

Patrick O'Loughlin, CEO of Ohio's Electric Cooperatives

Interested Party Testimony on House Bill 13

Finance Committee, Ohio House of Representatives

Co-Chair Oelslager, Co-Chair Callender, Ranking Member Cera and members of the Ohio House Finance Committee.

Thank you for the opportunity to present written testimony as an interested party regarding House Bill 13, including our opposition to language regarding pole attachments. Ohio's 24, not-for-profit electric cooperatives serve primarily rural parts of the state – many of which lack access to internet connectivity. We recognize the need for the expansion of broadband deployment into unserved areas of the state and strongly support the effort to increase investment by the State. However, a provision recently added to House Bill 13 is of great concern.

Electric cooperatives charge cable and telecommunication providers an at-cost rate for access to their poles through an agreed upon rate formula. The rate charged for these attachments allows the cooperative to fully recover the allocation of space needed. Given the not-for-profit structure of cooperatives, there is no incentive for a co-op to charge any more than what is needed to be made whole. In fact, per Internal Revenue Service (IRS) law, co-ops are limited in collecting revenue from sources other than the sale of electricity. Co-ops and cable/telecom providers have, for a long time, operated under a set of mutually agreed upon rates, terms, and conditions for use. While our rate formula differs slightly from those of investor-owned utilities, it allows co-ops to account for the cost of doing business in less densely populated areas with few customers per mile. Legislation to add a new set of regulations to this process has never been needed nor is it needed now.

The concerning language added to HB 13 attempts to create an unneeded rate dispute resolution process which will ensure that co-ops not fully recover the rental cost from those who attach. The result of any co-op not fully recovering these costs will result in a subsidy to for-profit cable and telecommunication providers on the backs of co-op members. If given this handout, there is nothing to suggest that cable/telecom providers would then offer new internet access to any Ohioan.

Electric cooperatives whole-heartedly support the expansion of broadband connectivity into the territory we serve, but this provision does nothing to promote that effort.

Thank you for the opportunity to provide testimony as an interested party.