



Office of the Ohio Consumers' Counsel

**Before
The Ohio Senate
Energy Committee
Testimony on Senate Bill 2, Sub Bill 0333 - 5**

**(Increase power generation; improve Ohio's electric grid)
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On Behalf of the Office of the Ohio Consumers' Counsel

March 18, 2025

Hello Chairman Chavez, Vice Chair Landis, Ranking Member Smith, and Committee members. I hope you and your colleagues are well. Thank you for this opportunity to testify. I am testifying as a Proponent on Senate Bill 2, Dash 5.

My name is Maureen Willis. I am the Ohio Consumers' Counsel, the Director of OCC. OCC is the state agency that has been the voice for Ohio residential utility consumers for almost fifty years. I am testifying on behalf of Ohio's 4.5 million residential consumers.

There are many good aspects of the Dash 5 version of S.B. 2 Sub Bill that provide much overdue and needed protection for utility consumers. With the latest changes that tighten up the true-up process for the multi-year plan, we have shifted from Interested Party to Proponent. We do have suggestions to offer, intended to provide more protection for your constituents. Please consider these as part of the ongoing process to craft a bill that works for all Ohioans.

We thank Senator Reineke for retaining the pro-consumer provisions of earlier versions of S.B. 2¹ and amending the bill to add more consumer protections. Especially welcome are the revisions that appear to create a full true-up of the new multi-year rate plan. And we appreciate that the legislation no longer includes the mini-rate case provision that we testified against. We are also appreciative of the bill's intent to keep utilities out of behind the meter generation. As we testified earlier, utility involvement means less competition, potential cost shifting and risks to utility consumers in Ohio.

For too long, the regulatory environment in Ohio has heavily favored utilities over consumers. Ohioans deserve legislation that restores fairness and balance to this system. S.B. 2 Sub Bill, Dash 5 is on a good path forward for essential regulatory reform.

¹ The pro-consumer provisions of S.B. 2 that OCC supported in prior testimony include ending coal subsidy charges at the effective date of the legislation; an end to pro-utility electric security plans; continued prohibition on utility ownership of power plants; preserving the standard service offer; removing the duplicative and costly consumer choice billing program; eliminating cash payments in settlements, requiring electric distribution utilities to file rate cases every three years; and protecting consumers from teaser rates offered by marketers. *See* <https://www.occ.ohio.gov/testimony/sb-2/2025-02-18>.

When it comes to regulatory reform, we should be mindful of the many Ohioans who struggle to make ends meet and the impending affordability crisis that is upon us. The legislation recognizes that regulatory reform is needed. In Ohio, we continue to struggle to retain affordable utility rates. The overall poverty rate is above 13.3%, higher than the 11.1% national average. Almost 30% of Ohioans live at or below 200% of the federal poverty level. Twenty-six of eighty-eight counties in Ohio experienced a decrease in median household income from 2022 to 2023. According to the Ohio Utility Rate Survey conducted by the PUCO, in the last five years, Ohio utility bills in major Ohio cities have increased considerably.

https://analytics.das.ohio.gov/t/PUCPUB/views/UtilityRateSurvey/ScheduleTrends?%3Adisplay_count=n&%3Aembed=y&%3AisGuestRedirectFromVizportal=y&%3Aorigin=viz_share_link&%3AshowAppBanner=false&%3AshowVizHome=n

In earlier testimony, I testified that I was disappointed that the Dash 3 version of SB 2 deleted a refund provision that OCC and others have been fighting for many years. That prior provision allowed a complete refund to consumers for PUCO-approved charges the Court finds unreasonable or unlawful.

SB 2, Dash 5 includes a limited refund provision allowing consumer refunds only after the Court's ruling. It also may have the unintended effect of prohibiting a refund opportunity that currently exists for consumers. Today consumers can receive refunds if the PUCO orders rates collected subject to refund and language to that effect is placed in utility tariffs. (Unfortunately, the PUCO rarely orders collection of rates subject to refund).

Please don't make it harder than it already is to get refunds for consumers. We recommend either deleting the refund language altogether (Lines 634-653) or adding a new Section (E) that allows full refunds if rates are collected subject to refund, consistent with current practice. That amendment is attached to my testimony.

In earlier testimony I voiced concerns with the multi-year rate plan which will significantly change standard ratemaking in Ohio.² With the use of a forecasted test year and rates being set three years out, it is especially important to have a strong true-up mechanism. Dash 5 seems to accomplish that.

It would be especially helpful if the legislation more fully defined the true-up process as an open, transparent process that allows for a full review of utility data by interested parties, along with the opportunity for discovery, comments, testimony, and an evidentiary hearing. Dash 5 does not require these things. While that may well be what is intended as the true-up process, the legislative direction is absent. I also support adding clarification language requiring that utilities

² As an alternative to the multi-year rate plan, OCC supports a simple rewrite that would allow electric utilities the advanced ratemaking that gas and water utilities currently enjoy (forecasted test year, rate base calculated at end of test year and adjustments for known and measurable changes to expenses and revenues during test year and second year).

publicly file (quarterly) actual financial information throughout the three consecutive twelve-month rate periods.³ That amendment is attached to my testimony.

I appreciate the opportunity to provide testimony on these important energy matters and look forward to continued dialogue with members. Thank you again, Senator Reineke, for your efforts on the many positive regulatory reforms presented in this legislation.

³ North Carolina requires these quarterly earnings reports as part of their multi-year rate plans.

Amendment on Refunds

Either delete Lines 634-653 or add as Line 654:

E) Notwithstanding division (A) of this section, if the public utilities commission orders revenues collected from customers by a public utility to be collected subject to refund, all revenues collected under the affected rates shall be subject to refund without limitation to the period following issuance of the supreme court's decision.

Amendment for True-up

Revise language starting on line 1598 as follows:

Each true-up process shall include an adjustment to actual for the rate of return that the company is authorized to earn on the actual investments made. ~~The company shall provide the commission with actual financial information during the true-up process~~ During the three consecutive twelve-month periods, the electric service company shall publicly file quarterly earnings monitoring reports within sixty days after the end of each quarter. Each earnings report shall provide actual financial information to ensure accuracy. As part of the true-up process, the commission shall include only rate base components that have been found by the commission to be used and useful in rendering public utility service.