



House Public Utilities Committee  
House Bill 247  
October 23, 2019

Chairman Callender and members of the House Public Utilities Committee, thank you for the opportunity to provide written opponent testimony on House Bill 247 (HB 247).

The Retail Energy Supply Association (RESA) is a broad and diverse group of retail energy suppliers who share the common vision that competitive retail electricity and natural gas markets deliver a more efficient, customer-oriented outcome than does the monopoly-protected, rate-regulated utility structure. RESA is devoted to working with all interested stakeholders to promote vibrant and sustainable competitive retail electric and natural gas markets in the best interests of residential, commercial, and industrial consumers. Currently, RESA member companies employ over 4,000 people in the State of Ohio.

RESA opposes this legislation for several reasons. Namely, because the bill seeks to directly grow the monopoly realm of electric distribution utilities (EDUs) by restricting competitive choice for Ohio's consumers. Under current Ohio law, Ohio EDUs are granted a territorial monopoly for the distribution of electricity and related functions to the captive consumers located within their respective service territories. HB 247 will effectively expand the traditional role of the monopoly EDUs to also include specific "customer-focused energy services or products,"<sup>1</sup> all of which are currently being provided on a competitive basis by numerous competitive retail electric suppliers and other companies who specialize in the provision of those products or services.

Current Ohio law also prohibits Ohio EDUs from "supplying a noncompetitive electric service and supplying a product or service other than retail electric service."<sup>2</sup> However, HB 247 will eliminate this prohibition and allow the EDUs to spread the costs of providing such products and services across their respective rate bases. Thus, captive distribution ratepayers will have no way to avoid these charges regardless of whether they receive these products or services. As a result, electric distribution rates will inevitably increase as Ohio consumers become responsible for paying these new charges.

---

<sup>1</sup> *House Bill 247*. Ohio House of Representatives, 2019. Pgs. 15-16

<sup>2</sup> *Ohio Revised Code*; Section 4928.17.

HB 247 also seeks to afford EDUs the ability to plan, develop, and construct certain distribution and transmission infrastructure and facilities paid for by their captive ratepayers in the name of economic development. Current Ohio law already allows for buildout of specific utility infrastructure under certain circumstances for economic development purposes and each Ohio EDU currently has an active economic development rider approved by the Public Utilities Commission of Ohio on their respective distribution ratepayers' bills. Moreover, HB 247 would guarantee the EDUs recover "all infrastructure development costs through a nonbypassable rider charged to all distribution customers regardless of whether the infrastructure development is used and useful."<sup>3</sup> Traditional utility regulation does not permit EDUs to recover costs for infrastructure prior to it being used and useful but here again electric distribution rates will unavoidably increase for Ohio consumers as these new charges appear on their bills.

This legislation would also afford EDUs the opportunity to plan, develop, and construct facilities for individual mercantile customers that are newly locating in Ohio or who have existing operations in the state they are endeavoring to expand. Not only would recovery of all of the costs associated with the aforementioned EDU projects be subject to a nonbypassable rider charged to all distribution customers but the bill also mandates the "mercantile customer shall own and maintain the facilities."<sup>4</sup> Thus, captive ratepayers will be required to fund the building of such facilities without any ability to avoid such charges, yet the EDU will have no responsibility whatsoever for ensuring the facilities are properly operated and maintained.

All RESA members are dedicated to preserving and promoting competitive energy markets in the public interest and as such we urge this committee to consider making substantive changes to that end to the current version of the bill.

Thank you again for the opportunity to submit testimony on HB 247 and please do not hesitate to contact us with any questions members of the committee may have regarding this document or RESA.

---

<sup>3</sup> *House Bill 247*. Ohio House of Representatives, 2019. Pg. 32.

<sup>4</sup> *House Bill 247*. Ohio House of Representatives, 2019. Pg. 32.