



CUB OHIO ADVOCACY GROUP

Opponent Testimony by Tom Bullock on Senate Bill 103 Executive Director, CUB Ohio Advocacy Group Senate Public Utilities Committee March 26, 2025

Chair Wilkin, Vice-Chair Reineke, Ranking Member DeMora and members of the committee, thank you for the opportunity to submit opponent testimony on Senate Bill 103 (SB 103), a bill to allow alternative rate plans for certain natural gas companies.

My name is Tom Bullock, and I am executive director of the CUB Ohio Advocacy Group. CUB Ohio Advocacy Group is a project of the Citizens Utility Board of Ohio. We represent customers in Ohio, both residential and small business. We advocate for state and local policies that deliver the benefits of new energy technologies to consumers in the form of less expensive, more sustainable and resilient energy with smart capabilities that give us more control over our monthly bills. We take an all-of-the-above approach to these issues, and our Board of Directors is bipartisan.

Our testimony is directed to one specific provision that may be ancillary to the bill's core purposes: the portion of Section 4903.30 which codifies a three-prong test for stipulations (or settlements) at the Public Utilities Commission of Ohio (PUCO). It would be harmful, in our experience, to codify the Stipulation standard. Instead, stakeholders should be working together to fix it.

In Section 4903.30, this three-prong test operates in practice to rubber stamp settlements between utilities and Commission Staff:

- (A) The settlement was a product of serious bargaining among capable, knowledgeable parties.
- (B) The settlement, as a package, benefits ratepayers and the public interest.
- (C) The settlement package does not violate any fundamental regulatory principle or practice.

In our participation in proceedings before the PUCO, the three step test for evaluating stipulations has provided little substantive analysis of the actual issues before the Commission. This standard, in practice, shifts the burden of proof from the utilities to the parties opposing the stipulation to prove that the stipulation is unreasonable. However, a party opposing the stipulation has few tools available to actually meet this burden which has been shifted to them.

The parties have no effective means for challenging the first prong, whether the stipulation is the product of serious bargaining, because the PUCO views stipulation discussions as confidential. Stipulating parties need only state that they held several meetings and invited all the parties in order to satisfy this prong. Under the current application of the test, the Commission does not consider the actual substance of the meetings, including whether and why any parties' positions were ignored.

The second and third prongs, which relate, routinely get approved with little analysis as well. The second prong merely requires that the settlement, when viewed in its totality, is reasonable. The third prong requires that the settlement does not violate any fundamental regulatory principle. Both these prongs provide little meaningful review. The utility generally settles with Commission Staff, and then argues in its totality the settlement is reasonable. Often, the utility gets a big rate hike, but the settling parties argue the settlement is

reasonable because the outcome could have been worse. As far as the third prong of the test, not violating any fundamental regulatory principle, the utility often dismisses this in a sentence or two. The Commission has not provided parties with any guidance on which of the myriad regulatory principles it finds persuasive under this prong or how it prioritizes these principles.

Section 4903.30, which codifies the three-prong test, is arguably outside the scope of this legislation, and the General Assembly should not codify an inequitable process without a more thorough review.

Thank you again for the opportunity to testify. We would be happy to answer questions.