October 29, 2025

The Honorable Adam Holmes
Ohio House Energy Committee
1 Capitol Square
Columbus, OH 43215

RE: Sub. Senate Bill 103 (Allow alternative rate plans for certain natural gas companies)

Chair Holmes, Vice Chair Mathews, Ranking Member Rader and members of the House Energy Committee, thank you for the opportunity to provide proponent testimony on Substitute Senate Bill 103.

Following our previous testimony on this bill in the Senate and on House Bill 142 before this committee, the Ohio Business Roundtable (OBRT)—a statewide association of CEOs and presidents from Ohio's leading companies—believes Sub. S.B. 103 provides much-needed reforms to strengthen Ohio's regulatory framework, accelerate cost recovery, and enhance the state's business competitiveness.

Reliable, affordable, and modern energy infrastructure is essential to sustaining Ohio's economic growth. Yet, OBRT's recent Energy Competitiveness Study found that Ohio's outdated regulatory framework—particularly its rate-setting process—creates unnecessary barriers to investment. Unlike neighboring states, Ohio utilities face prolonged regulatory lag, delaying cost recovery for critical projects and discouraging capital investment in energy infrastructure.

Sub. S.B. 103 makes two key improvements:

- **Streamlined timelines:** It replaces the outdated 275-day (subject to refund) and 545-day (not subject to refund) rate-case process for natural gas, water, and sewage disposal utilities with a single 360-day timeline, consistent with reforms adopted for electric utilities in House Bill 15.
- **Forecasted test year:** It also authorizes natural gas, water, and sewage disposal utilities to use a forecasted test year structured as three consecutive 12-month periods—again aligning with the forward-looking approach now available to electric utilities. This provides a clearer picture of expected costs, investment needs, and customer demand.

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A forecasted test year avoids the pitfalls of relying on outdated data, which fails to reflect new infrastructure projects, inflationary pressures, and changing demand. Many surrounding states—including Indiana, Pennsylvania, and Michigan—already use forward test years, putting Ohio at a competitive disadvantage.

The bill also ensures that utilities can recover costs more closely aligned with when they are incurred, reducing financial strain and providing certainty for long-term investment planning. These true-up mechanisms safeguard customers by ensuring that rates reflect actual costs and that utilities neither over-collect nor under-collect.

Finally, Sub. S.B. 103 establishes clear, structured criteria for alternative rate plans for large-load customers. These provisions define “large-load customers” as those consuming more than 1.2 Mcf annually, require such customers to contribute to overall system costs, protect other ratepayers from any financial risk, and mandate timely PUCO approval of agreements.

As Ohio continues to attract major energy users, Sub. S.B. 103 represents a critical modernization of our regulatory framework—promoting investment and growth while protecting existing customers. The Ohio Business Roundtable strongly supports this bill as a balanced reform that reduces delays, aligns cost recovery with current investment needs, and strengthens grid reliability. Without these updates, Ohio risks losing projects and jobs to states with more modern, business-friendly policies.

Thank you for your time and consideration.

Sincerely,

Alexandra Denney
Vice President of Government Relations & Communications
Ohio Business Roundtable