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136th General Assembly
Regular Session
2025-2026

Sub. H. B. No. 142

To amend sections 4909.05, 4909.06, 4909.07,
4909.08, 4909.15, 4909.155, 4909.156, 4909.18,
4909.191, 4909.42, 4928.18, and 4929.041 and to
enact sections 4929.052, 4929.053, 4929.054,
4929.055, 4929.056, 4929.057, 4929.058,
4929.059, and 4929.0510 of the Revised Code to
allow for alternative rate plans for natural gas
companies to serve large load customers and to
make changes to the process of valuating natural
gas company property.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 4909.05, 4909.06, 4909.07,
4909.08, 4909.15, 4909.155, 4909.156, 4909.18, 4909.191,
4909.42, 4928.18, and 4929.041 be amended and sections 4929.052,
4929.053, 4929.054, 4929.055, 4929.056, 4929.057, 4929.058,
4929.059, and 4929.0510 of the Revised Code be enacted to read
as follows:

Sec. 4909.05. As used in this section:

(A) With respect to every public utility, other than an
electric light company that chooses to file a forecasted test



period under section 4909.18 of the Revised Code, the public 20
utilities commission shall prescribe the form and details of the 21
valuation report of the property of each public utility or 22
railroad in the state. Such report shall include all the kinds 23
and classes of property, with the value of each, owned, held, 24
or, with respect to a natural gas, water-works, or sewage 25
disposal system company, projected to be owned or held as of the 26
date certain or, as provided in division (E) of section 4909.15 27
of the Revised Code, as of the dates certain, by each public 28
utility or railroad used and useful, or, with respect to a 29
natural gas, water-works, or sewage disposal system company, 30
projected to be used and useful as of the date certain or, as 31
provided in division (E) of section 4909.15 of the Revised Code, 32
as of the dates certain, for the service and convenience of the 33
public. 34

(B) Such report shall contain the following facts in 35
detail: 36

(1) The original cost of each parcel of land owned in fee 37
and in use, or, with respect to a natural gas, water-works, or 38
sewage disposal system company, projected to be owned in fee and 39
in use as of the date certain or, as provided in division (E) of 40
section 4909.15 of the Revised Code, as of the dates certain, 41
determined by the commission; and also a statement of the 42
conditions of acquisition, whether by direct purchase, by 43
donation, by exercise of the power of eminent domain, or 44
otherwise; 45

(2) The actual acquisition cost, not including periodic 46
rental fees, of rights-of-way, trailways, or other land rights 47
held, or, with respect to a natural gas, water-works, or sewage 48
disposal system company, projected to be held as of the date 49

certain or, as provided in division (E) of section 4909.15 of 50
the Revised Code, as of the dates certain, by virtue of 51
easements, leases, or other forms of grants of rights as to 52
usage; 53

(3) The original cost of all other kinds and classes of 54
property used and useful, or, with respect to a natural gas, 55
water-works, or sewage disposal system company, projected to be 56
used and useful as of the date certain or, as provided in 57
division (E) of section 4909.15 of the Revised Code, as of the 58
dates certain, in the rendition of service to the public. 59
Subject to section 4909.052 of the Revised Code, such original 60
costs of property, other than land owned in fee, shall be the 61
cost, as determined to be reasonable by the commission, to the 62
person that first dedicated or dedicates the property to the 63
public use and shall be set forth in property accounts and 64
subaccounts as prescribed by the commission. To the extent that 65
the costs of property comprising a coal research and development 66
facility, as defined in section 1555.01 of the Revised Code, or 67
a coal development project, as defined in section 1551.30 of the 68
Revised Code, have been allowed for recovery as Ohio coal 69
research and development costs under section 4905.304 of the 70
Revised Code, none of those costs shall be included as a cost of 71
property under this division. 72

(4) The cost of property constituting all or part of a 73
project leased to or used by the utility, or, with respect to a 74
natural gas, water-works, or sewage disposal system company, 75
projected to be leased to or used by the utility as of the date 76
certain or, as provided in division (E) of section 4909.15 of 77
the Revised Code, as of the dates certain, under Chapter 165., 78
3706., 6121., or 6123. of the Revised Code and not included 79
under division (B) (3) of this section exclusive of any interest 80

directly or indirectly paid by the utility with respect thereto 81
whether or not capitalized; 82

(5) In the discretion of the commission, the cost to a 83
utility, in an amount determined to be reasonable by the 84
commission, of property constituting all or part of a project 85
leased to the utility, or, with respect to a natural gas, water- 86
works, or sewage disposal system company, projected to be leased 87
to the utility as of the date certain or, as provided in 88
division (E) of section 4909.15 of the Revised Code, as of the 89
dates certain, under a lease purchase agreement or a leaseback 90
and not included under division (B) (3) of this section exclusive 91
of any interest directly or indirectly paid by the utility with 92
respect thereto whether or not capitalized; 93

(6) The cost of the replacement of water service lines 94
incurred by a water-works company under section 4909.173 of the 95
Revised Code and the water service line replacement 96
reimbursement amounts provided to customers under section 97
4909.174 of the Revised Code; 98

(7) The proper and adequate reserve for depreciation, as 99
determined to be reasonable by the commission; 100

(8) Any sums of money or property that the company may 101
have received, or, with respect to a natural gas, water-works, 102
or sewage disposal system company, is projected to receive as of 103
the date certain or, as provided in division (E) of section 104
4909.15 of the Revised Code, as of the dates certain, as total 105
or partial defrayal of the cost of its property; 106

(9) The valuation of the property of the company, which 107
shall be the sum of the amounts contained in the report pursuant 108
to divisions (B) (1) to (6) of this section, less the sum of the 109

amounts contained in the report pursuant to divisions (B) (7) and 110
(8) of this section. 111

