

Northwest Ohio Aggregation Coalition



OPPOSITION TESTIMONY – HB 260 **House Public Utilities Committee**

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On Behalf of the Northwest Ohio Aggregation Coalition

May 8, 2024

Cities

Maumee

Northwood

Oregon

Perrysburg

Rossford

Sylvania

Toledo

Waterville

Villages

Delta

Holland

Ottawa Hills

Walbridge

Townships

Lake

Perrysburg

Counties

Lucas

Chair Stein, Vice Chair Blasdel, Ranking Member Weinstein and members of the Public Utilities Committee thank you for this opportunity to present testimony in opposition to Sub. House Bill 260.

The Northwest Ohio Aggregation Coalition (NOAC) and its 15 member communities negotiate the terms and pricing for the electricity used by over 125,000 households, small businesses, and family farms. Like most of Ohio's electric customers, NOAC's customers are small.

Sub. HB 260 sponsors tout that the utility companies support the bill. Ohio needs regulatory reform not because small customers paid too little or because small customers abused the rate making system. Bob and Betty Buckeye are victims of a system that fails to deliver the just and reasonable rates promised in the Revised Code. Both the current system and proposed Sub. HB 260 inevitably result in the PUCO approving above-market electric rates.

NOAC joins the Ohio Manufacturers Association, the Ohio Consumers Counsel, and customers across the spectrum to oppose Sub. HB 260. As they detail, this bill is the wrong approach. Rather than rebalancing the regulatory system, the bill legislatively mandates the industry's wish list and increases the potential for further regulatory capture of the PUCO. We urge the Committee to reject Sub. HB 260 and focus on real and productive system reforms.

One vital reform is to end the PUCO's self-created stipulation process. The stipulation process undercuts the Revised Code's consumer protection provision that places the burden of proof on the utility. In the stipulation process, a utility collects signatures for its proposal from some, but rarely all, of the parties. Those parties who sign the stipulation are frequently shielded, receive reduced rates, or obtain special benefits. Sub. HB 260 prohibits undisclosed side deals, but undisclosed side deals are already prohibited under the PUCO rules. Unfortunately, Sub. HB 260 still permits written stipulations, no matter how unfair or anti-competitive for customers.

The PUCO affords great weight to these stipulations. In FirstEnergy's last Electric Security Plan case the PUCO modified and approved the stipulation that many intervenors strongly opposed. Thousands of customers also voiced opposition to the FirstEnergy ESP proposal. The Supreme Court later found the \$600 million bailout to improve FirstEnergy's balance sheet was illegal but the customers received no refund for these unlawful charges. Other provisions allowed huge windfalls to FirstEnergy and its political allies who signed on.

The utilities initiated and are signatories on every stipulation. So, it is no surprise that the utilities support Sub. HB 260 because it protects this process and their above-market rate windfalls.

A second necessary and positive reform is to return Ohio to a base rate case system. This would dramatically reduce the proliferation of regulatory filings. Customers pay all the utility's costs and legal fees for each proceeding. By utilizing multiple legal proceedings, the utilities limit customer participation and grind customers down because customer resources are limited.

Sub. HB 260 does not end the multiple hearings. In a sort of "bait and switch" the bill sponsors purport that it eliminates riders. But, the bill itself mandates four new "Investment Trackers" that are riders in all but name.

Both the current system and Sub. HB 260 create too much room for self-dealing and an atmosphere that invites overreach or corruption. The federal and state criminal charges against FirstEnergy, its corporate officials, and the former PUCO chairman recognized that FirstEnergy's corrupt practices began at the PUCO some 6-years before the tainted HB 6 legislation. Let me repeat, for at least six years before HB 6, FirstEnergy engaged in systematic corruption at the PUCO utilizing the stipulation process.

Sub. HB 260 is blind to the real problems that must be fixed to restore accountability and return Ohio to fair, market based electric rate regulation.

NOAC asks the Committee to scrap Sub. HB 260 and focus on positive reforms.

Thank you for this opportunity to testify.