

Statement of Support for Full Funding for the Office of the Ohio Consumers' Counsel

Jude J. Theibert,

4118 Greenfield Drive, Sandusky, OH 44870

April 12, 2011

I want to first thank you for permitting me to address you. I am a senior individual consumer, a former small business person, former President of a 183 unit all-electric condominium and at one time an intelligence analyst for our government in a Soviet Union area during the cold war. All of these experiences have shaped my testimony today.

I personally wish that we had no need for both the Publics Utilities Commission Office (PUCO) and the Ohio Consumer Counsel (OCC) and we could abolish both. However, I am convinced they both perform a very important function and cutting the budget of the OCC is a mistake. Until fairly recently, I like most citizens gave little thought to how we came to pay for each basic utility needed as I occasionally moved from one home to another. I called, signed up, and paid whatever I was told I owed. My business, thank heavens and unlike a lot of other small businesses, was not a large consumer of utilities and utility costs were not a major factor. I hardly knew that PUCO or the OCC existed.

That continued until a year or so ago when PUCO made a decision that nearly doubled the cost of heating homes and water in our water tanks in our 182 unit all-electric community. That decision caused considerable interest to all of our condominium homeowners and to thousands of others around the State. Also it caused some serious economic problems for many members, especially among single elderly women living on their deceased spouses' annuities. I do not want to go into that issue here because that problem is being dealt with by PUCO; however, that experience got me into the arena of PUCO and the OCC. That decision led me to PUCO and OCC internet sites trying to follow the intricacies of PUCO considerations in coming up with the decisions they are required to make in trying to regulate the electrical and other monopolistic industries to the benefit of both producers and consumers. Also, I attended some local public meetings where the PUCO and OCC both presented information.

When watching PUCO and OCC deal with problems caused by utility companies that were monopolies, I could not stop my mind from going way back to my grad school education and later work in the Governments' intelligence service during the Cold War years. From that experience I came to appreciate more and more our competitive market economic system. The Russian central planning system was a terribly inefficient system wherein they tried to organize,

plan and control a massive and intricate economy from the top down by allocating production goals and resources. It eventually destroyed their economic system and led to the fall of communism. During this time I came to respect our competitive for profit market economy and began to think that it was to the world's economic systems what our democratic political system is to the world's political systems. The consumer, be he a business or individual, gets to vote many times every day by deciding to buy or not buy this or that product or service. Through this process a business discovers through its bottom line whether it succeeds or fails. We as consumers reap greater efficiencies. At the same time, our economic system is not a panacea because it can have its excesses and its periodic market ups and downs. Obviously, its most recent down is the prelude to this hearing in the first place. Despite its faults, however, in my judgment our competitive market system is much preferred to any alternatives I have seen.

All of my high minded opinions of our market system, however, are not applicable when dealing with companies and industries that are monopolies. It is a whole new ball game and you have to deal with the realities of those market inefficiencies inherent in markets that are not truly competitive. All companies seek profits and that is what we want them to do, but we want them to do so in ways that are efficient and rely on competition to keep them efficient. Sorry to say it, but companies not having to face real competition become a drag on our economy and those operating in Ohio can and do make our Ohio producers less competitive when competing with industries and businesses from outside Ohio. One may argue whether this or that business or industry is or is not a monopoly, but when faced with a monopoly even the most ardent free market person must agree that society has two choices, either create a truly competitive market or try to control excess and the ill effects.

We, other states and the federal government have a long history of dealing with these monopolies and that is through regulation which I know is odorous to many of us and you. Although never efficient as true competitive market forces, regulation is virtually the only way we can protect our citizens and our businesses from excesses that those holding monopolies are prone to use and to hold them to some efficiencies they might otherwise not obtain.

PUCO is the only authorized agency to make regulatory decisions concerning rates in what is of necessity an adversary system. They are charged with arriving at setting rates and making decisions on industries' requests for increased rates that are fair to both the regulated industry and Ohio's businesses and individual consumers of the regulated industries products. As such, they act as judge and jury, but they cannot also truly represent the consumers. It would be like saying there is no need for one side or the other to be represented in a civil case because the judge is supposed to be fair. I found very little representation of my and other all-electric homeowners interests by PUCO in the rate case I alluded to initially.

I urge you to not accept the Governor's proposal to cut the OOC's budget. I believe the governor is wrong when he says that PUCO and the Ohio Consumer Counsel have similar overlapping functions and therefore it is prudent to cut the Office of Consumer Counsel's budget to eliminate the duplication of functions.

I also urge you not to consider this a partisan issue. Having both PUCO and the OCC is the price we must pay for not being able to use normal competitive markets. Together, they both are essentially charged with trying to perform the functions of a non-existent market. I am sorry to say we will need them until we, as individual consumers, have three or four switches and valves in each of our homes and offices where we can daily select the one that is offering the lowest price that day to provide us whatever utility services we need. The Office of Consumer Counsel represents the individual consumers in one side of an adversarial process. The people they represent are not all either Republicans or Democrats. **They are your constituents, your parents, brothers, sisters, friends and small business owners you might know.** All of us are affected and are helped by their actions. They are representing people who are being denied their everyday right to select or not select services and providers of services that our normal commerce markets provide.

Thank you for the opportunity to testify in front of you today.

Jude J. Theibert