(C) The report shall show separately the property used and 112
useful to such public utility or railroad in the furnishing of 113
the service to the public, the property held by such public 114
utility or railroad for other purposes, and the property 115
projected to be used and useful to or held by a natural gas, 116
water-works, or sewage disposal system company as of the date 117
certain or, as provided in division (E) of section 4909.15 of 118
the Revised Code, as of the dates certain, and such other items 119
as the commission considers proper. The commission may require 120
an additional report showing the extent to which the property is 121
used and useful, or, with respect to a natural gas, water-works, 122
or sewage disposal system company, projected to be used and 123
useful as of the date certain or, as provided in division (E) of 124
section 4909.15 of the Revised Code, as of the dates certain. 125
Such reports shall be filed in the office of the commission for 126
the information of the governor and the general assembly. 127

Sec. 4909.06. The investigation and report required by 128
section 4909.042 or 4909.05 of the Revised Code shall show, when 129
the public utilities commission deems it necessary, the amounts, 130
dates, and rates of interest of all bonds outstanding against 131
each public utility or railroad, the property upon which such 132
bonds are a lien, the amounts paid for them, and, the original 133
capital stock and the moneys received by any such public utility 134
or railroad by reason of any issue of stock, bonds, or other 135
securities. Such report shall also show the net and gross 136
receipts of such public utility or railroad and the method by 137
which moneys were expended or paid out and the purpose of such 138
payments. The commission may prescribe the procedure to be 139
followed in making the investigation and valuation, the form in 140

which the results of the ascertainment of the value of each 141
public utility or railroad shall be submitted, and the 142
classifications of the elements that constitute the ascertained 143
value. Such investigation shall also show the value of the 144
property of every public utility or railroad as a whole, and if 145
such property is in more than one county, the value of its 146
property in each of such counties. 147

"Valuation" and "value," as used in this section, may 148
include: 149

(A) With respect to a public utility that is a natural 150
gas, water-works, or sewage disposal system company, projected 151
valuation and value as of the date certain, if applicable 152
because of a future date or dates certain under section 4909.15 153
of the Revised Code; 154

(B) With respect to an electric light company that chooses 155
to file a forecasted test period under section 4909.18 of the 156
Revised Code, the valuation and value during the forecasted test 157
period. 158

Sec. 4909.07. The public utilities commission, during the 159
making of the valuation provided for in sections 4909.04 to 160
4909.13 of the Revised Code, and after its completion, shall in 161
like manner keep itself informed through its engineers, experts, 162
and other assistants of all extensions, improvements, or other 163
changes in the condition and value of the property of all public 164
utilities or railroads and shall ascertain the value of such 165
extensions, improvements, and changes. The commission shall, as 166
is required for the proper regulation of such public utilities 167
or railroads, revise and correct its valuations of property, 168
showing such revisions and corrections as a whole and as to each 169
county. Such revisions and corrections shall be filed in the 170

same manner as original reports. 171

"Valuation" and "value," as used in this section, may 172
include: 173

(A) With respect to a public utility that is a natural 174
gas, water-works, or sewage disposal system company, projected 175
valuation and value as of the date certain, if applicable 176
because of a future date or dates certain under section 4909.15 177
of the Revised Code; 178

(B) With respect to an electric light company that chooses 179
to file a forecasted test period under section 4909.18 of the 180
Revised Code, the valuation and value during the forecasted test 181
period. 182

Sec. 4909.08. When the public utilities commission has 183
completed the valuation of the property of any public utility or 184
railroad and before such valuation becomes final, it shall give 185
notice by registered letter to such public utility or railroad, 186
and if a substantial portion of said public utility or railroad 187
is situated in a municipal corporation, then to the mayor of 188
such municipal corporation, stating the valuations placed upon 189
the several kinds and classes of property of such public utility 190
or railroad and upon the property as a whole and give such 191
further notice by publication or otherwise as it shall deem 192
necessary to apprise the public of such valuation. If, within 193
thirty days after such notification, no protest has been filed 194
with the commission, such valuation becomes final. If notice of 195
protest has been filed by any public utility or railroad, the 196
commission shall fix a time for hearing such protest and shall 197
consider at such hearing any matter material thereto presented 198
by such public utility, railroad, or municipal corporation, in 199
support of its protest or by any representative of the public 200

against such protest. If, after the hearing of any protest of 201
any valuation so fixed, the commission is of the opinion that 202
its inventory is incomplete or inaccurate or that its valuation 203
is incorrect, it shall make such changes as are necessary and 204
shall issue an order making such corrected valuations final. A 205
final valuation by the commission and all classifications made 206
for the ascertainment of such valuations shall be public and are 207
prima-facie evidence relative to the value of the property. 208

"Valuation" and "value," as used in this section, may 209
include: 210

(A) With respect to a public utility that is a natural 211
gas, water-works, or sewage disposal system company, projected 212
valuation and value as of the date certain, if applicable 213
because of a future date or dates certain under section 4909.15 214
of the Revised Code; 215

(B) With respect to an electric light company that chooses 216
to file a forecasted test period under section 4909.18 of the 217
Revised Code, the valuation and value during the forecasted test 218
period. 219

Sec. 4909.15. (A) The public utilities commission, when 220
fixing and determining just and reasonable rates, fares, tolls, 221
rentals, and charges, shall determine: 222

(1) (a) With respect to a public utility that is a natural 223
gas, water-works, or sewage disposal system company, or that is 224
an electric light company that chooses not to file a forecasted 225
test period under section 4909.18 of the Revised Code, the 226
valuation as of the date certain of the property of the public 227
utility that is used and useful or, with respect to a natural 228
gas, water-works, or sewage disposal system company, is 229

projected to be used and useful as of the date certain or, as 230
provided in division (E) of this section, as of the dates 231
certain, in rendering the public utility service for which rates 232
are to be fixed and determined. 233

(b) With respect to an electric light company that chooses 234
to file a forecasted test period under section 4909.18 of the 235
Revised Code, the valuation of the property of the utility that 236
is projected to be used and useful during the forecasted test 237
period in rendering the public utility service for which rates 238
are to be fixed and determined. 239

