



David F. Proaño
Regulatory Counsel
dproano@bakerlaw.com
216.861.7834

Lori Herf
Legislative Advisor
lherf@bakerlaw.com
614.462.2667

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**Before
The Ohio Senate Public Utilities Committee
Testimony on Senate Bill 103**

**David F. Proaño, Baker & Hostetler, LLP
Regulatory Counsel to Ohio Energy Leadership Council**

Interested Party Testimony on Behalf of the Ohio Energy Leadership Council

October 1, 2025

Chair Wilkin, Vice-Chair Reineke, Ranking Member DeMora, and Committee members. My name is David Proaño, and I am a partner representing clients on energy and utility matters at the law firm of Baker & Hostetler, where I have practiced law for over 21 years.

My testimony today is on behalf of Ohio Energy Leadership Council, as an interested party on Senate Bill 103. I serve as regulatory counsel to Ohio Energy Leadership Council, known as OELC, which is the premier trade association in Ohio that represents the interests of large commercial and industrial customers in energy, utility and rate matters. OELC is very active in the natural gas rate cases at the PUCO, including the pending Enbridge Gas Ohio rate case.

For more than three decades, OELC has represented energy-intensive manufacturing, industrial, institutional, education, and retail businesses on utility matters in Ohio. Our members include steel companies, chemical processing companies, materials and equipment manufacturers, educational institutions, retail business establishments, petroleum refiners, recycling and scrap steel companies, and many other businesses across the State of Ohio. Our members collectively spend billions of dollars annually on energy expenditures, and our members are served by the major natural gas utilities in this state, including Columbia Gas of Ohio and Enbridge Gas Ohio. As major contributors to Ohio's economy, our members utilize their energy expertise to advocate for fair and transparent energy rates and promote reliable and reasonable utility service.



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Our mission, quite simply, is to keep Ohio's energy and utility costs competitive for existing and new businesses that fuel Ohio's economy and jobs.

For that reason, OELC appreciates the improvements made to today's streamlined version of Senate Bill 103, including the removal of many of the more challenging provisions in the original version of the bill. Senate Bill 103, in its current form, aligns more closely with House Bill 15 by extending to natural gas and other utilities the ability to file three-year forecasted rate cases at the PUCO, without the extraneous provisions originally in Senate Bill 103 that would have heavily disfavored commercial and industrial customers in Ohio in the ratemaking process. We thank the committee for this progress made on the bill.

But Senate Bill 103 deviates from House Bill 15 in one significant respect, that OELC respectfully submits needs to be addressed for this to be a balanced bill. Electric utilities were provided the option of filing three-year forecasted rate cases, but with a very important trade-off that was instrumental in ensuring some measure of protection to consumers, and that was the elimination of the Electric Security Plans with their costly riders. We need the same tradeoff for Senate Bill 103, or otherwise this will prove to be a one-sided bill.

In the case of natural gas utilities, that means limiting their ability to implement or continue large and expensive riders through what is called "Alternative Rate Plans" if the natural gas utilities are going to pursue a three-year forecasted rate case. Like Electric Security Plans did for electric utilities, Alternative Rate Plans permit natural gas utilities to obtain PUCO approval to charge riders to their customers to recover capital investments in their gas distribution systems. And similar to ESPs, these riders allow the gas utilities to recover hundreds of millions of dollars each year from Ohio consumers without needing a new rate case, and have become a predominant aspect of the utility bill as demonstrated by this excerpt of Enbridge Gas Ohio's current residential customer charges:



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Basic Service Charge	\$17.58 per month
AMR Cost Recovery Charge	(0.06) per month
PIR Cost Recovery Charge	22.28 per month
Capital Expenditure Program Rider	7.75 per month
Infrastructure Development Rider	0.02 per month
	<hr/>
	\$47.57 per month

Charges for these riders are also very significant for large commercial and industrial customers. The large riders implemented through Alternative Rate Plans are the aspects of natural gas ratemaking that is leading to the most significant cost increases for commercial and industrial customers in Ohio. Just yesterday, I was at a hearing at the PUCO representing OELC in the pending natural gas rate case for Enbridge Gas Ohio, which is reaching the end of the ratemaking process. What we are seeing in that case is sobering, as the impact to commercial and industrial customers over the next five years could be very negative due to large riders implemented through Alternative Rate Plans, including Enbridge's CEP and PIR riders. Our expert analysis has shown, through testimony submitted on behalf of OELC in that rate case, that commercial and industrial customers could see their charges from the natural gas utility increase by nearly 70% for certain customers as result of the Alternative Rate Plan riders.

Due to the large Alternative Rate Plan riders, natural gas utilities have been able to delay filing rate cases, sometimes by well over a decade. For example, Enbridge Gas Ohio's prior rate case was filed in 2007. The Alternative Rate Plan riders allowed Enbridge to wait 16 years before filing their current rate case, which was filed in 2023.

