



**Representative Nino Vitale
85th Ohio House District**

**Sponsor Testimony on House Bill 246
May 27th, 2020**

Chairman Callender, Vice-Chair Wilkin and Ranking Member Smith, thank you for the opportunity to provide sponsor testimony on House Bill 246 and offer a substitute bill intended to reform and modernize the Public Utilities Commission of Ohio (PUCO) and the Ohio Consumers' Council (OCC).

Since the introduction of House Bill 246 back in May of 2019, my office has held countless meetings with interested parties. What you see today, is a culmination of those efforts.

First, I want to take a step back and talk about why I decided to introduce this bill. As the Chairman of the House Energy and Natural Resources Committee, I heard a lot from folks in the energy industry during House Bill 6 about issues they're facing or seeing. This includes utilities, retail energy providers, ratepayers, consumer advocates, environmental groups, large and small businesses, and state regulators. Unfortunately, due to time constraints we couldn't address all of those outstanding issues.

It seems to me the Ohio Legislature averages an energy bill every five to ten years. I didn't want that to be the case going forward. We have a number of issues and problems that still need to be addressed and this bill will allow for that exploration and debate.

I would like for the committee and interested parties to see this substitute bill as an introduced version of the bill. My door is open and I am willing to work with anyone on this bill. I will now hit some of the high points of what this legislation does and attempts to accomplish:

Clarifying PUCO's Jurisdiction for New Utility Entry

In recent years, the PUCO has encountered new public utilities without managerial experience to comply with PUCO and other regulatory bodies' requirements, without technical experience to ensure proper maintenance and safety, or without financial expertise and capital resources to provide and maintain service.

PUCO has authority and oversight over certification or transfer of a public utility but not statutory authorization at the point of entry. This legislation would close that gap.

Modernizing Electric Transmission Oversight

In recent years, electric transmission system owners have significantly increased their investment in transmission facilities. According to a 2018 report by the Brattle Group, U.S. transmission investments by FERC regulated providers increased from \$2 billion a year in the 1990s to \$20 billion a year over the last five years. Further, they project \$120 to \$160 billion of investments over the next decade.

Much of this makes sense since the bulk of the electric transmission system was constructed in the 1950s and 1960s with a 50-year life expectancy. However, in order to close a regulatory gap and ensure prudent investments, I have proposed to lower the Ohio Power Siting Board's (OPSB) sitting jurisdiction from 100kV and above to 69kV and above.

Establish Compensation for Non-Competitive Retail Services

House Bill 246 would allow for an alternative rate plan similar to what gas utilities already have today and have successfully used since House Bill 95 from the 129th General Assembly. This would provide the PUCO more flexibility, reduce regulatory lag, and still provide protections for ratepayers.

Natural Gas Modernization Program

A recent study by Cleveland State University revealed that shale-related investment in Ohio totaled an estimated \$83.3 billion from 2011 through June 2019. Additionally, there are over 180,000 Ohioans working in both core and ancillary shale-related jobs. This is due to Ohio being awash in low cost natural gas.

Unfortunately, similar to broadband, vast geographical areas of Ohio lack access to natural gas delivery capabilities required to meet current and expected demand. This hampers economic development, reduces customer choices and usually results in more expensive options to heat their homes or businesses.

In order to increase the market for natural gas in Ohio, this legislation proposes a grant and loan program based at the Ohio Public Works Commission to coordinate and expand access to natural gas. It would be funded by excess revenue in the Oil and Gas Well fund and/or a future appropriation.

Other PUCO and OPSB Changes

1. Modernizes and streamlines PUCO assessments and reporting requirements for regulated entities.
2. Removes PUCO hours from ORC and reverts to DAS guidance.
3. Removes outdated reports and reporting requirements.

4. Further clarifies PUCO's approval to transfer any regulated utility ownership. This requirement is already imposed on electric distribution utilities.
5. Would close a regulatory gap and provide the PUCO with oversight to review third-party cargo tank testing. This would complement federal cargo tank testing requirements and help protect Ohioans by keeping our roads safe.
6. Increases the transparency of the PUCO Nominating Council.
7. Harmonizes current state pipeline safety penalties to federal pipeline safety penalties to ensure no loss of federal funding.
8. Allow the OPSB to hire and pay for an expert or analyst with a supplemental application fee.
9. Requires the OPSB to adopt rules for minimum setbacks and disclosure of major solar projects. This would simply codify what is done in practice already when OPSB issues a certificate.
 - a. Exempts all applications and approved cases filed before December 1, 2020.
10. In response to conflicting Ohio Supreme Court cases, clarifies a change requires new setbacks for wind to apply.
11. Defines "nonparticipating property" for OPSB wind farm cases. This has led to some ambiguity since it not currently defined in Ohio Revised Code.
12. Streamlines the siting of utility and telecom infrastructure over railroad crossings.

Provide Clarity to the OCC

1. Creates a mission statement for OCC. Ohio is the only state in PJM where the consumer advocate does not have a statutory mission statement.
2. Requires OCC to adhere to current state policy regarding telecom, electric and gas. Currently, the OCC is only required to follow one specific provision in state policy under retail natural gas.
3. Modernizes the Ohio Consumers' Council Governing Board by further expanding appointing authority. This would allow for greater input into the makeup of the Board.
4. Allows the OCC to apply for and accept federal grants.
5. Requires any studies conducted by the OCC to be made available to the public in a timely manner.

Other Items

1. Incorporates House Bill 20, which prohibits condominium, homeowners and neighborhood associations from imposing unreasonable limitations on the installation of solar collector systems on the roof or exterior walls.

Again, thank you for your time and I am happy to answer any questions from the committee.