(c) The valuation so determined under division (A) (1) of 240
this section for any public utility shall be the total value as 241
set forth in division (B) (8) of section 4909.042 of the Revised 242
Code and division (B) (9) of section 4909.05 of the Revised Code, 243
and a reasonable allowance for materials and supplies and a 244
reasonable allowance for cash working capital as determined by 245
the commission. 246

(2) A fair and reasonable rate of return to the utility on 247
the valuation as determined in division (A) (1) of this section_ 248
and based on the actual capital structure of the public utility 249
as of the date certain or, as provided in division (E) of this 250
section, as of the dates certain; 251

(3) The dollar annual return to which the utility is 252
entitled by applying the fair and reasonable rate of return as 253
determined under division (A) (2) of this section to the 254
valuation of the utility determined under division (A) (1) of 255
this section; 256

(4) The cost to the utility of rendering the public 257
utility service for the test period used for the determination 258

under division (C) (1) of this section by the utility during the 259
test period. 260

Federal, state, and local taxes imposed on or measured by 261
net income may, in the discretion of the commission, be computed 262
by the normalization method of accounting, provided the utility 263
maintains accounting reserves that reflect differences between 264
taxes actually payable and taxes on a normalized basis, provided 265
that no determination as to the treatment in the rate-making 266
process of such taxes shall be made that will result in loss of 267
any tax depreciation or other tax benefit to which the utility 268
would otherwise be entitled, and further provided that such tax 269
benefit as redounds to the utility as a result of such a 270
computation may not be retained by the company, used to fund any 271
dividend or distribution, or utilized for any purpose other than 272
the defrayal of the operating expenses of the utility and the 273
defrayal of the expenses of the utility in connection with 274
construction work. 275

(B) The commission shall compute the gross annual revenues 276
to which the utility is entitled by adding the dollar amount of 277
return under division (A) (3) of this section to the cost, for 278
the test period used for the determination under division (C) (1) 279
of this section, of rendering the public utility service under 280
division (A) (4) of this section. 281

(C) (1) Except as provided in ~~division~~divisions (D) and 282
(E) of this section, the revenues and expenses of the utility 283
shall be determined during a test period, unless the commission 284
determines that the proposed test period does not comply with 285
the requirements of divisions (C) to (E) of this section, as 286
follows: 287

(a) Electric light companies may propose a forecasted test 288

period. If the company proposes a forecasted test period, the 289
company shall propose annual base rates for three consecutive 290
twelve-month periods in a single forecasted test period 291
application. 292

During the first twelve-month period, the company shall 293
propose a reasonably forecasted rate base using a thirteen-month 294
average, revenues, and expenses for the first twelve months that 295
new base rates will be in effect. 296

During the second twelve-month period, the base rate 297
revenue requirement shall be adjusted for the return of, and 298
return on, incremental rate base additions approved by the 299
commission in the initial application. During the third twelve- 300
month period, the base rate revenue requirement shall be 301
adjusted for the return of and return on incremental rate base 302
additions approved by the commission in the initial application. 303

For each twelve-month period, forecasted plant investment, 304
forecasted revenues, and forecasted expenses versus actual 305
investment, actual revenues, and actual expenses shall be trued 306
up via a cost recovery mechanism approved by the commission. 307

Each true-up process shall include an adjustment to actual 308
for the rate of return that the company is authorized to earn on 309
the actual investments made. The company shall provide the 310
commission with actual financial information during the true-up 311
process to ensure accuracy. As part of the true-up process, the 312
commission shall include only rate base components that have 313
been found by the commission to be used and useful in rendering 314
public utility service. 315

At the end of the last test period, the company shall file 316
for a rate case under section 4909.18 of the Revised Code. 317

(b) ~~All~~ Unless another period is permitted under division 318
(E) of this section, utilities, except for electric light 319
companies that choose to file under division (C) (1) (a) of this 320
section, shall propose a test period that is any twelve-month 321
period beginning not more than six months prior to the date the 322
application is filed and ending not more than nine months 323
subsequent to that date. 324

(2) For utilities filing under division (C) (1) (b) of this 325
section, except as provided in division (E) of this section, the 326
date certain shall be not later than the date of filing, except 327
that it shall be, for a natural gas, water-works, or sewage 328
disposal system company, not later than the end of the test 329
period. 330

(D) Utilities filing under division (C) (1) (b) of this 331
section may propose adjustments to the revenues and expenses for 332
any changes that are, during the test period or the twelve-month 333
period immediately following the test period, reasonably 334
expected to occur. The utility shall identify and quantify, 335
individually, any proposed adjustments. The commission shall 336
incorporate the proposed adjustments into the determination if 337
the adjustments are just and reasonable. 338

(E) A natural gas company may propose, and the commission 339
shall approve, a test period that is any twelve-month period 340
beginning not earlier than twelve months prior to the date the 341
application was filed and ending not later than twenty-four 342
months from the date the application was filed. The commission 343
shall review the reasonableness of any partially or fully 344
forecasted test period. 345

(1) If the natural gas company proposes a test period that 346
is not greater than twelve months from the filing date of the 347

application, then the natural gas company may propose, and the 348
commission shall approve, two dates certain as follows: 349

(a) The first date certain shall be during the test 350
period, but not later than three months before the three hundred 351
sixty-fifth day after the application is filed. 352

(b) The second date certain shall be not later than the 353
end of the test period. 354

(2) If the company proposes a test period that is between 355
twelve and twenty-four months after the filing date of the 356
application, then the company may propose, and the commission 357
shall approve, three dates certain as follows: 358

(a) The first date certain shall be not later than three 359
months before the three hundred sixty-fifth day after the 360
application is filed. 361

(b) The second date certain shall be during the test 362
period. 363

(c) The third date certain shall be not later than the end 364
of the test period. 365

(F) If a natural gas company proposes a fully projected or 366
partially projected test period, the company may place rates 367
into effect with a final order from the commission made pursuant 368
to section 4909.42 of the Revised Code. The company shall have 369
the right to place the rates into effect with the first customer 370
bills rendered after each commission order issued pursuant to 371
division (E) of this section. 372

