October 1, 2025

The Honorable Shane Wilkin
Ohio Senate Public Utilities Committee
1 Capitol Square
Columbus, OH 43215

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

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

The Ohio Business Roundtable (OBRT) is a statewide business association comprised of CEOs and Presidents of the top companies in the state. We currently have over 125 members, employing over 600,000 Ohioans and generating revenue of more than $2.5 trillion. OBRT is committed to promoting policies that strengthen Ohio's economy, encourage investment, and support job creation.

In response to growing concerns about the reliability of our energy grid, the Ohio Business Roundtable convened a 35-member workgroup last year consisting of energy experts across the industry—including independent power producers, public utilities, large-load consumers, and even financial institutions—with one goal: develop workable solutions with broad consensus that position Ohio to become a national leader in energy. This process culminated in the release of our Energy Competitiveness Study.

Reliable, affordable, and modernized energy infrastructure is critical to maintaining Ohio's economic competitiveness. However, our study found that Ohio's outdated regulatory framework—particularly its rate-setting process—creates significant barriers to investment.

Unlike neighboring states, Ohio utilities face prolonged regulatory lag, which delays cost recovery for critical projects and discourages capital investment in our energy infrastructure. Sub. S.B. 103 offers much-needed reforms to improve Ohio's regulatory framework, ensure timely cost recovery, and position our state as an attractive place to do business.

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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- **Streamlined timelines:** It replaces the outdated 275-day (subject to refund) and 545-day (not subject to refund) rate-case process for natural gas, water, and sewage disposal utilities with a single 365-day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.

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 a historic number of large-load users, these reforms encourage economic expansion while protecting existing customers.

The Ohio Business Roundtable strongly supports Sub. S.B. 103 as a necessary step toward modernizing our regulatory system, reducing unnecessary delays, and ensuring that Ohio remains competitive in attracting investment, business expansion, and job creation.

If Ohio fails to modernize its energy regulatory framework, we risk losing investment opportunities to states with more business-friendly policies, higher energy costs due to inefficient capital recovery and outdated regulatory structures, and slower grid modernization, affecting energy reliability and economic growth.

By aligning cost recovery with real-time investment needs, providing clear regulatory timelines, and supporting economic development, this bill will enhance the long-term stability and affordability of Ohio's energy infrastructure.

Thank you for your time and consideration.

Sincerely,

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