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Committees:
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Sponsor Testimony

Senate Bill 103

Senate Public Utilities Committee

March 5, 2025

Vice Chair Reineke, Ranking Member DeMora, and members of the Senate Public Utilities Committee, thank you for the opportunity to provide sponsor testimony for Senate Bill 103.

This piece of legislation will modernize Ohio's utility regulatory environment, further the economic development, and ensure Ohio maintains and grows its natural gas infrastructure. The ratemaking proposals within SB 103 are designed to transition Ohio's regulatory construct to mirror nearby states, thereby reducing regulatory lag. This framework will also provide utility cost recovery to attract investments in Ohio.

Specifically, SB 103 provides for forward-looking test years in both rate cases and riders. This proposed language, aligning with a similar structure in neighboring states, allows utilities to recover the costs of doing work at the time when those costs are being incurred. Additionally, as utilities compete for capital, both internally and externally, the states

where utilities have a better opportunity to receive a fair return and timely cost recovery are more attractive for investments.

SB 103 also addresses regulatory lag by tightening the timeframe for the Public Utilities Commission of Ohio (PUCO) to issue rate case orders. The proposed language provides the PUCO additional time to issue rate case orders, but also provides certainty of outcomes when the PUCO misses the statutory deadline. Notably, allowing the PUCO to consider rate cases for an entire year is even longer than neighboring states. By adopting forward looking test years and timely rate orders, Ohio will compete on a level playing field to attract capital investment and to grow our infrastructure to support economic development.

Just as Ohio cannot lag in regulatory frameworks, so too can we not afford to lag in economic development. As large load customers invest in Ohio through the attraction of data centers, natural gas utilities must be equipped to serve these customers. SB 103 provides clear, objective criteria to allow the PUCO to approved investment in large load customer infrastructure. The language of the bill further ensures (1) utility customer protection from financial risk, (2) credits to customer bills for large load customer system use, and (3) support of economic development in Ohio. Providing large customers with a defined process and timeline, gives the utilities the ability to negotiate and secure these customers for Ohio.

Finally, state and federal agencies have been increasing regulatory requirements and demands on utilities. While reliable, resilient, and safe infrastructure are key components of a healthy system, the costs of meeting these mandates must be thoughtfully recovered from Ohio ratepayers. SB 103 provides natural gas utilities with timely recovery for such reasonable mandated costs and expenses, which will equip the utilities to satisfy the required investment while allowing the PUCO an opportunity to review these incurred costs.

By passing this bill, Ohio's utility regulation takes an important step towards joining our neighboring peer states while creating an attractive investment environment that mirrors the strength of Ohio's resources. This bill allows Ohio to be more dynamic and responsive to economic needs within the regulatory framework without sacrificing consumer protections. Vice Chair Reineke, Ranking Member DeMora, and members of the committee, thank you again for the opportunity to speak to SB 103 and I look forward to working with each of you to advance this bill and ensure its successful implementation, I am happy to answer any questions at this time.