(G) (1) If a natural gas company proposes a test period as 373
described in division (E) (1) of this section, then the company 374
shall adjust its base rates to reflect the plant-in-service in 375

accordance with the dates certain as follows: 376

(a) The first date certain shall be reflected in the rates 377
put into effect in accordance with an order from the commission 378
before the expiration of the three hundred sixty-fifth day after 379
filing the application. 380

(b) With the second date certain base rate adjustment, the 381
company shall have up to sixty days from the second date certain 382
to file schedules reflecting the actual plant-in-service and 383
actual capital structure of the natural gas company as of the 384
second date certain. All other components to the setting of 385
rates, including the return on equity percentage set with the 386
commission order reflecting the first date certain, shall remain 387
unchanged with the second base rate adjustment. 388

(2) The commission shall have sixty days to review the 389
filed schedules of incremental plant placed-in-service after the 390
first date certain through the second date certain and to issue 391
a final order determining the adjusted base rates reflecting the 392
plant-in-service as of the second date certain. 393

(H) (1) If a natural gas company proposes a test period as 394
described in division (E) (2) of this section, then the natural 395
gas company shall adjust its base rates to reflect the plant-in- 396
service in accordance with the dates certain as follows: 397

(a) The first and second dates certain shall be reflected 398
in the same manner described in division (G) (1) of this section. 399

(b) With the third date certain base rate adjustment, the 400
natural gas company shall have up to sixty days from the third 401
date certain to file schedules reflecting the actual plant-in- 402
service and actual capital structure of the natural gas company 403
as of the third date certain. All other components to the 404

setting of rates, including the return on equity percentage set 405
with the commission order reflecting the first date certain, 406
shall remain unchanged with the third base rate adjustment. 407

(2) The commission shall have sixty days to review the 408
filed schedules of incremental plant placed-in-service after the 409
second date certain through the third date certain and to issue 410
a final order determining the adjusted base rates reflecting the 411
plant-in-service as of the third date certain. 412

(I) If a natural gas company proposes a fully projected 413
test period, then the provisions of section 4909.191 of the 414
Revised Code do not apply to that proceeding. 415

(J) The commission shall approve any motion, application, 416
or request to waive any of its rules, if the rules do not 417
conform with the legislative requirements of Chapter 4909. of 418
the Revised Code. The commission also is exempt from section 419
121.95 of the Revised Code regarding rules adopted under 420
divisions (E), (F), (G), (H), (I), and (J) of this section. 421

(K) When the commission is of the opinion, after hearing 422
and after making the determinations under divisions (A) and (B) 423
of this section, that any rate, fare, charge, toll, rental, 424
schedule, classification, or service, or any joint rate, fare, 425
charge, toll, rental, schedule, classification, or service 426
rendered, charged, demanded, exacted, or proposed to be 427
rendered, charged, demanded, or exacted, is, or will be, unjust, 428
unreasonable, unjustly discriminatory, unjustly preferential, or 429
in violation of law, that the service is, or will be, 430
inadequate, or that the maximum rates, charges, tolls, or 431
rentals chargeable by any such public utility are insufficient 432
to yield reasonable compensation for the service rendered, and 433
are unjust and unreasonable, the commission shall: 434

(1) With due regard among other things to the value of all 435
property of the public utility as determined under division (A) 436
(1) of this section, excluding from such value the value of any 437
franchise or right to own, operate, or enjoy the same in excess 438
of the amount, exclusive of any tax or annual charge, actually 439
paid to any political subdivision of the state or county, as the 440
consideration for the grant of such franchise or right, and 441
excluding any value added to such property by reason of a 442
monopoly or merger, with due regard in determining the dollar 443
annual return under division (A) (3) of this section to the 444
necessity of making reservation out of the income for surplus, 445
depreciation, and contingencies, and; 446

(2) With due regard to all such other matters as are 447
proper, according to the facts in each case, 448

(a) Including a fair and reasonable rate of return 449
determined by the commission, in accordance with division (A) (2) 450
of this section, with reference to a cost of debt equal to the 451
actual embedded cost of debt of such public utility, 452

(b) But not including the portion of any periodic rental 453
or use payments representing that cost of property that is 454
included in the valuation report under divisions (B) (4) and (5) 455
of section 4909.042 of the Revised Code and divisions (B) (4) and 456
(5) of section 4909.05 of the Revised Code, fix and determine 457
the just and reasonable rate, fare, charge, toll, rental, or 458
service to be rendered, charged, demanded, exacted, or collected 459
for the performance or rendition of the service that will 460
provide the public utility the allowable gross annual revenues 461
under division (B) of this section, and order such just and 462
reasonable rate, fare, charge, toll, rental, or service to be 463
substituted for the existing one. After such determination and 464

order no change in the rate, fare, toll, charge, rental, 465
schedule, classification, or service shall be made, rendered, 466
charged, demanded, exacted, or changed by such public utility 467
without the order of the commission, and any other rate, fare, 468
toll, charge, rental, classification, or service is prohibited. 469

~~(F)~~(L) Upon application of any person or any public 470
utility, and after notice to the parties in interest and 471
opportunity to be heard as provided in Chapters 4901., 4903., 472
4905., 4907., 4909., 4921., and 4923. of the Revised Code for 473
other hearings, has been given, the commission may rescind, 474
alter, or amend an order fixing any rate, fare, toll, charge, 475
rental, classification, or service, or any other order made by 476
the commission. Certified copies of such orders shall be served 477
and take effect as provided for original orders. 478

Sec. 4909.155. In fixing the just, reasonable, and 479
compensatory rates, joint rates, tolls, classifications, 480
charges, or rentals to be observed and charged for service by 481
any public utility, the public utilities commission may require 482
the utility to file a report showing: 483

(A) The amounts, date of issuance, due date, terms, and 484
rates of interest of all bonds and debentures outstanding 485
against such utility; 486

(B) The face value of any outstanding preferred stock and 487
the stated value of all outstanding common stock issued by such 488
utility; 489

