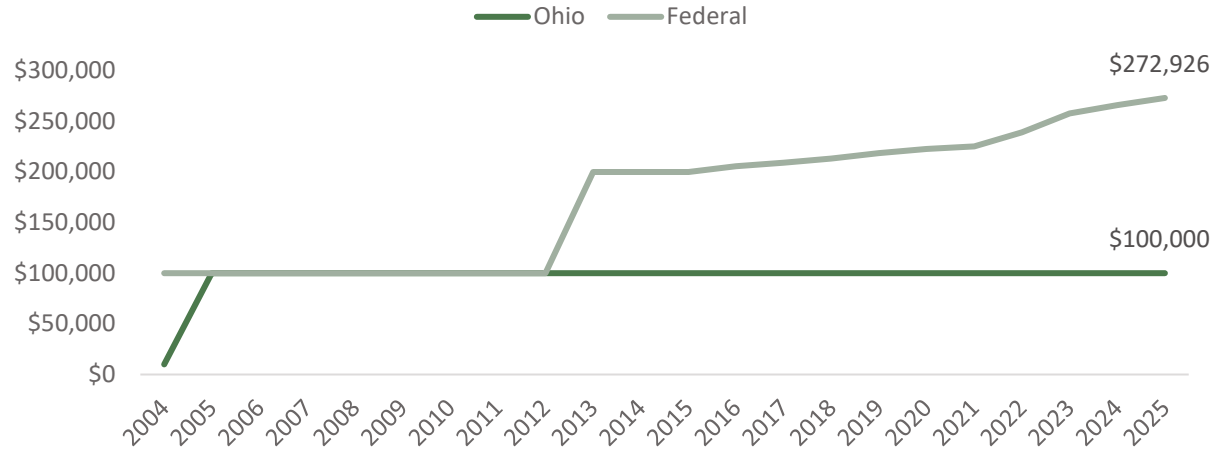
If a pipeline safety operator violates or fails to comply with the pipeline safety code, PUCO may impose a maximum forfeiture of $100,000 for each day of each violation or non-compliance, up to a maximum aggregate forfeiture not to exceed $1,000,000 for any related series of violations or non-compliances. The forfeiture amounts outlined in ORC § 4905.95 have been amended twice in the past. In SFY 2005, House Bill 66 of the 126th GA revised the daily forfeiture from $10,000 to $100,000 for each day of violation but did not revise the aggregate maximum forfeiture of $500,000. In SFY 2012, Senate Bill 315 of the 129th GA did not revise the daily forfeiture of $100,000 but did revise the aggregate maximum forfeiture from $500,000 to $1,000,000. The daily maximum forfeiture amount outlined in the ORC compared against the forfeiture amount outlined in the CFR can be viewed below from SFY 2004 to SFY 2025.

## Introduced Federal Change

Introduced Bill S2975 of the 119th Congress seeks to amend Title 49 of the USC to enhance the safety of pipeline transportation by amending the civil forfeiture amounts. The existing maximum penalty amount for a violation would increase from $272,926 to $400,000, and the current maximum penalty for a series of violations would increase from $2,729,245 to $4,000,000 to adjust for inflation.

Congress last reauthorized PHMSA's pipeline safety programs through Fiscal Year 2023, meaning PHMSA's pipeline safety programs have been without an authorization for two years. The bill's intent is to have a more proactive approach to the safe transportation of energy products by increasing the civil penalties by 50 percent. As of April 29, 2026, the bill passed the Senate.

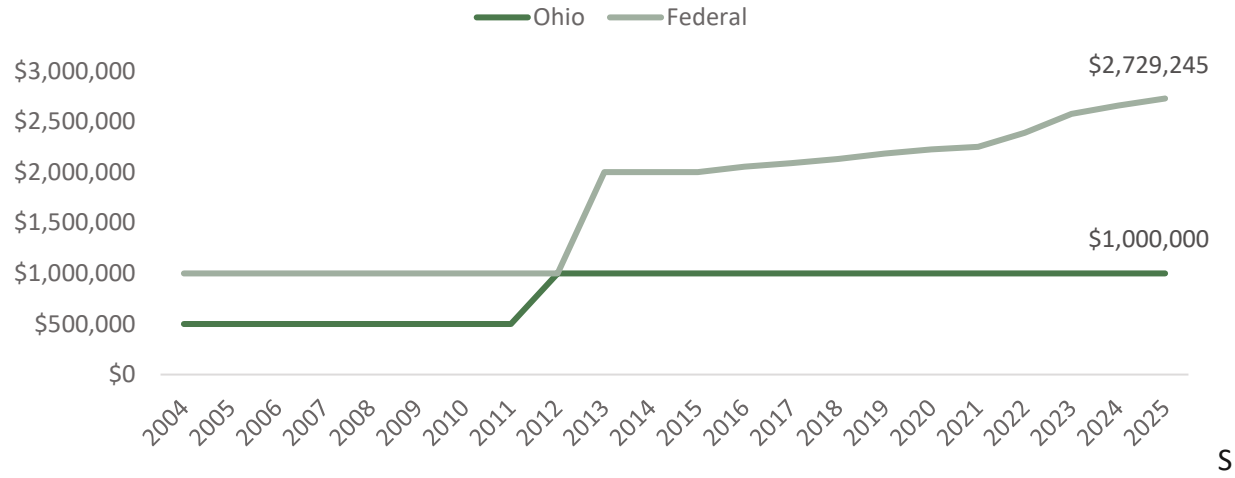
## Daily Maximum Penalties




Source: CFR and ORC

Since SFY 2012, there have been no revisions to the maximum forfeiture amounts. The aggregate maximum forfeiture amount outlined in the ORC compared against the forfeiture amount outlined in the CFR can be viewed below from SFY 2004 to SFY 2025.

## Aggregate Maximum Penalties



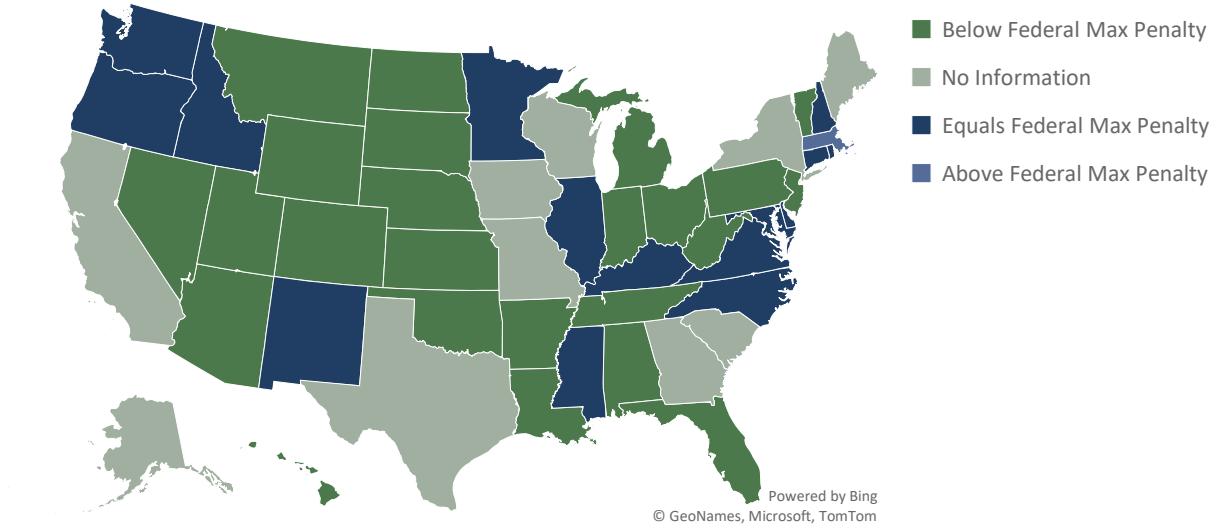

S

Source: CFR and ORC

The laws of the state agency must provide for the enforcement of the safety standards by injunctive and monetary sanctions that are substantially the same as those outlined in the CFR. As stated in the *Guidelines for States Participating in the Pipeline Safety Program*, each state agency must have, at a minimum, penalty amounts of $100,000 per day up to a maximum of $1 million for a related series of violations.

Ohio's maximum forfeiture amounts were compared to all other states to identify if there are other states that are below, in line, or above the CFR maximum forfeiture amounts. Including Ohio, there were 40 states that had available total maximum penalty information. Most states, 24 states or 60 percent, have total maximum forfeiture amounts below the current total maximum forfeiture outlined in the CFR. Fifteen states, or 38 percent, match the CFR maximum forfeiture amount as their state code references the CFR. Massachusetts has an aggregate maximum forfeiture amount of $10 million that is well above the amount outlined in the CFR. The comparison of the aggregate maximum penalty can be viewed below in the map.

## Aggregate Maximum Forfeiture in Comparison to CFR 190.223




Source: CFR and ORC

These maximum penalties are outlined in the laws of the states participating in the pipeline safety program. Among most states, because the specific maximum penalty amounts are written in state law, these amounts fall below the amounts listed in the CFR but are above the minimum amount, $1 million, as listed in the guidelines. The states that are below the current federal amount, on average, have a maximum aggregate forfeiture of $1.6 million. Massachusetts, the only state above the federal amount, had a notable gas pipeline incident that occurred in 2018 known as the Merrimack Valley gas explosions, where over-pressurized natural gas lines triggered a series of catastrophic explosions and fires across multiple towns within the valley.

PHMSA conducts annual progress reports to determine state compliance with The Natural Gas Pipeline Safety Act, which includes evaluating civil penalty thresholds. When a state agency does not satisfy the criteria for certification under The Natural Gas Pipeline Safety Act, PHMSA may enforce violations, issue warnings, compliance orders, and civil penalties to the state. A

recent example of PHMSA issuing a warning to a state regarding civil penalties amounts occurred in Florida in 2024. Florida's maximum penalty was $25,000 and the maximum aggregate penalty was $500,000. The Florida Public Service Commission received a letter from PHMSA stating its certification is at risk due to Florida's lower civil penalties compared to those of PHMSA which may reduce the Public Service Commission's enforcement capabilities. Florida increased their maximum monetary penalties for violations of the Gas Safety Law to mirror those currently used by PHMSA effective July 1, 2025.

While Ohio's penalties are above the minimum required amount, there is a risk that if penalties are not monitored the state could fall below this threshold and face penalties from PHMSA including limiting PUCO's enforcement capabilities. As penalty amounts are set in ORC, this is something that should be monitored and updated on a regular basis to ensure continued compliance with federal guidelines and regulations.

# Appendix D: Financials

## Fund Balances

As discussed in **Recommendation 2**, PUCO maintains 11 funds, seven of which are dedicated purpose funds (DPF) and four of which are federal funds with a total ending cash balance across all funds of $87 million in SFY 2025. Fund 5F60, the Public Utilities Fund, and Fund 5LT0, the Transportation Safety Fund, make up 86 percent of the total ending cash balance. Both funds were analyzed on a monthly basis from SFY 2020 to SFY 2025 to understand the timing of revenue and expenses associated with the two funds.

OBM classifies all state funds into fund groups including the General Revenue Fund Group, Dedicated Purpose Fund Group, Internal Service Activity Fund Group, and Federal Fund Group. For context, other Ohio state agencies, commissions, and offices of similar size were compared to PUCO regarding their dedicated purpose fund balances in SFY 2025, as a percentage of annual expenditures. Similar size was determined as being within approximately 30 percent of PUCO's annual expenditures, in consideration of their respective dedicated purpose funds only, in SFY 2025. Also, PUCO was compared to other Ohio Commissions, as they may share a regulatory role, that had expenditures in dedicated purpose funds of at least $2 million in SFY 2025. The ending cash balance among all the dedicated purpose funds associated with each of these state agencies and commissions resulted in the following ranges of percentage of annual expenditures in SFY 2025.

