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January 23, 2024

Senator Bill Reineke
Chair, Ohio Senate Energy & Public Utilities Committee
1 Capitol Square, 2nd Floor
Columbus, OH 43215

Dear Chairman Reineke:

Thank you for the opportunity to submit written testimony on behalf of the nearly 20,000 governing members of the National Federation of Independent Business to express our support for Senate Bill 143. We applaud Senator Romanchuk for continuing the discussion on Ohio's energy policy and its impact on small businesses. Electricity costs remain a concern amongst our members in Ohio.¹

By way of background, a typical NFIB/Ohio member employs 25 or fewer and does less than \$2 million in annual sales. Our members come from every industry type, and our organization looks like Main Street in any legislative district across Ohio.

Ohio passed electric deregulation in 1999 with the goal of creating a competitive landscape for consumers to find the best deal on their electric utility costs. In 2008, the state faced concern that the competitive electricity market was not fully developed. As a result, electric security plans (ESPs) were created as an option to establish a standard service offer through the enactment of Senate Bill 221. Although today, there are hundreds of different providers allowing residential and commercial customers to shop the market², ESPs allow electric distribution utilities to seek revenue from customers for any number of purposes at the Public Utilities Commission of Ohio (PUCO).

Frequently included in these ESPs are non-bypassable riders – charges that must be paid and cannot be shopped around, irrespective of the competitive market. Senate Bill 143 aims to return Ohio to the goal of a competitive landscape contemplated in 1999, having allowed the ESP model 15 years to address concerns of an underdeveloped market. Senate Bill 143 will repeal ESPs, requiring that the standard service offer be established

¹ <https://assets.nfib.com/nfibcom/NFIB-Problems-and-Priorities-2020.pdf>

² <https://energychoice.ohio.gov/ApplesToApplesCategory.aspx?Category=Electric>

under a competitive market rate offer. We are optimistic this provision will provide consumers with potential cost savings by allowing the PUCO to thoroughly review all revenues and expenses when evaluating a requested distribution rate increase, moving away from non-bypassable riders.

Additionally, we support requiring an electric distribution utility to file a rate case at least every five years. This will ensure transparency in the rate setting process, providing consumers with a better understanding of a utility's costs and expenses as well as their earnings.

We believe Senate Bill 143 is an important step in Ohio's electric rate setting process that creates more transparency to consumers. At the same time, we want to ensure Ohio continues to have reliable, affordable electricity and that any energy policy does not disrupt the ability to maintain and develop infrastructure necessary to serve the existing customer base and new economic development projects that have and will continue to locate in Ohio. We look forward to the ongoing discussion on energy policy in Ohio and how we can achieve this balance.

Thank you for the opportunity to provide written, proponent testimony on Senate Bill 143. Please feel free to contact me with any questions.

Sincerely,



Christopher J. Ferruso
State Director