(C) The total amount of money received by such utility 490
from the issue of debt and equity securities that are 491
outstanding as of a date certain or, as provided for in division 492
(E) of section 4909.15 of the Revised Code, as of the dates 493

certain to be chosen by the commission. 494

Sec. 4909.156. In fixing the just, reasonable, and 495
compensatory rates, joint rates, tolls, classifications, 496
charges, or rentals to be observed and charged for service by 497
any public utility, the public utilities commission shall, in 498
action upon an application filed pursuant to section 4909.18 of 499
the Revised Code, require a public utility to file a report 500
showing the proportionate amounts of the valuation of the 501
property of the utility, as determined under section 4909.042 or 502
4909.05 of the Revised Code, and the proportionate amounts of 503
the revenues and expenses of the utility that are proposed to be 504
considered as attributable to the service area involved in the 505
application. 506

"Valuation," as used in this section, may include: 507

(A) With respect to a public utility that is a natural 508
gas, water-works, or sewage disposal system company, projected 509
valuation as of the date certain, if applicable because of a 510
future date or dates certain under section 4909.15 of the 511
Revised Code; 512

(B) With respect to an electric light company that chooses 513
to file a forecasted test period under section 4909.18 of the 514
Revised Code, the valuation and value during the forecasted test 515
period. 516

Sec. 4909.18. Any public utility desiring to establish any 517
rate, joint rate, toll, classification, charge, or rental, or to 518
modify, amend, change, increase, or reduce any existing rate, 519
joint rate, toll, classification, charge, or rental, or any 520
regulation or practice affecting the same, shall file a written 521
application with the public utilities commission. Except for 522

actions under section 4909.16 of the Revised Code, no public 523
utility may issue the notice of intent to file an application 524
pursuant to division (B) of section 4909.43 of the Revised Code 525
to increase any existing rate, joint rate, toll, classification, 526
charge, or rental, until a final order under this section has 527
been issued by the commission on any pending prior application 528
to increase the same rate, joint rate, toll, classification, 529
charge, or rental or until two hundred seventy-five days after 530
filing such application, whichever is sooner. Such application 531
shall be verified by the president or a vice-president and the 532
secretary or treasurer of the applicant. Such application shall 533
contain a schedule of the existing rate, joint rate, toll, 534
classification, charge, or rental, or regulation or practice 535
affecting the same, a schedule of the modification amendment, 536
change, increase, or reduction sought to be established, and a 537
statement of the facts and grounds upon which such application 538
is based. If such application proposes a new service or the use 539
of new equipment, or proposes the establishment or amendment of 540
a regulation, the application shall fully describe the new 541
service or equipment, or the regulation proposed to be 542
established or amended, and shall explain how the proposed 543
service or equipment differs from services or equipment 544
presently offered or in use, or how the regulation proposed to 545
be established or amended differs from regulations presently in 546
effect. The application shall provide such additional 547
information as the commission may require in its discretion. If 548
the commission determines that such application is not for an 549
increase in any rate, joint rate, toll, classification, charge, 550
or rental, the commission may permit the filing of the schedule 551
proposed in the application and fix the time when such schedule 552
shall take effect. If it appears to the commission that the 553
proposals in the application may be unjust or unreasonable, the 554

commission shall set the matter for hearing and shall give 555
notice of such hearing by sending written notice of the date set 556
for the hearing to the public utility and publishing notice of 557
the hearing one time in a newspaper of general circulation in 558
each county in the service area affected by the application. At 559
such hearing, the burden of proof to show that the proposals in 560
the application are just and reasonable shall be upon the public 561
utility. After such hearing, the commission shall, where 562
practicable, issue an appropriate order within six months from 563
the date the application was filed. 564

If the commission determines that said application is for 565
an increase in any rate, joint rate, toll, classification, 566
charge, or rental there shall also, unless otherwise ordered by 567
the commission, be filed with the application in duplicate the 568
following exhibits: 569

(A) A report of its property used and useful, or, with 570
respect to a natural gas, water-works, or sewage disposal system 571
company, projected to be used and useful, as of the date certain 572
or, as provided in division (E) of section 4909.15 of the 573
Revised Code, as of the dates certain, or during the forecasted 574
test period, if the application is filed under division (C) (1) 575
(a) of section 4909.15 of the Revised Code, in rendering the 576
service referred to in such application, as provided in sections 577
4909.042 and 4909.05 of the Revised Code; 578

(B) A complete operating statement of its last fiscal 579
year, showing in detail all its receipts, revenues, and incomes 580
from all sources, all of its operating costs and other 581
expenditures, and any analysis such public utility deems 582
applicable to the matter referred to in said application; 583

(C) A statement of the income and expense anticipated 584

under the application filed; 585

(D) A statement of financial condition summarizing assets, 586
liabilities, and net worth; 587

(E) Such other information as the commission may require 588
in its discretion. 589

Sec. 4909.191. (A) If the public utilities commission, 590
under division (D) of section 4909.15 of the Revised Code, 591
incorporated proposed adjustments to revenues and expenses into 592
the commission's determination under that section, the public 593
utility shall, not later than ninety days after actual data for 594
all of the incorporated adjustments becomes known, submit to the 595
commission proposed rate or charge adjustments that provide for 596
the recalculation of rates or charges, reflective of customer- 597
class responsibility, corresponding to the differences, if any, 598
between the incorporated adjustments to revenues and expenses 599
and the actual revenues and expenses associated with the 600
incorporated adjustments. 601

(B) If the commission incorporated projected value or 602
valuation of property into the commission's determination under 603
division (A)(1)(a) of section 4909.15 of the Revised Code, the 604
natural gas, water-works, or sewage disposal system company 605
shall, not later than ninety days after data for the actual 606
value or valuation as of the date certain or, as provided in 607
division (E) of section 4909.15 of the Revised Code, as of the 608
dates certain becomes known, submit to the commission proposed 609
rate or charge adjustments that provide for the recalculation of 610
rates or charges, reflective of customer-class responsibility, 611
corresponding to the differences, if any, between the projected 612
value or valuation incorporated into the commission's 613
determination and the actual value or valuation as of the date 614

certain or, as provided in division (E) of section 4909.15 of
the Revised Code, as of the dates certain.