### Range of DPF Balances as a Percent of Expenditures SFY 2025 Among Comparison Group

| Type | Agency Full Name | Number of DPFs | Min | Average | Max |
|---|---|---|---|---|---|
| Similar Size | Dept of Taxation | 17 | 21% | 215% | 670% |
| Similar Size | Dept of Transportation | 9 | 112% | 167% | 18,910% |
| Commission | Public Works Commission | 1 | 165% | 165% | 165% |
| PUCO | Public Utilities Commission | 8 | 24% | 156% | 490% |
| Commission | Casino Control Commission | 3 | 111% | 141% | 483% |
| Similar Size | Dept of Children and Youth | 12 | 1% | 135% | 295% |
| Similar Size | Dept of Insurance | 1 | 126% | 126% | 126% |
| Commission | Ohio Expositions Commission | 4 | 0% | 113% | 143% |
| Commission | Ohio Facilities Construction Commission | 2 | 4% | 111% | 112% |
| Similar Size | Job and Family Services | 16 | 0% | 93% | 9,776% |
| Similar Size | Dept of Aging | 9 | 0% | 86% | 908% |
| Similar Size | Secretary of State | 9 | 0% | 70% | 134% |
| Commission | Racing Commission | 5 | 14% | 21% | 41% |

| | | | | | |
|---|---|---|---|---|---|
| Commission | Public Defender Commission | 9 | 8% | 14% | 224% |
| Commission | Industrial Commission | 1 | 13% | 13% | 13% |

Source: OAKS

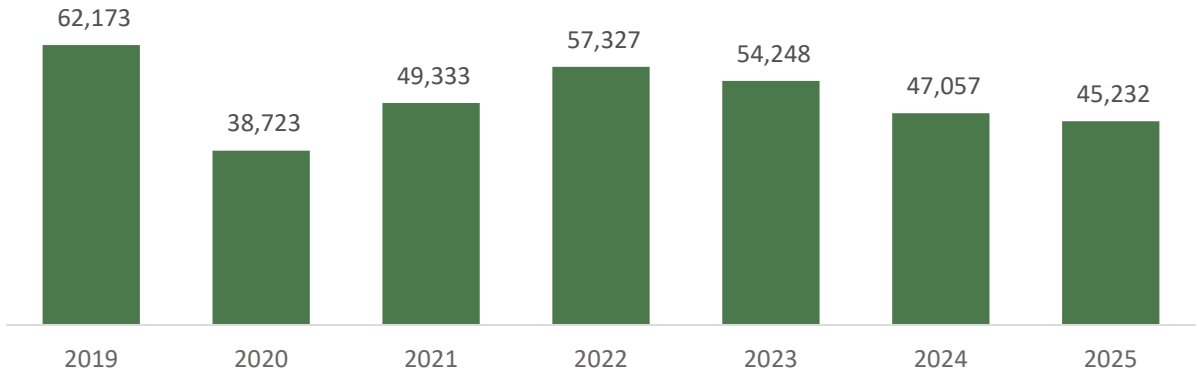
The difference between PUCO and the other agencies and commissions was not calculated to be applied as direct, appropriate, criteria. The calculation was done for context only and to show that a higher fund balance may be associated with dedicated purpose funds, but is ultimately dependent on the agency and its particular operating risks.

# Appendix E: SMED Investigation and Enforcement

As a part of the audit, we reviewed and analyzed the Service Monitoring and Enforcement Department (SMED). SMED ensures that Ohio utility consumers receive safe and reliable service by enforcing consumer safeguards and resolving consumer complaints. The SMED department has four divisions, including the Customer Education and Contact Division, the Investigation and Audit Division, the Facility and Operations Field Division, and the Reliability and Services Analysis Division. PUCO's call center is the entry point for most consumer service or billing complaints. Our analysis did not identify opportunities for improved operations; the following analysis is provided for informational purposes.

The call center receives a wide range of calls and complaints, including disconnections from a company, billing disputes, establishing new service with a company, utility service interruptions and service problems, and inquiries about financial assistance programs. For every customer that contacts the call center, the call becomes a case report in their system. The graph below shows the total number of calls received by SMED each calendar year from CY 2019 to CY 2025.

Number of Calls Received by SMED




Source: PUCO

Calls are classified into two categories: educational reference and investigation. Educational reference is used to answer general questions and simple concerns, educate consumers on their rights and responsibilities, and direct the consumer to the company if the consumer has not already contacted the utility. Investigation is more involved with complaints and issues, where agents will ask questions and research the issue to gather more information. Staff will contact the company for a response to the complaint and attempt to mediate the dispute. The trigger that causes a call to be flagged for investigation is fact dependent. Often, there may be a

high volume of complaint issues that will issue an investigation, or there may be a single complaint that is serious enough to warrant an investigation. Some factors that the call center uses to determine if there are enough complaints to warrant an investigation are the number of calls, content and severity of a call, and by analyzing call patterns and trends. From SFY 2019 through SFY 2025, 75.3 percent of calls were resolved through educational reference, while 23.7 percent of calls were resolved through investigation.[23]

If issues are identified in the investigation process, then the issue is transferred to the Reliability Service Analysis Team, and they may open an investigation of the utility to determine if a violation was conducted. The purpose of the Reliability and Services Analysis Division is to develop and enforce service reliability and consumer protection policies and rules for gas, water, electric, and telephone services. If there is an issue found, a notice of non-compliance will be issued.

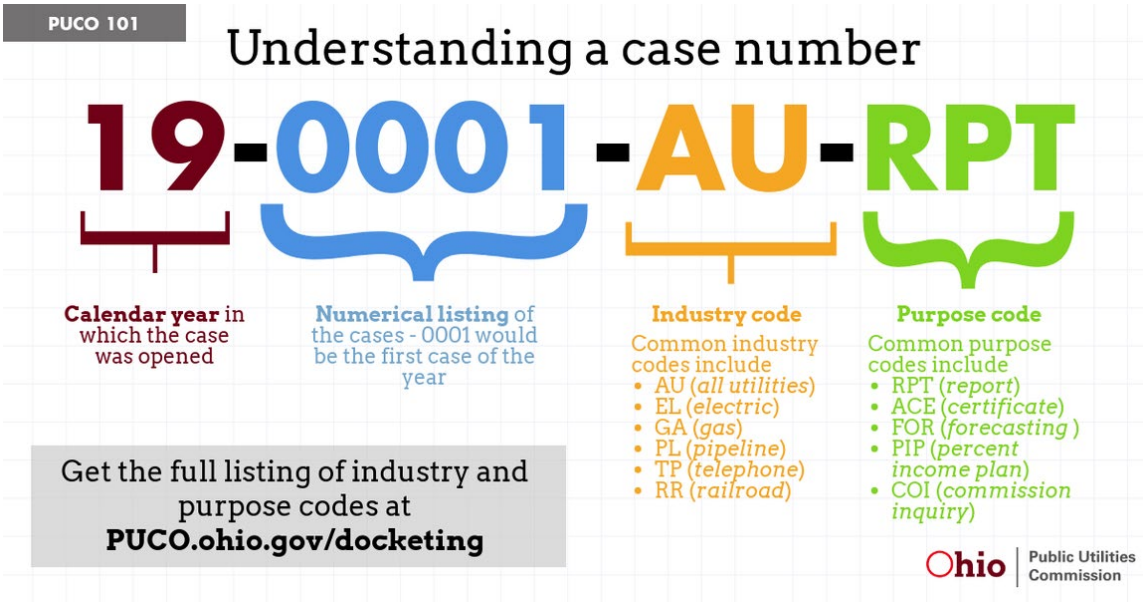
The Reliability Service Analysis team will then collect the complaint history of the company to analyze complaint trends, conduct a random sample of their enrollments, and may make a data request for the company. There are weekly and biweekly update meetings where SMED goes through reliability issues. Call statistics are tracked through an internal system called CCPulse, which displays the agents that are available to receive incoming calls, the total number of calls distributed, the total number of calls abandoned, the current number of calls in queue, and the average time to distribute calls. Additionally, the call center case report data is sent to the Ohio Consumers' Counsel weekly to monitor the utilities. PUCO's Customer Service conducts audits of all their utilities on a three-year cycle.

[23] The remaining one percent consisted of miscellaneous call resolution types, such as unresponsive customers and invalid calls not within SMED's purview.

# Appendix F: PUCO's Docketing System and Cases

There are several regulatory cases and legal filings that PUCO must process and adjudicate annually. Documents associated with these cases are filed electronically in a docketing system, which allows for document management. Our analysis related to process timelines relied on information contained within this system.

PUCO's docketing system, known as the Docketing Information System (DIS), contains all the regulatory cases and legal filings before the PUCO and OPSB. Cases filed are identified by a four-element coding system. The coding elements are the year in which the case was filed (calendar year), the case number, the industry code, and the purpose code. The industry code indicates the utility involved in the case and the purpose code indicates the reason for which the case has been brought before the Commission. The infographic from PUCO below explains the breakdown of the case number.




Source: PUCO

There is a wide variety of reasons for which a case is filed before the PUCO and OPSB. There are 92 purpose codes, ranging from an application to amend a certificate (AAC) to a request for waiver from Commission rules or guidelines (WVR). A glossary of common industry and purpose codes can be found on **PUCO's website**. The specific type of case determines which department will be assigned to it and can be broken down by purpose codes. OPSB generally handles 10 different purpose codes as described in the following table.

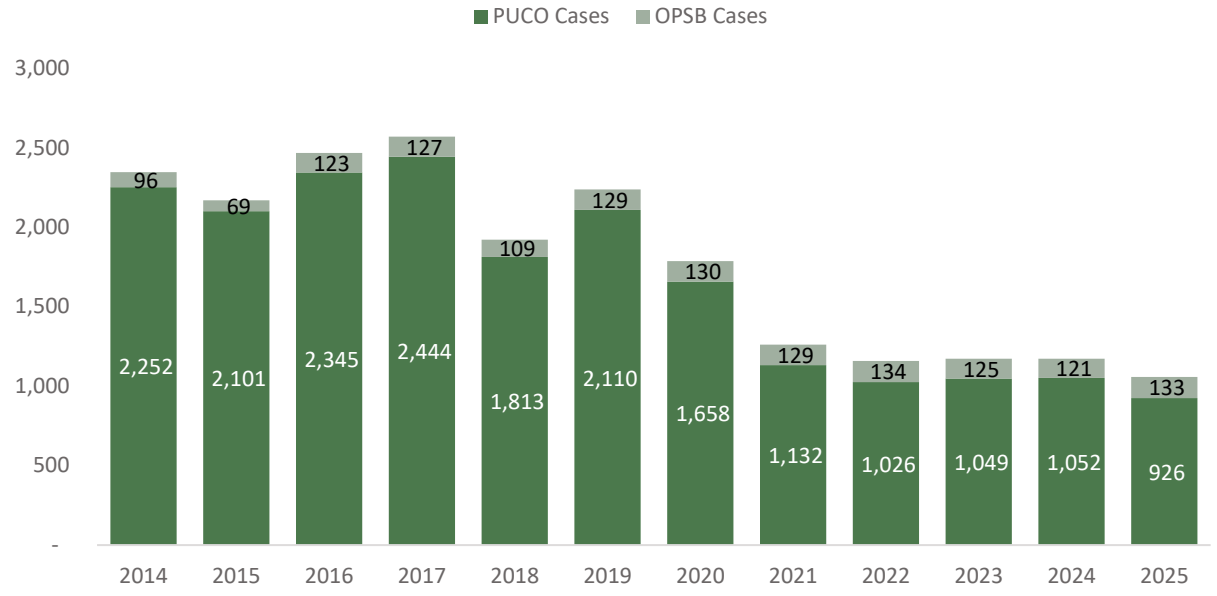
## Purpose Codes Associated with OPSB

| Purpose Code | Description |
|---|---|
| **BGN** | Application for a certificate, generating station |
| **BGA** | Application to amend a certificate, generating station |
| **BSB** | Application for a certificate, substation |
| **BTX** | Application for a certificate, gas or electric transmission line |
| **BTA** | Application to amend a certificate, gas or electric transmission line |
| **BLN** | Letter of notification application |
| **BNR** | Construction notification report |
| **BRO** | Rule promulgation |
| **BIN** | Study or investigation |
| **BJR** | Jurisdictional finding |

Source: DIS

The remaining 82 purpose codes are generally handled by the Legal, Federal Energy Advocate, Service Monitoring and Enforcement, Rates and Analysis, and Transportation departments. The chart below is the count of total cases opened in a given calendar year broken down between those handled by PUCO and OPSB from CY 2014 to CY 2025.

