

**Before  
The Ohio Senate  
Transportation, Commerce and Workforce Committee**

**Testimony on Senate Bill 293  
(Reduction of Agency Regulations)**

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**On Behalf of the  
Office of the Ohio Consumers' Counsel**

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Hello Chair LaRose, Vice-Chair Kunze, Ranking Minority Member Schiavoni, and members of the Committee. My name is Jeff Jacobson. I am testifying on behalf of the Office of the Ohio Consumers' Counsel, the state's representative of four million residential utility consumers who could be affected by Senate Bill 293 (SB 293 or the Bill). I am providing limited opponent testimony on SB 293 to the extent the Bill would reduce the PUCO's regulations for protection of consumers.

I thank the Committee for its consideration of this Bill to reduce unnecessary regulations. We know that some regulations, like those for electric security plans, can hinder the competitive market that we support for power plants and other technologies that are emerging. **But for consumer protection we respectfully recommend that you exempt the PUCO and its regulations from the Bill.**

Many PUCO regulations are needed to protect Ohioans from utility monopoly power or from other companies with market power, where effective competition is lacking. Many PUCO regulations are not well suited for elimination, because they address essential services (including electricity, natural gas, telephone and water) with significant ramifications for Ohioans' safety, family life and finances, and jobs. For example, regulations are intended to protect Ohioans from unreasonable disconnections of their utility service, which can even be life threatening. (There was a tragedy in 2011 when two consumers in Cincinnati died from hypothermia after their electric service was disconnected.)

Moreover, with regard to utility-related services, a better approach for addressing at least some of the Bill's objectives would be for the General Assembly to continue its own considerations of specific legislation. For example, in House Bill 247 the House Public Utilities Committee is considering what would be the well-justified elimination of so-called electric security plans under O.R.C. 4928.143. Eliminating electric security plans would substantially reduce PUCO regulations in O.A.C. 4901:1-35, and protect Ohioans from paying more above-market charges. But eliminating these regulations will need a specific act of the Ohio General Assembly (not SB 293) to reform and undo parts of Ohio's 2008 energy law. And specific legislation on the issue can revitalize the Ohio General Assembly's 1999 electric deregulation law and competitive vision.

Another example of how SB 293 is not well suited for addressing PUCO regulations is the regulatory construct for emerging technologies on the customer side of the meter

(e.g., electric vehicle charging). The above-referenced situation of consumers paying subsidies for power generation and the related harm to the competitive power plant market might be replicated going forward (in electric security plans) to the detriment of emerging technologies and the customers who use them. Already, the PUCO has approved a proposal by AEP that its 1.3 million consumers will subsidize some electric vehicle charging stations. And AEP's receipt of these consumer funds will favor its involvement, as a monopoly, in an electric vehicle market that should be a competitive space for bringing Ohioans the benefits of competition, such as better prices and innovation. Again, this matter would benefit from specific legislative action, such as House Bill 247, to end electric security plans and the related PUCO regulations. Specific legislation on the issue, and not SB 293, is needed for consumer protection from an intrusion of monopoly utilities, with government approval, into what should be a competitive market for emerging technologies such as electric vehicle charging.

Another example of the need for specific legislative action for consumer protection is the situation with inadequate regulation of resellers (submeterers) of utility service. Here, there may be no regulations that could be reduced, as none were brought before the Joint Committee on Agency Rule Review. Thus, what Ohioans need is specific legislation by the General Assembly to authorize (not reduce) PUCO regulations that restrain the resellers' monopoly or market power over consumers. (Currently, SB 157 and HB 249 are pending on this subject, and we appreciate the General Assembly's interest in solving this problem for consumers.) It would be regrettable for there to be

enactment of legislation to solve the submetering problem for consumers, and then have the regulations be possibly subject to reduction by SB 293.

A final example of why the PUCO should be exempted from SB 293 is the significant matter of PUCO processes. In this regard, there should be public-interest reform of the PUCO's process for settlements, where monopoly utilities offer financial inducements to special interests – often at consumer expense – to secure settlements for their rate increases and other plans. SB 293 will not contribute to PUCO process reform, and could even hinder process reform depending on what regulations the PUCO eliminates.

Again, the Consumers' Counsel thanks the Committee for this opportunity to make recommendations for the protection of Ohio utility consumers.