(C) The commission shall review the proposed rate or
charge adjustments submitted under divisions (A) and (B) of this
section. The review shall not include a hearing unless the
commission finds that the proposed rate or charge adjustments
may be unreasonable, in which case the commission may, in its
discretion, schedule the matter for a hearing.

(D) The commission shall issue, not later than one hundred
fifty days after the date that any proposed rate or charge
adjustments are submitted under division (A) or (B) of this
section, a final order on the proposed rate or charge
adjustments. Any rate or charge adjustments authorized under
this division shall be limited to amounts that are not greater
than those consistent with the proposed adjustments to revenues
and expenses that were incorporated into the commission's
determination under division (D) of section 4909.15 of the
Revised Code, and not greater than those consistent with the
incorporated projected value or valuation. In no event shall
rate or charge adjustments authorized under this division be
upward.

After the commission has issued such a final order, the
public utility, if applicable, shall submit to the commission
proposed reconciliation adjustments that refund to customers the
difference between the actual revenues collected by the utility
under the rates and charges determined by the commission under
section 4909.15 of the Revised Code, and the rates or charges
recalculated under the adjustments authorized under this
division. The reconciliation adjustments shall be effective for
a twelve-month period.

(E) The reconciliation adjustments ordered under division
(D) of this section may be subject to a final reconciliation by
the commission. Any such final reconciliation shall occur after
the twelve-month period described in division (D) of this
section.

Sec. 4909.42. ~~Except as provided for in section 4909.421~~
~~of the Revised Code, if the proceeding on an application filed~~
~~with the public utilities commission under section 4909.18 of~~
~~the Revised Code by any public utility requesting an increase on~~
~~any rate, joint rate, toll, classification, charge, or rental or~~
~~requesting a change in a regulation or practice affecting the~~
~~same has not been concluded and an order entered pursuant to~~
~~section 4909.19 of the Revised Code at the expiration of two~~
~~hundred seventy-five days from the date of filing the~~
~~application, an increase not to exceed the proposed increase~~
~~shall go into effect upon the filing of a bond or a letter of~~
~~credit by the public utility. The bond or letter of credit shall~~
~~be filed with the commission and shall be payable to the state~~
~~for the use and benefit of the customers affected by the~~
~~proposed increase or change.~~

~~An affidavit attached to the bond or letter of credit must~~
~~be signed by two of the officers of the utility, under oath, and~~
~~must contain a promise on behalf of the utility to refund any~~
~~amounts collected by the utility over the rate, joint rate,~~
~~toll, classification, charge, or rental, as determined in the~~
~~final order of the commission. All refunds shall include~~
~~interest at the rate stated in section 1343.03 of the Revised~~
~~Code. The refund shall be in the form of a temporary reduction~~
~~in rates following the final order of the commission, and shall~~
~~be accomplished in such manner as shall be prescribed by the~~
~~commission in its final order. The commission shall exercise~~

~~continuing and exclusive jurisdiction over such refunds.~~

(A) If the public utilities commission has not entered a final order within ~~five~~ three hundred ~~forty-five~~ sixty-five days from the date of the filing of an application for an increase in rates under section 4909.18 of the Revised Code, a public utility shall place the rates into effect with the first customer bills rendered after the three hundred sixty-fifth day and the public utility shall have no obligation to make a refund of amounts collected after the five hundred forty-fifth day which exceed the amounts authorized by the commission's final order, and the public utility's application is deemed approved as a matter of law.

(B) Nothing in this section shall be construed to ~~mitigate~~
:

(1) Mitigate any duty of the commission to issue a final order under section 4909.19 of the Revised Code; or

(2) Limit a natural gas company from adjusting its rates pursuant to divisions (G) and (H) of section 4909.15 of the Revised Code.

Sec. 4928.18. (A) Notwithstanding division ~~(E) (2) (a)~~ (K) (2) (a) of section 4909.15 of the Revised Code, nothing in this chapter prevents the public utilities commission from exercising its authority under Title XLIX of the Revised Code to protect customers of retail electric service supplied by an electric utility from any adverse effect of the utility's provision of a product or service other than retail electric service.

(B) The commission has jurisdiction under section 4905.26 of the Revised Code, upon complaint of any person or upon complaint or initiative of the commission on or after the

starting date of competitive retail electric service, to 705
determine whether an electric utility or its affiliate has 706
violated any provision of section 4928.17 of the Revised Code or 707
an order issued or rule adopted under that section. For this 708
purpose, the commission may examine such books, accounts, or 709
other records kept by an electric utility or its affiliate as 710
may relate to the businesses for which corporate separation is 711
required under section 4928.17 of the Revised Code, and may 712
investigate such utility or affiliate operations as may relate 713
to those businesses and investigate the interrelationship of 714
those operations. Any such examination or investigation by the 715
commission shall be governed by Chapter 4903. of the Revised 716
Code. 717

(C) In addition to any remedies otherwise provided by law, 718
the commission, regarding a determination of a violation 719
pursuant to division (B) of this section, may do any of the 720
following: 721

(1) Issue an order directing the utility or affiliate to 722
comply; 723

(2) Modify an order as the commission finds reasonable and 724
appropriate and order the utility or affiliate to comply with 725
the modified order; 726

(3) Suspend or abrogate an order, in whole or in part; 727

(4) Issue an order that the utility or affiliate pay 728
restitution to any person injured by the violation or failure to 729
comply~~+~~. 730

(D) In addition to any remedies otherwise provided by law, 731
the commission, regarding a determination of a violation 732
pursuant to division (B) of this section and commensurate with 733

the severity of the violation, the source of the violation, any
pattern of violations, or any monetary damages caused by the
violation, may do either of the following:

(1) Impose a forfeiture on the utility or affiliate of up
to twenty-five thousand dollars per day per violation. The
recovery and deposit of any such forfeiture shall be subject to
sections 4905.57 and 4905.59 of the Revised Code.