## Total Cases by Open Year by Department



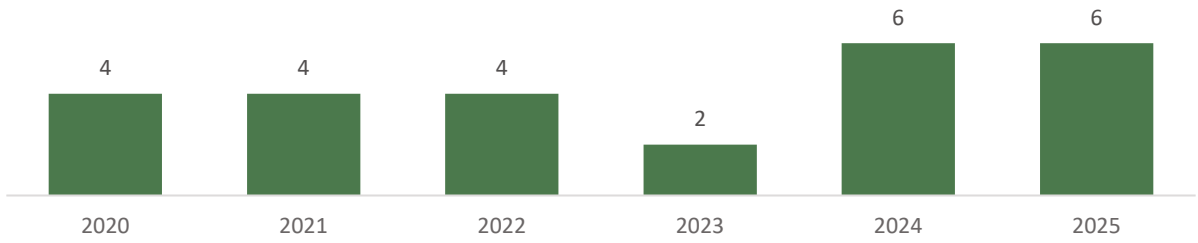

Source: DIS

In total, 2,348 cases were opened in CY 2014 and 1,059 cases were opened in CY 2025. On average across this time period, PUCO had 1,659 cases and OPSB had 119 cases, annually. The significant drop in cases starting in 2020 was largely due to a drop in renewable energy certificates and energy efficiency credits; HB6 enacted in October 2019 resulted in energy efficiency programs ending in Ohio on December 31, 2020.

## *Rate Cases*

As shown in the chart below, the number of application for increased rate (AIR) cases is insignificant compared to the thousands of cases handled by PUCO in a given year. However, they are the most time-consuming relative to the other case types they handle. The application is usually several hundred pages long and includes information about the company's existing delivery system, financial accounts, and more. The following is a count of rate cases from SFY 2020 to SFY 2025 by the year it was opened.

### Count of AIR Cases by Opened Year




Source: DIS

As mentioned previously, DIS contains all the regulatory cases and legal filings before the PUCO. There are many documents filed within a case. The public may view documents on file with the PUCO using DIS. Below is a screenshot of a recent rate case on DIS. As of June 11th, 2026, the most recent activity associated with this application to increase rates by Ohio Power Company opened on April 10th, 2025.

## Rate Case Example from DIS

**Case Record For: 25-0392-EL-AIR**

File a Public Comment

| | |
|---|---|
| Case Title: | Ohio Power Company |
| Status: | OPEN-OPEN |
| Industry Code: | EL-ELECTRIC |
| Purpose Code: | AIR-Application to increase rates |
| Date Opened: | 4/10/2025 |
| Date Closed: | |

Case Documents | Public Comments | Parties of Record | Related Cases

Printable Docket Card  Service List

View All

1 - 15 of 307 documents  1 / 21

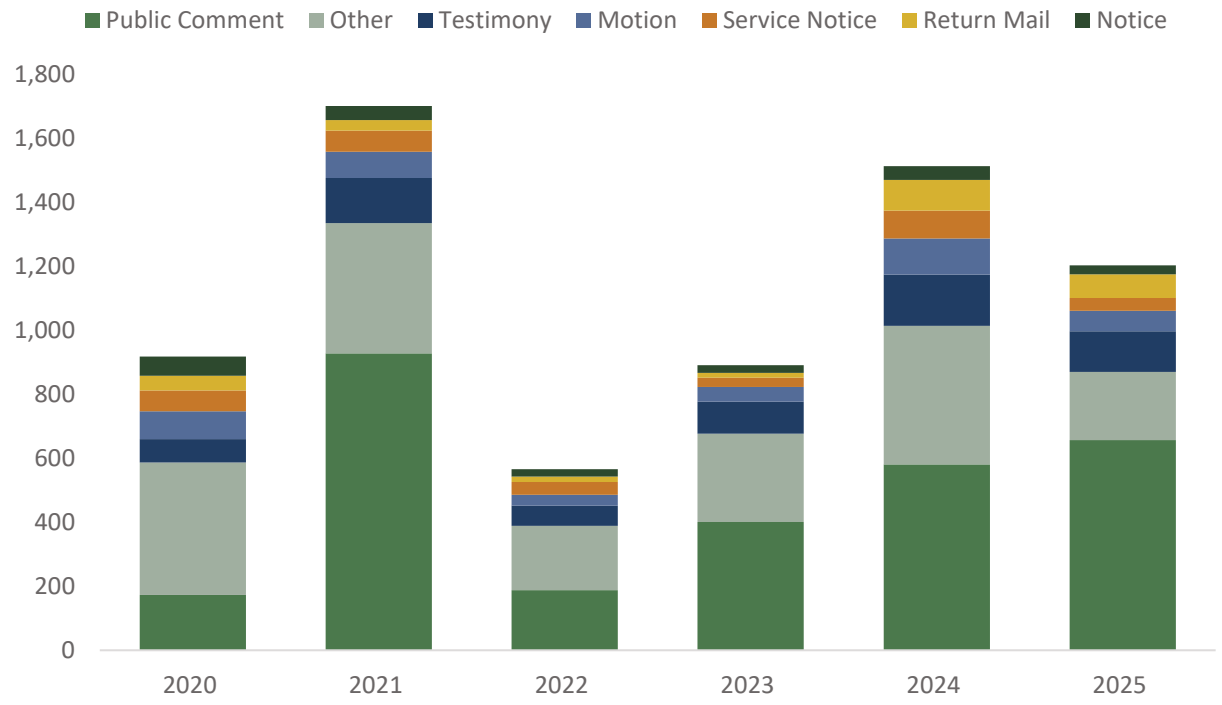
| Date Filed | Summary | Pages |
|---|---|---|
| 06/11/2026 | Notice of withdrawal of Michael J. Schuler and Substitution of Jared M. Klaus. electronically filed by Mr. Steven T. Nourse on behalf of Ohio Power Company. | 3 |
| 05/27/2026 | Service Notice electronically filed by Docketing Staff on behalf of Docketing Staff. | 12 |
| 05/27/2026 | Entry on Rehearing where the Commission denies the applications for rehearing filed by the Ohio Consumers' Counsel and the Ohio Environmental Council as set forth in this Entry on Rehearing. electronically filed by Jessica Grant on behalf of Public Utilities Commission of Ohio and Grant, Jessica. | 17 |
| 05/11/2026 | Memo Contra Applications for Rehearing electronically filed by Mr. Steven T. Nourse on behalf of Ohio Power Company. | 21 |
| 05/01/2026 | Application for Rehearing and Memorandum in Support by Office of the Ohio Consumers' Counsel electronically filed by Alana M. Noward on behalf of Michael, William. | 20 |
| 05/01/2026 | Application for Rehearing and Memorandum in Support by the Ohio Environmental Council electronically filed by Maria Ukattah on behalf of Ohio Environmental Council. | 18 |
| 04/08/2026 | Updated Compliance Tariffs, PUCO No. 22, effective April 10, 2026 electronically filed by Jared M. Klaus on behalf of Ohio Power Company. | 191 |
| 04/01/2026 | Service Notice electronically filed by Docketing Staff. | 12 |
| 04/01/2026 | Opinion & Order ordering that the Commission adopts the joint stipulation and recommendation resolving all issues related to the application filed by Ohio Power Company to increase its electric distribution rates and to update the Tax Savings Credit Rider electronically filed by Ms. Donielle M. Hunter on behalf of Public Utilities Commission of Ohio. | 76 |
| 03/24/2026 | Letter of Notification OEC - Electronic Service Request electronically filed by Maria Ukattah on behalf of Ohio Environmental Council. | 3 |
| 03/02/2026 | Reply Post-Hearing Brief of the Ohio Manufacturers' Association Energy Group electronically filed by Mrs. Kimberly W. Bojko on behalf of the Ohio Manufacturers' Association Energy Group. | 15 |
| 03/02/2026 | Reply Brief in Support of the Joint Stipulation electronically filed by Mr. Steven T. Nourse on behalf of Ohio Power Company. | 31 |
| 03/02/2026 | Correspondence advising Walmart Inc. will not be filing a Reply Brief electronically filed by Carrie H. Grundmann on behalf of Walmart Inc. | 3 |
| 03/02/2026 | Post-Hearing Reply Brief of The Kroger Co. electronically filed by Cheryl A. Smith on behalf of The Kroger Co. | 13 |
| 03/02/2026 | Reply Brief for Consumer Protection by Office of the Ohio Consumers' Counsel electronically filed by Alana M. Noward on behalf of Michael, William J. | 17 |

1 / 21

Source: DIS

The example above is the first page of documents associated with a case. This case had 307 total documents uploaded to DIS.[24] This includes documents that were filed after the opinion was issued. Although on average there are only four rate cases in a given year, many documents can be filed in DIS. The chart below is the count of documents, by document type, filed with a rate case, organized by the calendar year in which the case was opened.

## Document Count by Type and Rate Case Opened Year




Source: DIS

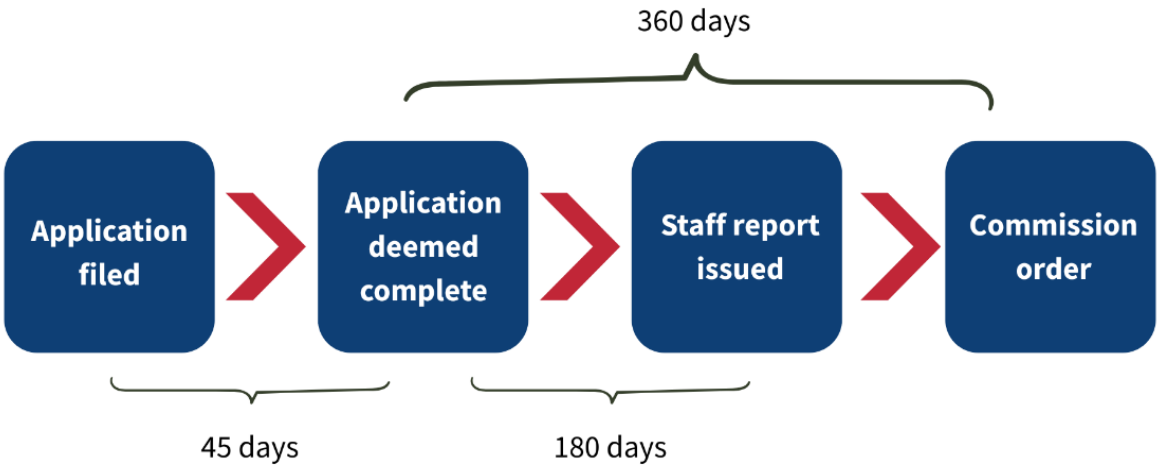
There were 50 different document types filed and 6,795 documents filed for the 26 rates cases opened between CY 2020 and CY 2025. The majority of the documents were coded as "Public Comment" (2,928 documents, or 43 percent). "Other" comprised the remaining 44 document types not depicted in the visual above.

