

Rep. Tom Patton Sponsor Testimony- HB 364

Senate Energy and Public Utilities Committee

11/29/22

Chairman McColley, Vice Chair Schuring, Ranking Member Martin, and the Members of the Senate Energy and Public Utilities Committee, I would like to thank you for the opportunity and honor to provide sponsor testimony on House Bill 364. This piece of legislation aims to make changes to the application process for the waterworks infrastructure improvement surcharge.

House Bill 364 is a short, simple bill with four main provisions. These provisions seek to clarify and address several shortcomings from a portion of HB 379 that was passed by the 129th General Assembly in early 2013. As background, HB 379 permitted waterworks and sewage disposal companies to request up to three SIC (System Improvement Charges) filings spaced one year apart between full rate cases. This allows waterworks and sewage disposal companies the ability to address needed quality and safety improvements on an ongoing basis without going through a rate case.

HB 379 of the 129th GA made great progress by improving the regulatory construct with the Public Utilities Commission of Ohio (PUCO) for water works and sewage disposal companies here in Ohio. Currently in Ohio, these water systems are located in 17 counties as you will see in the map provided with my testimony.

In the years since passage of HB 379, we have identified areas that could be tweaked, or improved, and that is what this bill attempts to do. Listed below are the provisions of the bill.

First, HB 364 uses specific NARUC (National Association of Regulatory Utility Commissioners) Uniform System of Accounts in the SIC filing rather than the current somewhat ambiguous listing of “pipes, valves, meters” etc. This will lead to greater specificity as to the categories of a replacement plant that can be included in a SIC filing and removes the ambiguity of what is and is not eligible to be included in a SIC filing.

Second, Section 4909.172 (C) (4) includes a very limited exception provision for new rather than solely a replacement plant if it is installed to comply with a consent decree, final order or rule of the U.S. or Ohio Environmental Protection Agencies. This item improves the timeliness of capital recovery for a new plant that is required to ensure environmental compliance of the waterworks or sewage disposal system.

Third, Section 4909.172 (C) (5) addresses replacement of an existing plant that results in an upgrade or improvement in a previously existing plant so long as that investment is prudent, otherwise qualifies for inclusion in the SIC and performs the same or similar function and qualifies under recovery in the above accounts. This addresses a replacement of a system that is currently in use but new, or better, technology is now available.

Finally, HB 364 sets a time limit of 180 days for the Commission to issue a final order in a SIC case. If the PUCO does not meet the 180-day timeline, the SIC rate increase goes into effect as filed subject to refund of the amount in excess of that in the final PUCO order. All refunds shall bear interest at a rate per Section 1343.03 of the Revised Code.

Chairman McColley and the members of this committee, thank you again for allowing me this testimony. I would be happy to answer any questions now.