(2) Regarding a violation by an electric utility relating
to a corporate separation plan involving competitive retail
electric service, suspend or abrogate all or part of an order,
to the extent it is in effect, authorizing an opportunity for
the utility to receive transition revenues under a transition
plan approved by the commission under section 4928.33 of the
Revised Code.

Corporate separation under this section does not prohibit
the common use of employee benefit plans, facilities, equipment,
or employees, subject to proper accounting and the code of
conduct ordered by the commission as provided in division (A) (1)
of this section.

(E) Section 4905.61 of the Revised Code applies in the
case of any violation of section 4928.17 of the Revised Code or
of any rule adopted or order issued under that section.

Sec. 4929.041. (A) As used in this section, "regulatory
exemption" means an exemption from all provisions of Chapter
4905. of the Revised Code with the exception of sections
4905.10, 4905.35, and 4905.90 to 4905.96 of the Revised Code,
Chapters 4909., 4933., and 4935. of the Revised Code, with the
exception of section 4935.03 of the Revised Code, and from any
rule or order issued under the exempted provisions of those

chapters. 763

(B) The public utilities commission, upon an application 764
filed under section 4909.18 of the Revised Code by a natural gas 765
company in substantial compliance with the policy specified in 766
section 4929.02 of the Revised Code, shall grant a regulatory 767
exemption, by order, for either or both of the following: 768

(1) Any investments in storage or gathering facilities 769
placed into service on or after January 1, 2010, and also any 770
service of the natural gas company related to those facilities; 771

(2) Any investments in gathering facilities placed into 772
service before January 1, 2010, and also any service of the 773
natural gas company related to those facilities. 774

(C) (1) A natural gas company requesting a regulatory 775
exemption under division (B) (2) of this section shall identify 776
in the application both of the following: 777

(a) The valuation of the investments to be exempted, as 778
determined under division (A) (1) of section 4909.15 of the 779
Revised Code, in the rate case proceeding that established the 780
company's rates in effect at the time of the filing of the 781
application requesting the regulatory exemption; 782

(b) The valuation of all nonexempt investments placed into 783
service after the date certain or, as provided for in division 784
(E) of section 4909.15 of the Revised Code, after the dates 785
certain used in the rate case proceeding described in division 786
(C) (1) (a) of this section, excluding investments for which 787
deferral or recovery is authorized under section 4909.18, 788
4929.05, or 4929.111 of the Revised Code. 789

(2) The commission shall compare the valuations identified 790
in divisions (C) (1) (a) and (b) of this section. 791

(a) If the valuation identified in division (C) (1) (a) of 792
this section exceeds the valuation identified in division (C) (1) 793
(b) of this section, the commission shall, in addition to the 794
adjustments needed to implement the regulatory exemption, reduce 795
the gross annual revenues to which the utility is entitled under 796
division (B) of section 4909.15 of the Revised Code by applying 797
the rate of return, as determined under division (A) (2) of 798
section 4909.15 of the Revised Code in the rate case proceeding 799
in which the regulatory exemption is being sought, to the 800
difference in the two valuations. 801

(b) If the valuation identified in division (C) (1) (a) of 802
this section does not exceed the valuation identified in 803
division (C) (1) (b) of this section, the commission shall make no 804
adjustments beyond those needed to implement the regulatory 805
exemption. 806

(3) If the company, after a regulatory exemption has been 807
granted under division (B) (2) of this section, subsequently 808
places into service investments that perform the function that 809
had been provided by the exempt investments prior to the 810
granting of the regulatory exemption, the company shall not be 811
authorized to recover revenues related to the investments placed 812
into service greater than those consistent with the value of the 813
exempt assets as would be determined under division (A) (1) of 814
section 4909.15 of the Revised Code in the company's next rate 815
case. 816

(D) (1) Subject to division (E) of this section, a natural 817
gas company subject to a regulatory exemption shall, to the 818
maximum extent practicable, keep separate the company's 819
operations, resources, and employees, and the associated books 820
and records, involved in the provision or marketing of a 821

company-provided service related to an investment exempted under 822
the regulatory exemption from the operations, resources, and 823
employees, and the associated books and records, involved in the 824
provision or marketing of any company-provided service not 825
exempted under the regulatory exemption or any other section of 826
the Revised Code. 827

(2) An order granting regulatory exemption shall prescribe 828
a functional separation plan for compliance with division (D)(1) 829
of this section. 830

(E)(1) No natural gas company subject to a regulatory 831
exemption may use the company's storage or gathering facilities 832
associated with the regulatory exemption to provide a commodity 833
sales service that is unregulated or subject to an exemption 834
order issued under section 4929.04 of the Revised Code. 835

(2) Upon application to the commission by a natural gas 836
company and upon a finding of good cause shown, the commission 837
may, by order, waive the prohibition described in division (E) 838
(1) of this section. The natural gas company shall bear the 839
burden of proof that the waiver is just and reasonable, which 840
shall constitute good cause. 841

(F) The commission shall have continuous jurisdiction to 842
enforce any terms that it imposes in a regulatory exemption. 843
Whenever the commission is of the opinion, after hearing had 844
upon complaint or upon its own initiative or complaint, served 845
as provided in section 4905.26 of the Revised Code, that a 846
regulatory exemption has adversely affected the quality, 847
adequacy, or sufficiency of service provided by the company 848
subject to the regulatory exemption, the commission may alter, 849
amend, or suspend the regulatory exemption. 850

Sec. 4929.052. (A) For any alternative rate plan involving 851
the recovery of specified costs and capital expenditures, a 852
natural gas company may propose, and the commission shall 853
approve, the use of a fully projected or partially projected 854
test period for the annual rider rate adjustment applications. 855
The fully or partially projected test period may be up to 856
thirteen months from the date the annual rider rate adjustment 857
goes into effect. If the natural gas company proposes a fully or 858
partially projected test period for an annual rider rate 859
adjustment proceeding, the natural gas company shall true up 860
that forecasted test period to reflect its actual expenditures 861
in the subsequent annual rider rate adjustment proceeding. 862