HB 15 establishes timing parameters for four key steps of the rate case process. PUCO staff has 45 days to determine whether the filing is complete and conforms with the standard filing requirements. From the completeness determination, PUCO staff have 180 days to issue a staff report which analyzes the company's application and gives a recommendation to the

[24] In addition to documents, cases also include public comments which are stored in DIS. The example case shown had 285 associated public comments.

Commission. Finally, from completeness determination, the Commission issues their final opinion and order in 360 days. Altogether, the full process would span no more than 405 days (45 days plus 360 days)

## Rate Case Milestones per HB 15




Source: PUCO

In addition to the four steps identified in HB 15 with timelines, there are other steps in the process which impact sequential steps in the process that were unable to be captured for this analysis due to the current system (See **Recommendation 3**). The table below is a list of the steps needed for a rate case along with elapsed time in days.

## Rate Case Timeline per HB 15

| Step # | Task | Days |
|---|---|---|
| 1 | Application filed | -45 |
| 2 | Commission accepts for filing and order publication of notice | 0 |
| 3 | Staff Report filed | 150 |
| 4 | Objections due | 180 |
| 5 | Intervenor testimony and company supplemental testimony due | 180 |
| 6 | Intervention cutoff | 180 |
| 7 | Motions to strike objections due | 187 |
| 8 | Replies to motions to strike due | 194 |
| 9 | Discovery cutoff | 215 |
| 10 | Staff testimony in response to objections due (7 days before hearing) | 233 |
| 11 | Hearing commences | 240 |
| 12 | Hearing concludes | 260 |
| 13 | Transcript filing completed | 274 |
| 14 | Initial post-hearing briefs filed (15 days for after hearing concludes) | 275 |

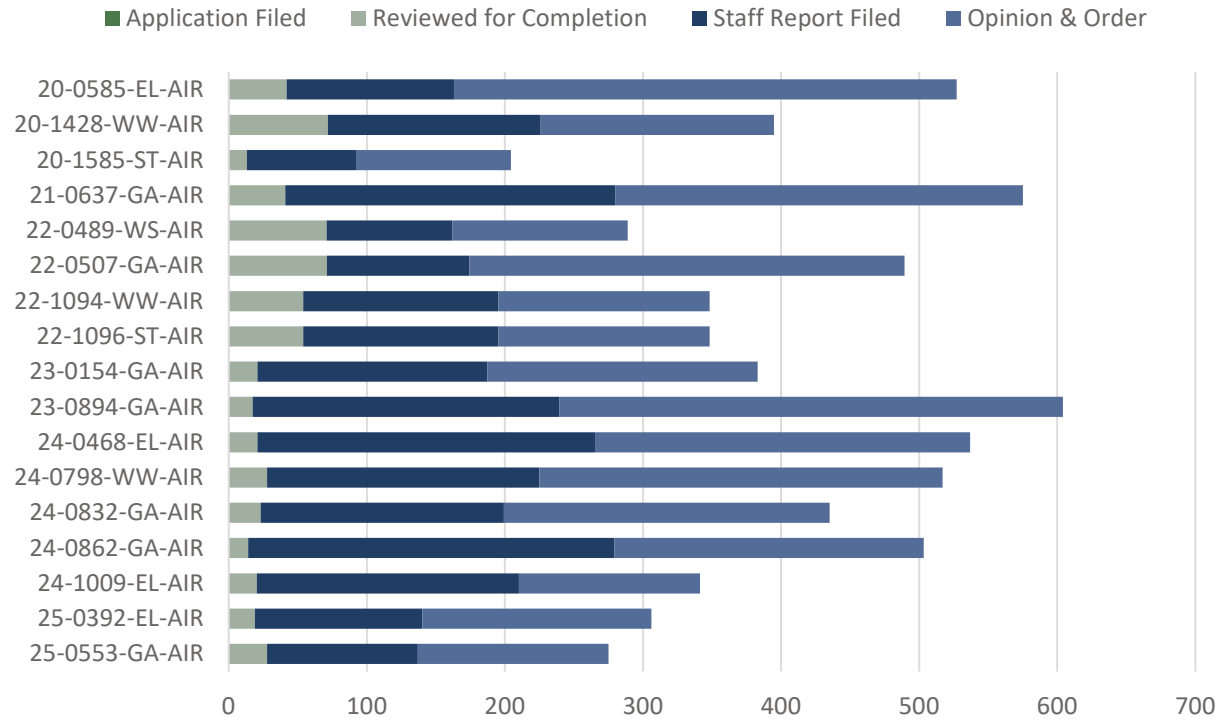
| | | |
|---|---|---|
| 15 | Reply briefs filed (7 days after initial post hearing briefs) | 282 |
| 16 | Draft Opinion and Order due | 350 |
| 17 | Commission issues Opinion and Order | 360 |

Source: PUCO

Gathering data on these additional steps may assist PUCO in conducting root-cause analyses related to delays in processing timelines.

After reviewing the data associated with the 26 AIR cases, we determined that 17 had sufficient data for analysis. The following is the elapsed time between the four milestones of the rate case process for each rate case analyzed.

## Elapsed Days Between Milestones per Rate Case



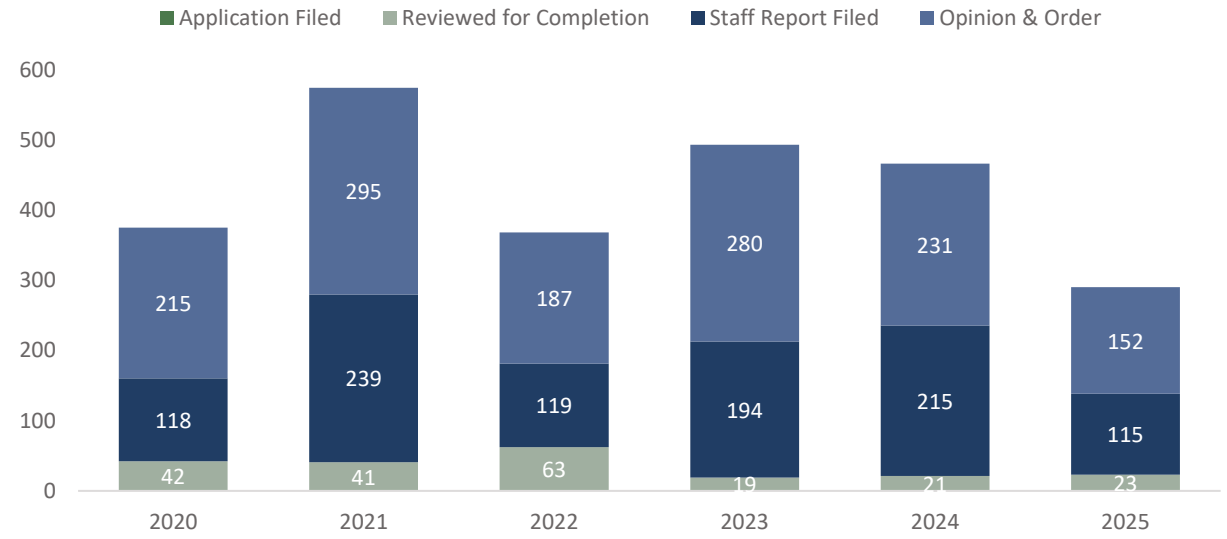

Source: DIS

The shortest rate increase case was in CY 2020 and lasted 204 days from application filed to opinion and order. The longest rate increase case was in CY 2023 and lasted 604 days from application filed to opinion and order. The majority of cases during this time period would have met the reviewed for completion and staff report filing timing parameters established in HB 15. However, the opinion and order step with rate increase cases during this time period would

have not met the newly established timing parameter. Nine out of the 17 cases analyzed did not meet the opinion and order timing parameter.

Of the rate cases analyzed, the chart below shows the average amount of elapsed days between the four milestones of the rate cases opened in a given year.

## Average Elapsed Days Between Milestones per Opened Year




Source: DIS

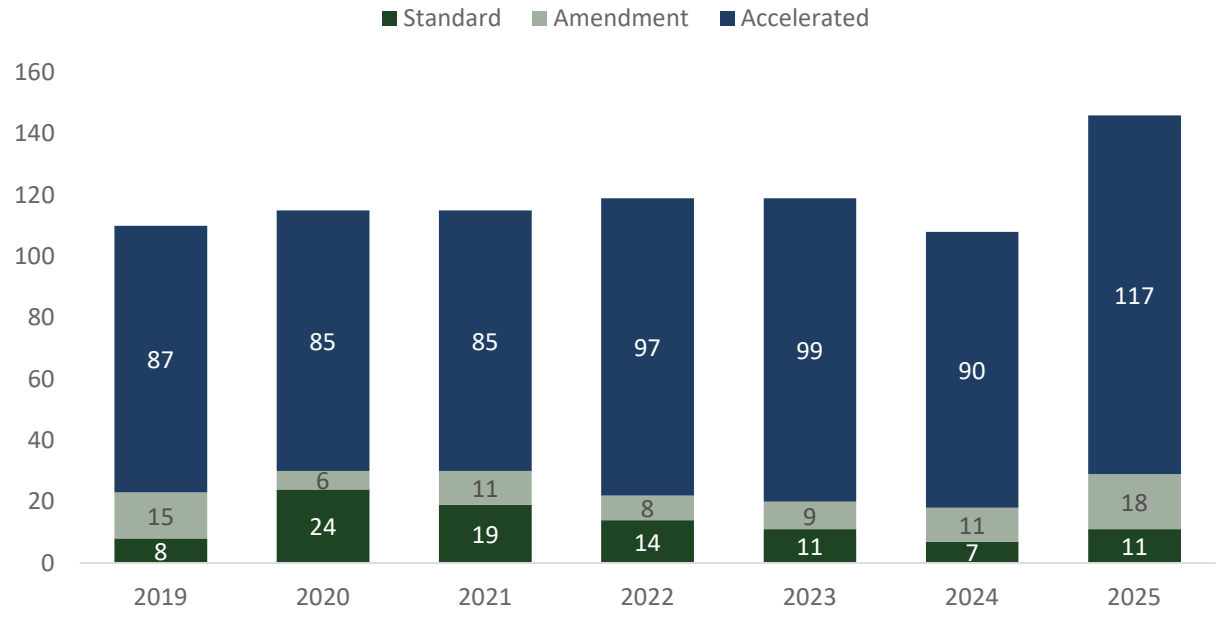
In CY 2021, rate cases took an average of 575 days from application to opinion and order, which was the longest duration turnaround time within the period examined. CY 2025 experienced the shortest duration turnaround time with an average of 290 days.

### *Ohio Power Siting Board Cases*

In addition to AIR cases, cases designated to the Ohio Power Siting Board can be split into three application categories based upon their size, purpose, and operating characteristics. Certificate applications, designated by the BGN (generator) or BTX (transmission) purpose codes, are processed by the OPSB using the standard application process. The standard application process applies to most electric transmission lines more than two miles in length and most gas pipelines more than five miles in length. In addition to standard cases, letter of notification (BLN) and construction notice (BNR) applications are processed by the OPSB using the accelerated application process. These projects are typically smaller in size and are most often electric transmission lines of two miles or less and gas pipelines of five miles or less. Finally, amendments can be made to previously issued certificates but must also go through an application process. The chart below shows the count of OPSB cases based on the year in which

the case opened, from CY 2019 to CY 2025, broken down by standard, accelerated, and amendment cases.