We cannot give natural gas utilities *both* a forecasted three-year rate cases, which OELC generally opposes because they will invariably lead to higher rates, *and* Alternative Rate Plans. I am not suggesting that we eliminate the Alternative Rate Plan provisions from Ohio law, but instead reasonably limit their availability only to those natural gas utilities that will continue to use the traditional rate-making process in Ohio for natural gas utilities, which permits the use of partially forecasted test years already.



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To that end, I have attached as **Exhibit A** proposed language to amend Senate Bill 103 that would accomplish this reasonable limitation. It would extend the ability for natural gas companies to pursue three-year forecasted rate cases, but with the fair and reasonable trade-off that by doing so, natural gas utilities will not also be able to pursue Alternative Rate Plans except to the extent required for compliance with federal pipeline safety requirements. This compromise is reasonable because Alternative Rate Plan riders will not be needed because a natural gas utility will be able to forecast their capital investments as part of a three-year rate cases, replacing the capital investment forecasting done today as part of the Alternative Rate Plan cases. But allowing both is not only unnecessarily, it will lead to higher overlapping charges to Ohio businesses for gas service that may threaten to make this state unaffordable.

While not as critical to the Alternative Rate Plan issue, the second and final aspect of Senate Bill 103 is the introduction of what this bill calls an “alternative rate plan to serve large load customers.” OELC’s members are all for economic development in Ohio, and are significant contributors to our state’s jobs and economic health. But it is not clear why an alternative rate plan to serve large load customers is required, especially if three-year forecasted rate cases can be used to forecast the capital requirements needed to serve new large load customers. Second, the following provision of the bill’s language is concerning, as it would essentially permit the utility to cordon off revenues for these customers for themselves without any ratemaking scrutiny:

Sec. 4929.054. Any payment received from a large load customer pursuant to a commercial agreement under an alternative rate plan filed and approved under sections 4929.052 and 4929.053 of the Revised Code shall not be considered revenue in any proceeding held pursuant to Chapter 4909. of the Revised Code.



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This provision would allow the utilities to make significant revenues in addition to any approved by the PUCO as part of ratemaking process, but not have the revenue count when determining appropriate rates for Ohio customers. OELC is concerned about the impacts of that outcome for other customers on the system, as it could lead to higher rates and un-accounted for revenue to the gas utilities.

For these reasons, the Ohio Energy Leadership Council respectfully urges that this committee amend Senate Bill 103 by adding the language in Exhibit A, and remove the language related to “alternative rate plans to serve large load customers” pending further analysis of the goals and issues related to those proposals. We look forward to working with this committee on these improvements to Senate Bill 103.

Thank you for your consideration. I welcome any questions from the committee.

D.F.P.

Exhibit A to OELC Interested Party Testimony
On Ohio Senate Bill 103
October 1, 2025

Add this language to Section 4909.15(C)(1)(a):

A natural gas company is prohibited from filing under this section if any portion of the forecasted test period includes any period that is part of an alternative rate plan under section 4929.05 of the Revised Code, an automatic adjustment mechanism or device in a natural gas company's rate schedules under section 4929.11 of the Revised Code, or a capital expenditure program under section 4929.111 of the Revised Code proposed by the natural gas company or authorized by the commission, unless the natural gas company first seeks the commission's approval through an application to withdraw or modify the alternative rate plan, automatic adjustment mechanism or device, or capital expenditure program with respect to any period that is part of the forecasted test period.

Add this new provision (D) to Section 4909.15:

(D) Natural gas companies filing under division (C)(1)(a) of this section are prohibited from implementing, modifying, or continuing, or seeking the commission's approval for, (i) an alternative rate plan under section 4929.05 of the Revised Code, (ii) an automatic adjustment mechanism or device in a natural gas company's rate schedules under section 4929.11 of the Revised Code, or (iii) a capital expenditure program under section 4929.111 of the Revised Code, to the extent the natural gas company seeks to recover from any customer, or seeks deferral authority related to, any costs, expenses, expenditures, or investments that have occurred, will occur, or are proposed by the natural gas company to occur during the three consecutive twelve-month periods that are part of the forecasted test period proposed by the natural gas company under division (C)(1)(a) of this section; provided that the following are exempted from this prohibition:

(a) an infrastructure development rider authorized by the commission under section 4929.162 of the Revised Code, and (b) costs and investments prudently incurred, used and useful, and directly related to compliance with regulations promulgated by the United States Pipeline and Hazardous Materials Safety Administration, per the regulations published in 42 C.F.R. Part 191 and 192, for which deferral or recovery is authorized by the commission under sections 4929.05, 4929.11 or 4929.111 of the Revised Code.