(B) In lieu of a fully or partially projected test period, 863
a natural gas company may propose, and the commission shall 864
approve, a revenue requirement that includes construction work 865
in progress. 866

Sec. 4929.053. Not later than six years after the public 867
utilities commission approves a natural gas company's 868
alternative rate plan pursuant to section 4929.052 of the 869
Revised Code with a partially or fully forecasted test year, the 870
company shall file an application for an increase in rates 871
pursuant to section 4909.18 of the Revised Code. 872

Sec. 4929.054. (A) As used in this section, "reasonably 873
anticipated" means a justifiable and rational certainty based 874
upon announced or pending governmental action or enacted 875
legislation. 876

(B) An alternative rate plan that proposes to recover any 877
reasonable costs or expenditures to comply with federal or state 878
statutes, rules, regulations, requirements, or mandates, 879
including, but not limited to, costs that have been incurred or 880

will be required to be incurred due to an existing or reasonably 881
anticipated rule, policy, or other mandate by the pipeline 882
hazardous materials safety administration, the department of 883
transportation, the federal energy regulatory commission, the 884
environmental protection agency, or any other federal or state 885
agency or authority, shall be approved by the public utilities 886
commission in accordance with the requirements of section 887
4929.05 of the Revised Code. A natural gas company that proposes 888
an alternative rate plan pursuant to this section may propose an 889
initial rider rate of zero dollars, and such application shall 890
not be considered an application for an increase in rates. 891

(C) In any proceeding in which a natural gas company seeks 892
to approve an alternative rate plan or to adjust any rider 893
amount pursuant to an alternative rate plan approved under 894
division (B) of this section, the commission shall not limit the 895
rider recovery of any reasonable costs or capital expenditures, 896
which have been incurred or will be required to be incurred, to 897
comply with any existing or reasonably anticipated federal or 898
state statutes, rules, regulations, requirements, policies, or 899
mandates. 900

(D) If, in any such proceeding, the commission does not 901
issue an order within three hundred sixty-five days from the 902
date of the natural gas company's filing, the company's 903
application is deemed approved by operation of law. 904

(E) Nothing in this section shall be construed to limit 905
the discretion of the commission to set the amortization period 906
for the revenue requirement pursuant to an approved alternative 907
rate plan. 908

(F) Any alternative rate plan approved pursuant to this 909
section shall be listed on the natural gas company customer 910

billing statement as the "Federal or State Regulatory Mandate 911
Rider." 912

Sec. 4929.055. (A) As used in sections 4929.055 to 913
4929.059 of the Revised Code, "large load customer" means a 914
customer that a natural gas company projected or anticipated to 915
consume, or actually consumed, in a prior, current, or future 916
twelve-month period, more than one million two hundred thousand 917
Mcf of natural gas. 918

(B) A natural gas company that has applied for, or already 919
has approved for, an infrastructure development rider pursuant 920
to section 4929.161 of the Revised Code may file an application 921
to the public utilities commission for an alternative rate plan 922
to serve large load customers. 923

(C) An alternative rate plan established under division 924
(B) of this section must support commercial agreements entered 925
into between the natural gas company and a large load customer. 926

Sec. 4929.056. An alternative rate plan proposed by a 927
natural gas company pursuant to section 4929.055 of the Revised 928
Code shall be approved by the public utilities commission if the 929
natural gas company meets its burden of proof in a proceeding 930
before the commission that the alternative rate plan does the 931
following to protect existing customers: 932

(A) Protects the company's customers that are not served 933
under the alternative rate plan pursuant to section 4929.055 of 934
the Revised Code from financial risk, including stranded costs, 935
associated with infrastructure investments made under any 936
commercial agreements entered into under that plan dedicated to 937
serve the large load customers; 938

(B) Provides any commercial agreement entered into under 939

the plan shall require a credit to the annual infrastructure 940
development rider rate charged by the natural gas company 941
pursuant to section 4929.162 of the Revised Code, which will be 942
the cost of the large load customer's use of the natural gas 943
company system and infrastructure; 944

(C) Supports economic development in the state by serving 945
the large load customer, which is proven by a letter of support 946
by an economic development entity, as defined in division (C) (4) 947
of section 4929.163 of the Revised Code. 948

Sec. 4929.057. Any payment received from a large load 949
customer pursuant to a commercial agreement under an alternative 950
rate plan approved under section 4929.056 of the Revised Code 951
shall not be considered revenue in any proceeding held pursuant 952
to Chapter 4909. of the Revised Code. 953

Sec. 4929.058. An alternative rate plan application filed 954
pursuant to section 4929.055 of the Revised Code shall not be 955
considered an application for an increase in rates. 956

Sec. 4929.059. (A) A natural gas company shall file a 957
commercial agreement with a large load customer entered into 958
pursuant to a proposed or approved alternative rate plan under 959
sections 4929.055 and 4929.056 of the Revised Code with the 960
public utilities commission. 961

(B) A commercial agreement described in division (A) of 962
this section shall be deemed automatically approved unless the 963
commission determines within ninety days from the date of the 964
filing that the commercial agreement is inconsistent with the 965
requirements of this section or section 4929.056 of the Revised 966
Code. 967

(C) A natural gas company may propose that the commercial 968

agreement include any negotiated terms that differ from the 969
rates or terms of service approved in the company's most recent 970
rate case proceeding under section 4909.18 of the Revised Code. 971

Sec. 4929.0510. If the public utilities commission does 972
not issue an order within ninety days from the date a natural 973
gas company files an alternative rate plan application pursuant 974
to section 4929.055 of the Revised Code, the company's proposed 975
alternative rate plan shall be deemed approved by operation of 976
law. 977

Section 2. That existing sections 4909.05, 4909.06, 978
4909.07, 4909.08, 4909.15, 4909.155, 4909.156, 4909.18, 979
4909.191, 4909.42, 4928.18, and 4929.041 of the Revised Code are 980
hereby repealed. 981