## OPSB Case Count by Process Type and Opened Year

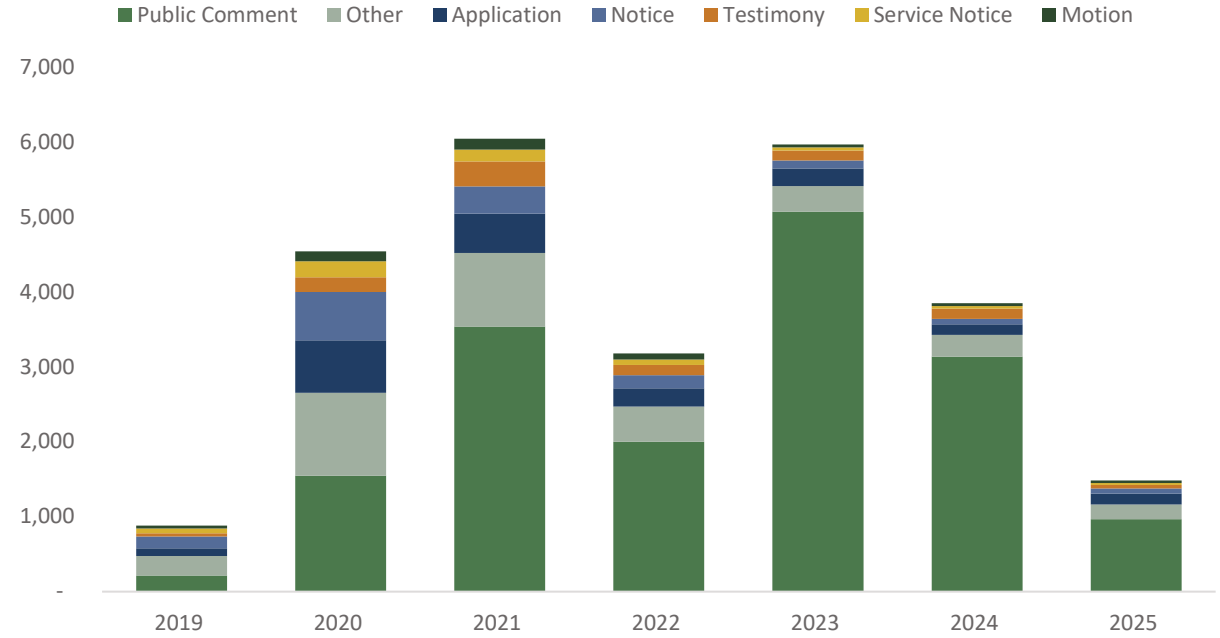



Source: DIS

Overall, the majority of OPSB cases are accelerated, making up approximately 80 percent of the total power siting board cases over the time period analyzed. From calendar year 2019 to 2025, there were 832 total OPSB cases which breaks down to 660 accelerated cases, 78 amendment cases, and 94 standard cases.

As mentioned previously, DIS contains all the regulatory cases and legal filings before the PUCO and OPSB. There are many documents filed within a case. The following visuals are a count of documents, by document type, organized by the calendar year in which the case was opened, and separated by the process.

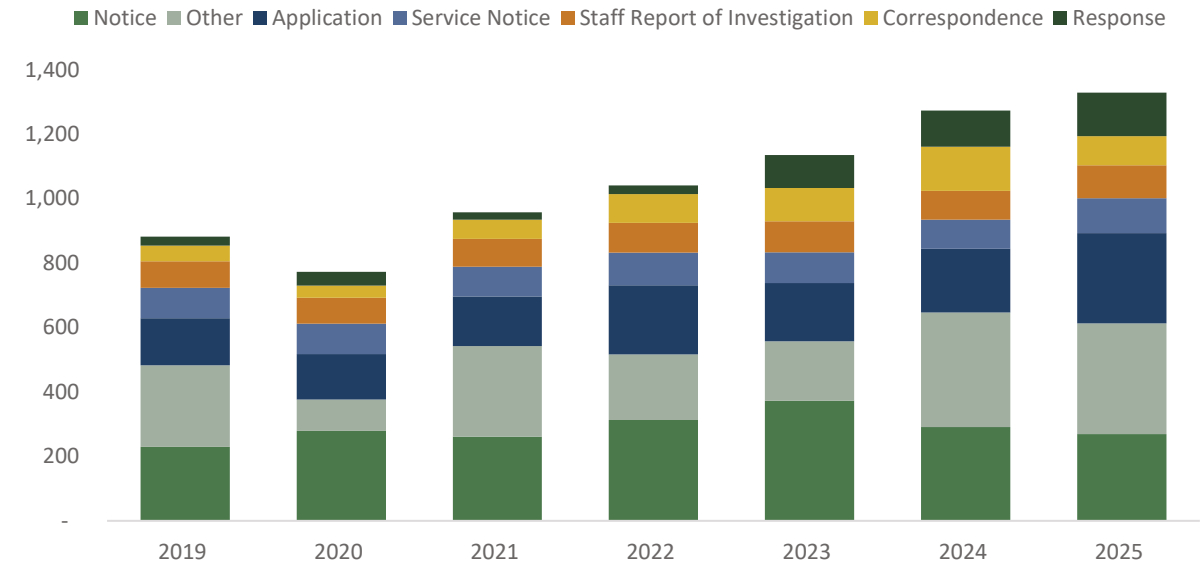
Document Count by Type and Standard Case Opened Year




Source: DIS

With the 94 standard cases previously mentioned, there were 25,945 documents filed. The majority of the documents were coded as "Public Comment" (16,477 documents, or 63.51% of the total). In total, there were 53 different document types associated with the standard cases opened from CY 2019 to CY 2025.

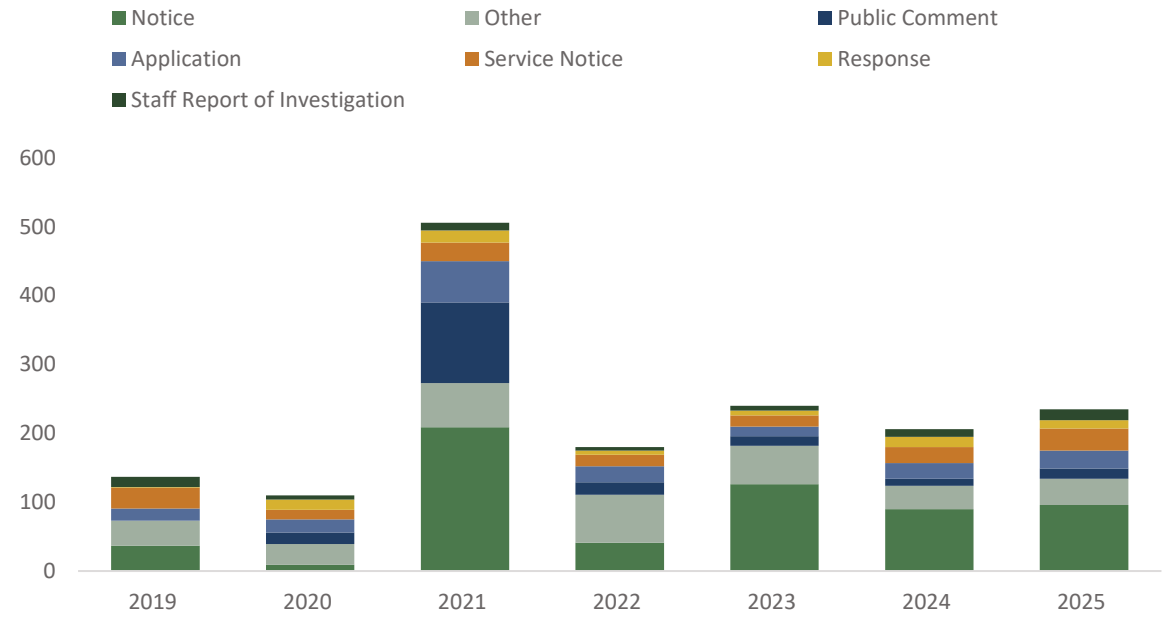
## Document Count by Type and Accelerated Case Opened Year




Source: DIS

With the 660 accelerated cases previously mentioned, there were 7,393 documents filed. The majority of the documents were coded as "Notice" (2,016 documents or 27.27% of the total). In total, there were 44 different document types associated with the accelerated cases opened from CY 2019 to CY 2025.

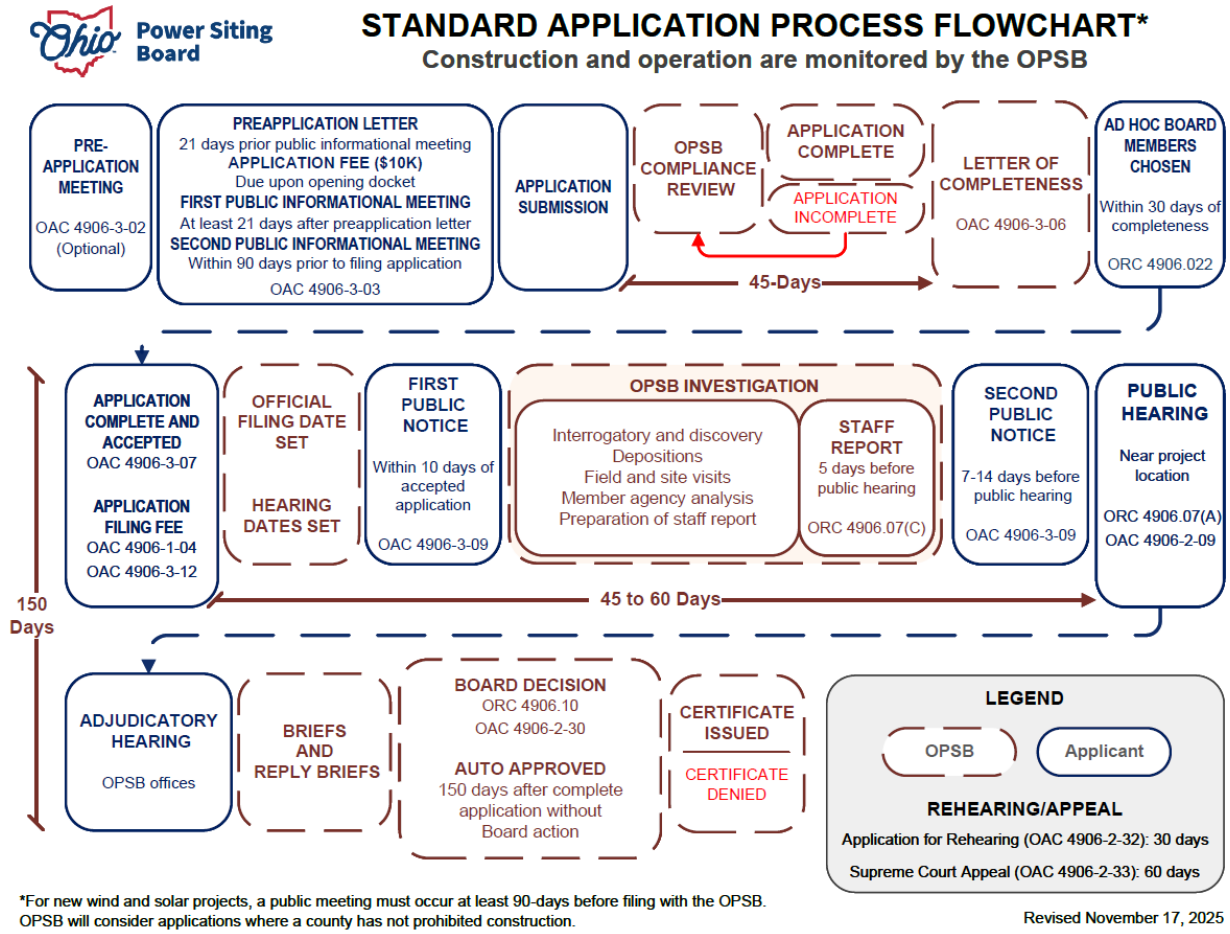
## Document Count by Type and Amendment Case Opened Year




Source: DIS

With the 78 amendment cases previously mentioned, there were 1,614 documents filed. The majority of the documents were coded as "Notice" (608 documents, or 37.67% of the total). In total, there were 33 different document types associated with the accelerated cases opened from CY 2019 to CY 2025.

