October 29, 2025
Before the Energy Committee of the Ohio House of Representatives
Proponent Testimony on Senate Bill 103
Joseph Clark – Director of Government and Public Affairs,
Columbia Gas of Ohio, Inc.

Chairman Holmes, Vice Chairman Mathews, Ranking Member Rader, and Members of the House Energy Committee, my name is Joe Clark, and I am the Director of Government and Public Affairs for Columbia Gas of Ohio. Columbia Gas provides safe and reliable natural gas distribution service to approximately 1.5 million customers across 61 of Ohio's 88 counties. I am here today on behalf of Columbia Gas to provide proponent testimony on Senate Bill 103. Our President and Chief Operating Officer, Bob Heidorn, previously appeared before the Committee and testified this year on House Bill 142, the companion bill to Senate Bill 103.

SB 103 modernizes Ohio's ratemaking for Ohio's natural gas utilities in a manner that is almost identical to the ratemaking the Legislature established for electric utilities under HB 15. Modernized ratemaking will enhance the ability of Ohio's natural gas utilities to participate in Ohio's economic development and growth. Modernization supports Ohio's natural gas utilities' ability to compete for capital to invest in our systems as we seek to serve new customers – while also providing safe, reliable, and reasonably priced service to existing customers. Like all of you, our Ohio natural gas companies like to compete and win for Ohio. Timely passage of Senate Bill 103 would give our natural gas companies the modernized tools needed to compete – both against other states as well as internally as we position Ohio for investment dollars within our corporations.

Senate Bill 103 has some important enhancements as compared to its companion bill, House Bill 142. SB 103 replaces the original ratemaking provisions and adopts the modernized ratemaking concepts found in House Bill 15. The forward looking, multi-year rate plans found in HB 15 provide the ratemaking modernization needed to reduce the lag in time from when investments are made to the time when they are recovered. This modernization benefits the companies and also benefits customers, as less lag leads to less borrowing costs that are passed on to customers, improving the efficiency of capital investments and providing customers a better bang for their buck. And, similar to electric utilities after HB 15, SB 103 with a single exception eliminates capital riders

for gas utilities that use multi-year rate plans. The only capital rider that will remain available for gas companies is the Infrastructure Development Rider, as established by the General Assembly, and that rider can only be used for economic development projects approved by the PUCO. The Infrastructure Development Rider is also the funding mechanism to flow through any credits to other customers from large load customer projects. Any other riders that will remain, just like those that remain for the electric utilities, recover non-capital costs on a dollar-for-dollar basis and utilities do not make money on those riders. These kinds of riders are approved by the PUCO and simply recover costs for things like taxes, the cost of the gas that customers actually burn, and programs that assist low-income customers. The remaining riders have been in place for many years, decades in some instances, and have been non-controversial places to recover these costs.

Passage of SB 103 would bring other benefits as well. Adoption of HB 15 ratemaking promotes regulatory symmetry as the new method of determining base rates would also apply to natural gas companies as well as water and wastewater companies. Finally, the multi-year ratemaking provisions will also lead to more frequent rate cases which means more frequent reviews of the expenses and investments that are being recovered in rates of natural gas utilities, and also leads to more gradual changes in rates. And, starting at the end of 2029, SB 103 requires the large natural gas utilities to file a rate case at least every three years.

An important note about natural gas companies in Ohio. On the electric side, there are just the four electric utilities. On the gas side, in addition to the four large natural gas utilities, there are also 16 small natural gas utilities regulated by the PUCO.[1] Senate Bill 103 preserves, like HB 15, the option for any natural gas utility to use the existing ratemaking provisions already in Ohio law. This optionality is important for the smaller natural gas companies who may not want or need to use modernized ratemaking, especially when considering the burden and costs of rate cases on a smaller natural gas company and its customers.

Senate Bill 103 also retains the large load customer provisions included in HB 142. This specific economic development tool would further incent Ohio's natural gas utilities to build facilities to serve the most significant, large customers from any industry. SB 103 enhanced the customer protection provisions found in HB 142, further ensuring existing customers are protected from any risk, including stranded costs. SB 103 continues to require that current customers are also reimbursed for a new large load customer using the existing gas system, and existing customers benefit from that allocation of costs to

[1] Natural_Gas_Distribution_Companies.pdf

the large load customer. Simply put, part of the cost to operate the existing gas system used by all customers will be paid by the new large load customer.

SB 103 excludes from rate proceedings the revenues and costs associated with the large load customer. The exclusion of revenues and costs is consistent with the provisions of the bill that make sure other customers bear no risk. The size and unique nature of these large load customer presents risks in terms of new investments to serve them that are not comparable to ordinary customer additions. The flexibility provided in SB 103 allows a utility to negotiate terms with the large load customer and provide a regulatory path to get them to site and be up and running quickly while also protecting other customers. Separating out these large load customers from rate proceedings ensures that other customers will not pay for any costs if the large load customer doesn't meet its promises in terms of operating and paying for the costs incurred to serve them. In order for the utility to take on the full burden of risk associated with this customer, the utility must also symmetrically retain the benefits of taking that risk. Ohio benefits from landing the new large load customer, all customers benefit from the jobs and investments made by the large load customer and the costs of the existing system the new customer will fund through the allocation, and the utility is able to make this happen through the proper balance of risk and reward.

Thank you for your time and I would be happy to answer any questions that you have.