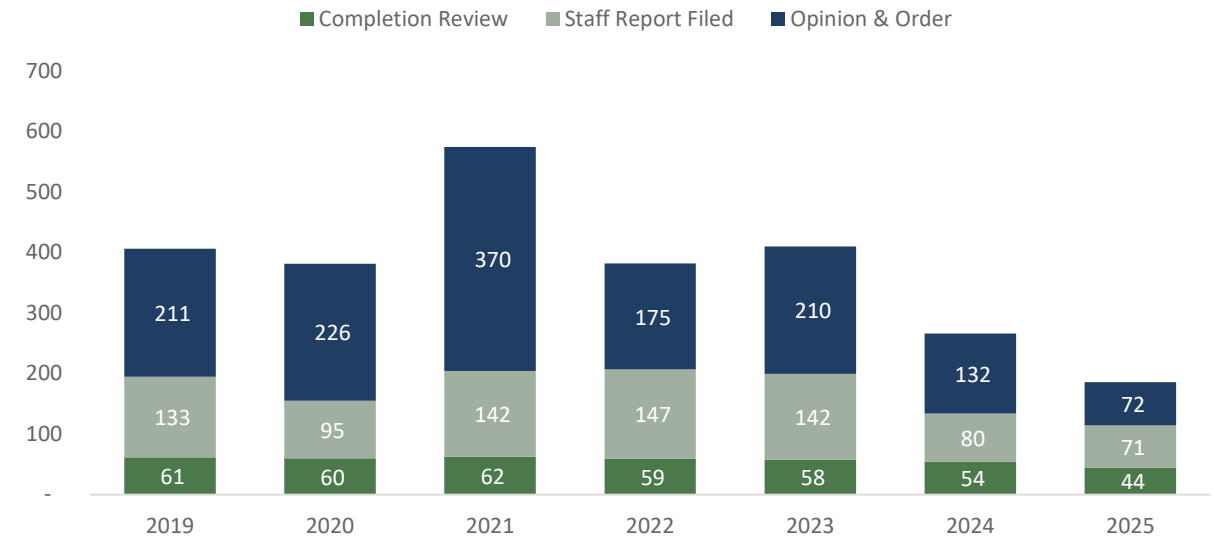
HB 15 established timing parameters for certain steps of the standard OPSB case process. OPSB staff has 45 days to determine whether the filing is complete and conforms with the standard filing requirements. Following the completeness determination, a public hearing is scheduled to take place between 45 and 60 days after the completeness determination. By statute, OPSB staff must issue a staff report five days before the public hearing. This staff report analyzes the company's application and gives a recommendation to the Commission. Finally, from completeness determination, the Board issues their final opinion and order. Altogether, the full process from application filing to Board order would span no more than 195 days (45 days plus 150 days).




The four milestones identified in HB 15 are shown in the graphic above along with the other steps in the process. While we were able to identify the four HB 15 milestones within the documents for OPSB cases, the other steps in the process which impact sequential steps in the process were unable to be captured for this analysis due to the current system (See **Recommendation 3**). Post HB 15, OPSB accelerated cases are subject to a 90-, 60-, or 45-day automatic approval process unless suspended by the Board. The only milestone associated with accelerated cases that are not suspended is that the power siting staff must issue a staff report of investigation which includes a recommendation seven days prior to the automatic approval date). Finally, there are no time parameters associated with amendment cases.

After reviewing the data associated with the 94 standard cases, we determined that 67 had sufficient data for analysis. Of the standard cases analyzed, the chart below shows the average amount of elapsed days between the four milestones of the standard cases opened in a given year.

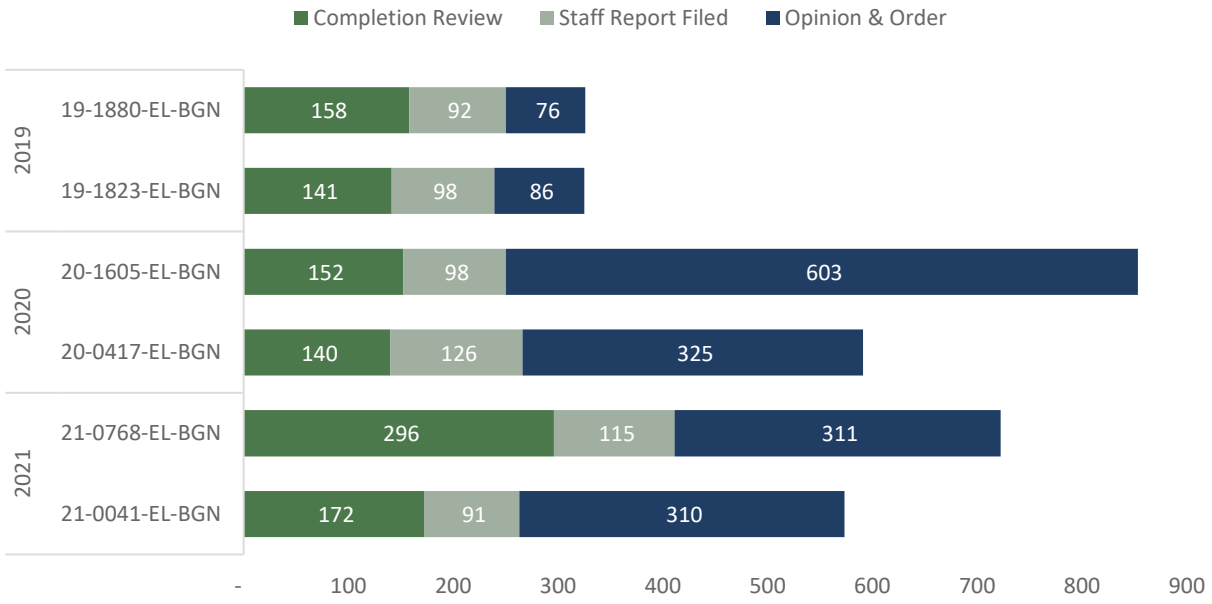
## Average Elapsed Days Between Milestones per Opened Year, Standard Cases




Source: DIS

Six standard cases were removed from the analysis due to application deficiencies that were ultimately corrected through supplemental findings. This made marking the milestones difficult, which is why they were excluded from the analysis. These application deficiencies or procedural outliers include cases in which the 60-day completeness periods were nullified due to the Governor's COVID-19 emergency orders or due to extension dates that were requested by the applicant as associated with supplemental filings or as determined by the administrative law judge. These cases were removed from the analysis and the visual above as the calculations of elapsed time would not be accurate with incomplete timelines and milestones. Those cases labeled as procedural outliers can be viewed below.

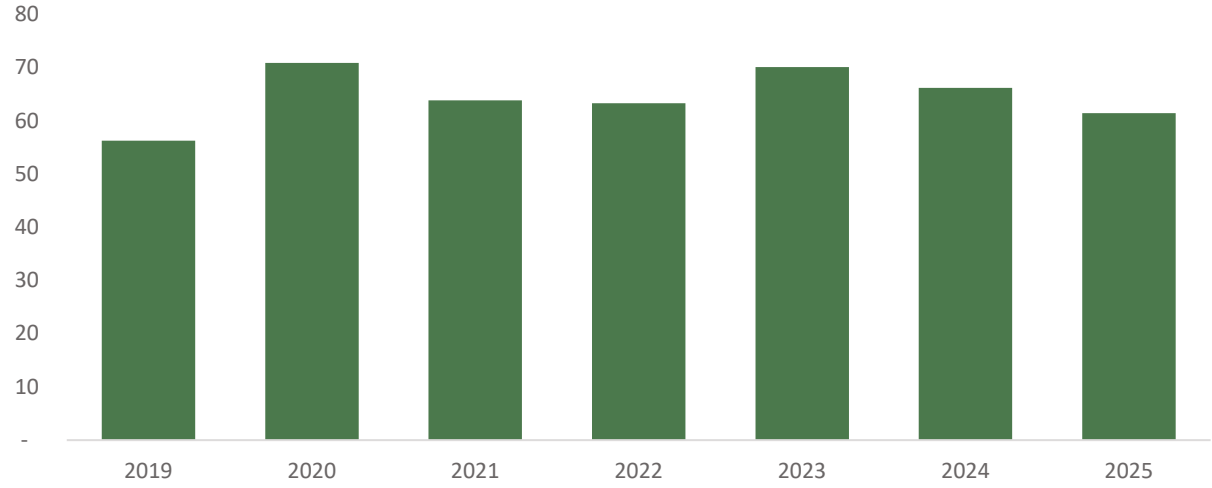
## Procedural Outliers Standard Cases




Source: DIS

Similar analyses were conducted but for the accelerated and amendment cases.

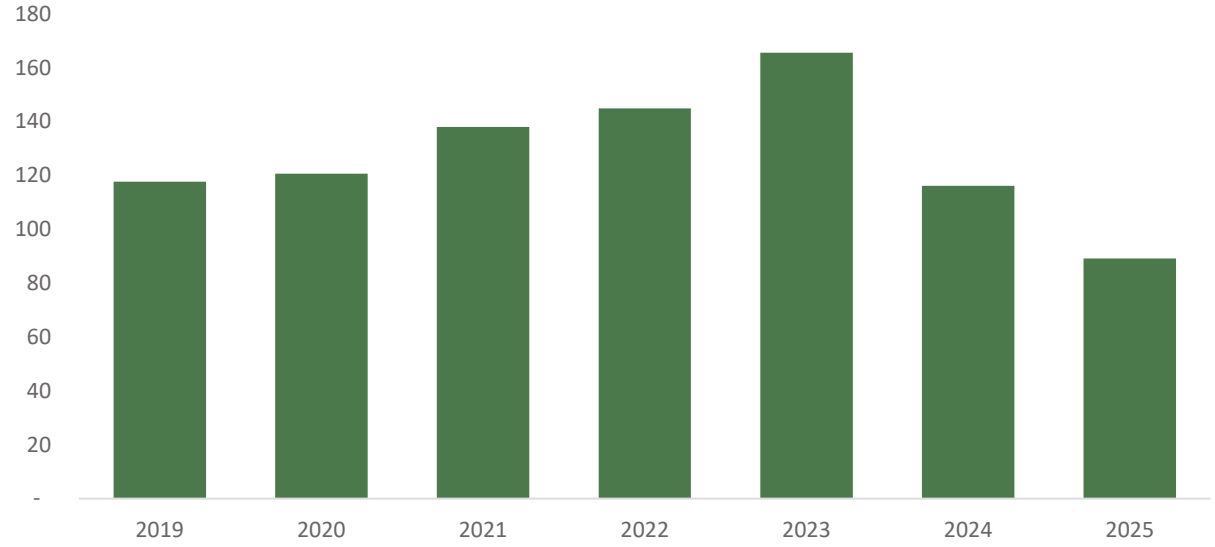
## Average Elapsed Days Between Application to Staff Report per Opened Year, Accelerated Cases




Source: DIS

On average, from accelerated cases opened from 2019 to 2025, OPSB staff released the staff report in 65 days.

Average Elapsed Days From Application to Opinion & Order per Opened Year, Amendment Cases




Source: DIS

On average, from amendment cases opened from 2019 to 2025, OPSB had an opinion & order in 123 days.

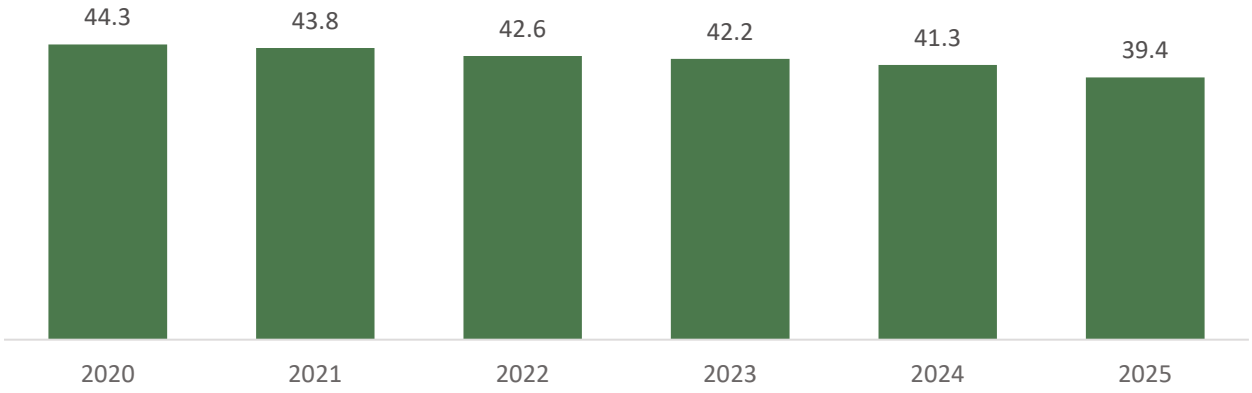
# Appendix G: Staffing

The Commission has more than 400 employees performing a variety of functions. To help determine PUCO's capacity to comply with milestones set in HB 15, we specifically reviewed staffing levels within the Rates and Analysis Department and attempted to measure it against workload metrics.

## *Rates and Analysis*

The Rates and Analysis Department has a total of 39.4 FTE employees, consisting of a mix of utility specialists (23.6 FTEs), which comprise 60 percent of the department's total staffing, public utilities administrators (10.0 FTEs), 25 percent of staffing, analysts (2.8 FTEs), 7 percent of staffing, a project manager (0.9 FTE), 2 percent of staffing, a deputy director (1.0 FTE), 3 percent of staffing, and additional administrative staff (1.0 FTE), at 3 percent of staffing.[25] Below are the total FTEs in the Rates and Analysis Department by state fiscal year.

Rates and Analysis Department Staffing by FTE per Fiscal Year

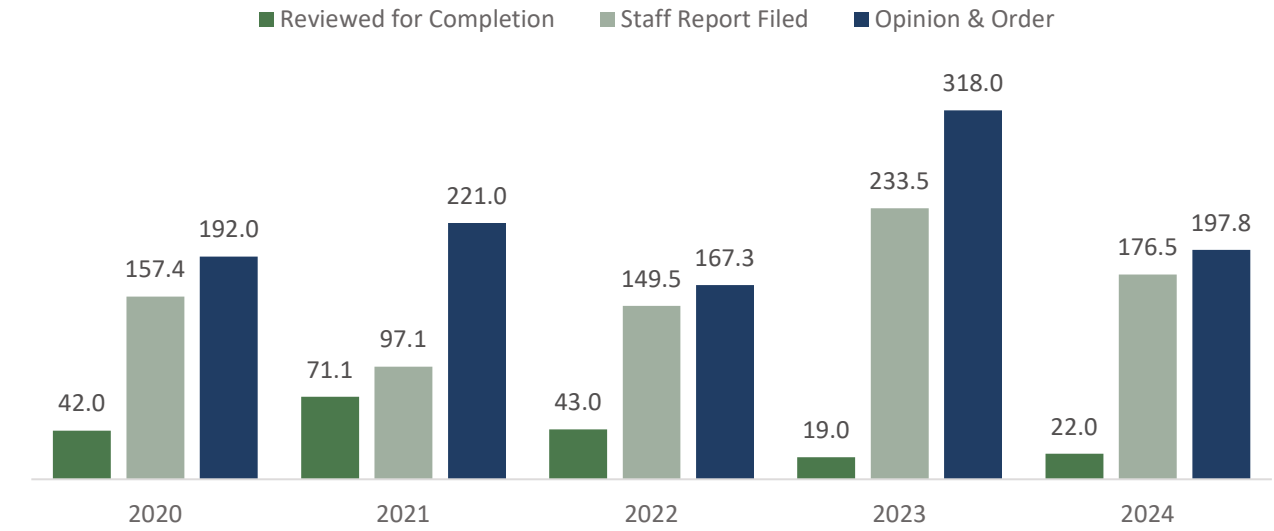



Source: DIS

The average historical time it took between each milestone for AIR cases in state fiscal years 2020 to 2024 can be found below. Among AIR cases, the staff report being filed is the main milestone related to the Rates and Analysis Department's efforts. Across the time period analyzed, there was variation in the average length of time from completion determination to a staff report being filed, ranging from 97 days to 233 days.

[25] Due to rounding, staffing totals may not add to 100 percent.

Average Length of Milestone by Fiscal Year



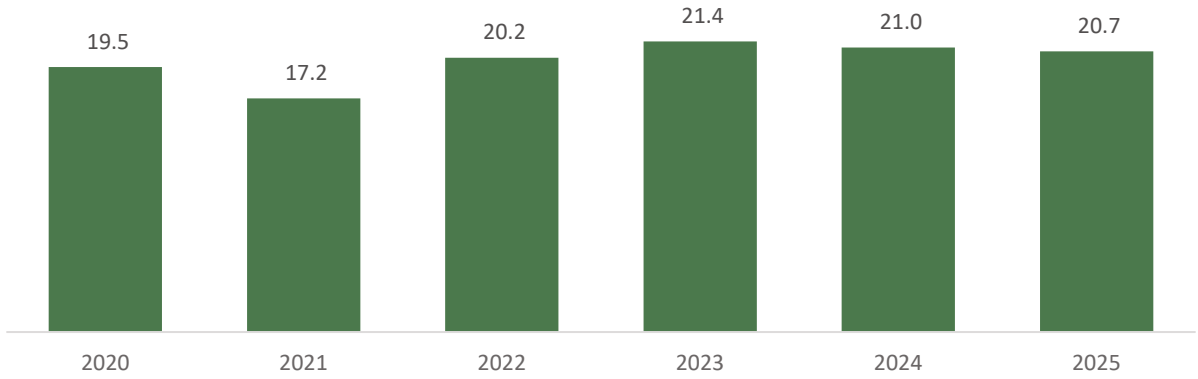

Source: DIS

The previous visuals showed relatively consistent staffing, yet the length of time for each milestone varied from year to year. This was meant to illustrate that with limited work metrics and data collection, no correlation can be drawn between staffing levels and productivity outputs, such as staff report turnarounds. Currently, the ability to create appropriate work metrics is severely limited due to the unavailability of key data points, such as labor hour totals related to the staff report process. Additionally, tracking labor hours based on key tasks, and even at the case type level, is especially important as there are additional tasks and multiple types of cases beyond AIR and standard OPSB cases, as detailed in the **Background**.

## *Ohio Power Siting Board*

A similar staffing exercise was completed for standard and accelerated OPSB cases. The Power Siting Department is made up of utility specialists, which comprise 61 percent of the OPSB's total staffing, public utilities administrators, 30 percent of staffing, a deputy director, 5 percent of staffing, and a program administrator, at 4 percent of staffing. Below are the total FTEs in the Power Siting Board by state fiscal year.

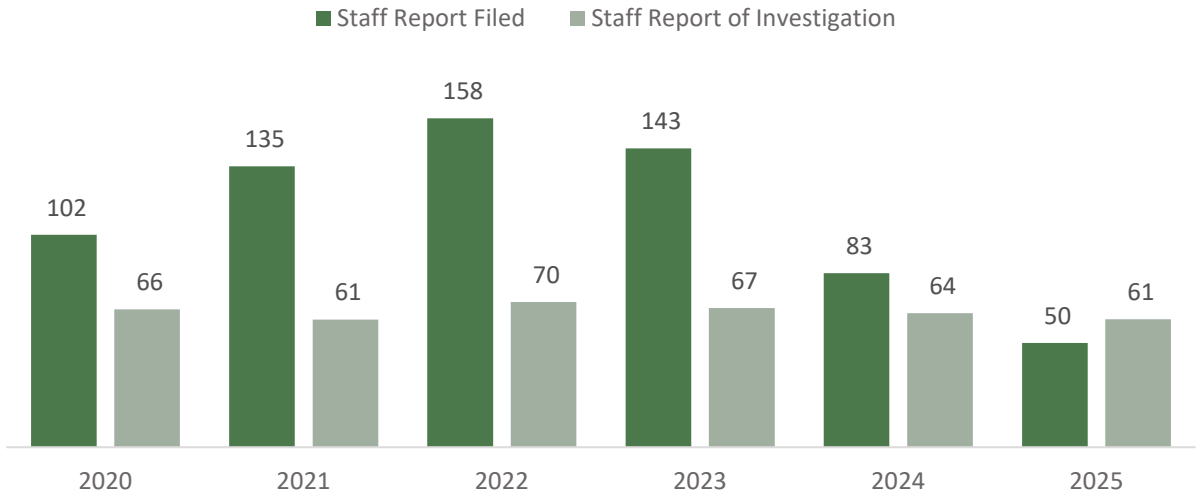
## OPSB Staffing in FTEs by SFY




Source: OAKS

The average historical time it took between each milestone can be found below for the OPSB cases in state fiscal years 2020 to 2025. Among standard and accelerated OPSB cases, the staff report being filed is the main milestone related to Power Siting Board's efforts. Across the time period analyzed, there was variation in the length of time from completion determination to a staff report being filed for standard cases, ranging from 50 days, on average, to 158 days. Less variation was present for accelerated cases as the average duration from completion determination to staff report ranged from 61 to 70 days.

## Average Length (Days) for Standard and Accelerated Cases by FY




Source: DIS

Similar to Rates and Analysis, the previous visuals showed consistent staffing, yet the length of time for each milestone varied from year to year. This was meant to illustrate that with limited work metrics and data collection, no correlation can be drawn between staffing levels and productivity outputs such as staff report turnarounds. Currently, the ability to create appropriate work metrics is severely limited due to the unavailability of key data points, such as labor hour totals related to the staff report process or any variation that may occur due to the complexity of individual cases.

# Appendix H: Landscape of Utility Regulation and Governance

*Federal*

At a national level, the Federal Energy Regulatory Commission (FERC) is an independent federal agency that regulates the placement and construction of natural gas pipelines, liquid natural gas import and export facilities, the construction and operation of hydropower generation facilities, and the wholesale prices of electricity and natural gas. Wholesale pricing refers to pricing of electricity or natural gas sold from a supplier to a local utility company. The local utility company then sells electricity or gas to end users at the retail level. FERC regulates the transmission of electric energy in interstate commerce, and every public utility must file all rates and charges for any transmission or sale subject to the jurisdiction of FERC.

FERC has regulatory authority over companies that engage in the sale and transportation of interstate natural gas. FERC reviews applications for the construction and operation of interstate natural gas pipelines and has authority to authorize applications for the siting, construction, expansion and operation of facilities for imports and exports of liquefied natural gas. The Natural Gas Act requires natural gas pipelines to file rate schedules with FERC and to notify FERC of any subsequent changes in rates and charges. FERC also shares oversight over the safety of liquid natural gas facilities and regulates abandoned certificated service and facilities.

Additionally, the Department of Energy (DOE) has authority over the issuing of permits to import and export liquid natural gas and the U.S. Coast Guard (USCG) and the Department of Transportation's Pipeline and Hazardous Materials Safety Administration (PHMSA) have regulatory authority over liquid natural gas facilities.

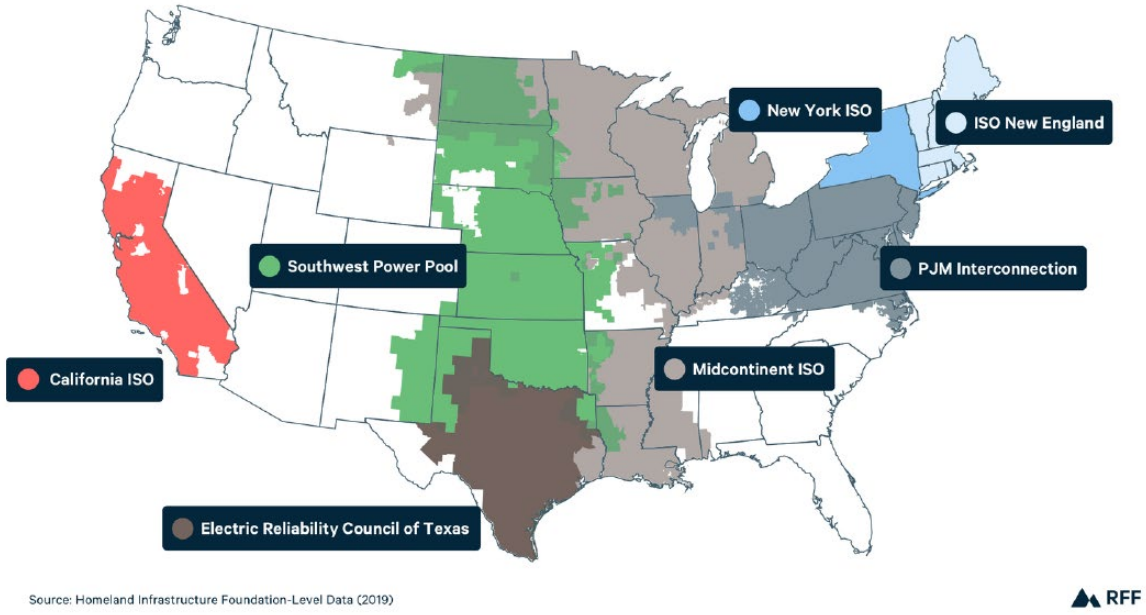
FERC does not regulate retail electricity and natural gas sales to consumers, nuclear power plants, local distribution pipelines of natural gas and natural gas production and gathering facilities. FERC has no jurisdiction over pipeline safety or security but works with other agencies like the USCG and PHMSA to ensure the safety and security of pipelines.

Water utility regulation at the federal level falls under the Environmental Protection Agency (EPA). The EPA works with federal, state, and tribal regulatory partners through its Safe Drinking Water Act and Clean Water Act compliance monitoring programs to protect human health and the environment. Public water systems are regulated by the EPA, where states and territories with EPA approval provide drinking water to 90 percent of the public. Private, individual household wells are not regulated by the EPA.

## *Regional*

Broadly, generated electricity is transmitted across state lines through an interconnected electric transmission grid. The grid is organized into regional transmission organizations (RTOs) or independent system operators (ISOs), that manage day-to-day transmission needs, make long-term plans for the grid, and run the wholesale electricity markets for their areas. Two-thirds of the population of the United States is served by electricity markets run by regional RTOs and ISOs. There are seven RTOs and ISOs in the United States, all of which except for one are regulated by FERC.

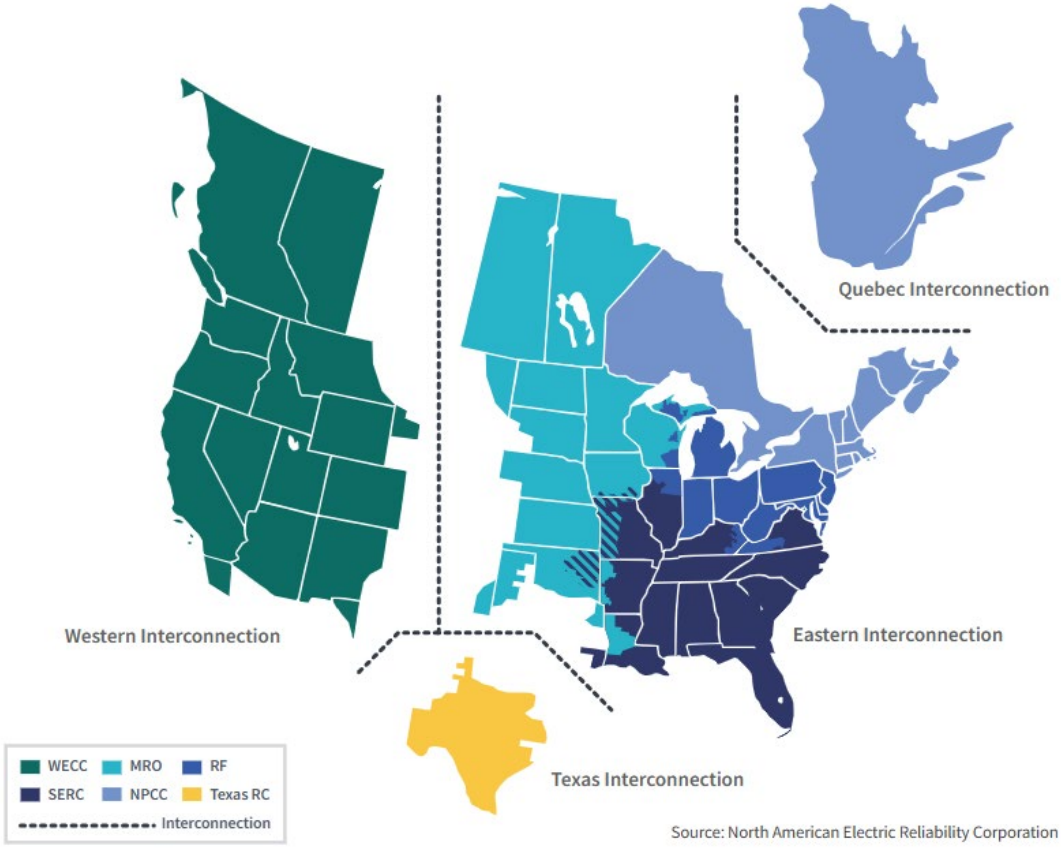
### RTOs and ISOs in the United States




The map above shows that Ohio is part of the PJM Interconnection RTO. PJM coordinates the movement of wholesale electricity in all or parts of 13 states and the District of Columbia.[26] PJM operates the wholesale market and manages the high-voltage electricity grid to ensure reliability for more than 67 million people.

[26] Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia, and the District of Columbia

## North American Electric Reliability Corporation Regions



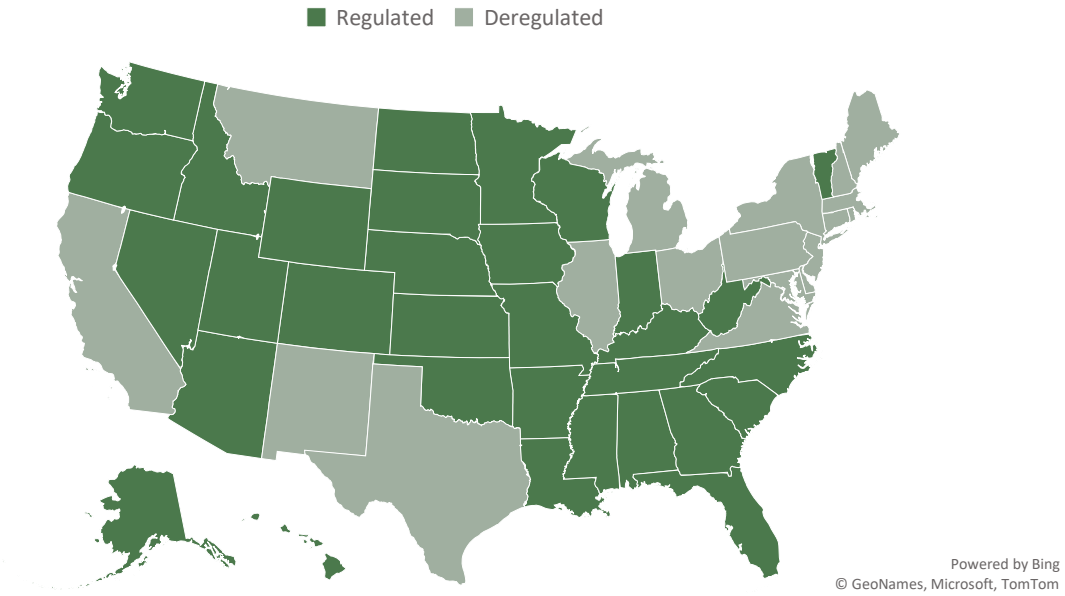

The country's grid is geographically split into three main sections – the Western, Eastern, and Texas Interconnections. The United States, Canada, and Mexico are divided further into regional entities for reliability purposes. The regional reliability entities fall under the purview of NERC, and include six regional entities, including the Midwest Reliability Organization, Northeast Power Coordinating Council, Reliability First Corporation, SERC Reliability Corporation, Texas Reliability Entity, and Western Electricity Coordinating Council. The North American Electric Reliability Corporation (NERC) is an international regulatory authority dedicated to developing and enforcing reliability standards for the grid. The map above shows Ohio is part of the Reliability First Corporation.

### *State Level*

Utilities in the United States operate under a variety of market structures, depending upon the states in which they operate. Each state, including Washington D.C., has a Public Utility Commission (PUC) or an equivalent authority responsible for regulating utilities such as electricity, natural gas, water, and telecommunications. States can be categorized into either

regulated or deregulated energy market. The key difference between regulated and deregulated energy markets lies in who supplies electricity and how prices are determined. Utilities in deregulated markets are prohibited from generation and transmission ownership and are only responsible for distribution, operations, maintenance from point of grid interconnection to the meter, and billing ratepayers. On the other hand, regulated markets feature vertically integrated utilities that own or control the total flow of electricity from generation on to meter. The map below shows what states have deregulated and regulated energy markets.

## Regulated vs Deregulated States




Source: NARUC

As shown in the visual above, 18 states, including Ohio, are in deregulated energy markets. The remaining 32 states are in regulated energy markets. In regulated markets, customers typically have little to no choice in who supplies their electricity and must work within the confines of their utility to reduce their bills and improve efficiency. PUCs in regulated markets directly set the rates utilities can charge, ensuring the prices are fair and reflect the cost of services. In contrast, customers in deregulated markets can choose an electricity supplier from a pool of competitive energy retailers. Utilities in deregulated states still own and maintain the infrastructure for delivering electricity (poles, wires, meters) and bill their customers for the upkeep of this infrastructure, but the electricity itself can be purchased from different companies offering varied plans and pricing. While PUCs in deregulated markets do not set generation rates directly, they oversee the operation of energy suppliers and manage infrastructure fees, promoting a competitive environment that benefits consumers.

OHIO AUDITOR OF STATE
KEITH FABER

**PUBLIC UTILITIES COMMISSION OF OHIO**

**FRANKLIN COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

**This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.**

**Certified for Release 9/15/2026**

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