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Columbus Office Vern Riffe Center 77 S. High Street 11th Floor Columbus, Ohio 43215 (614) 466-5802 (614) 719-3973 (Fax) <u>Rep02@ohiohouse.gov</u> www.ohiohouse.gov



Marilyn John State Representative

Chair Gavarone, Vice Chair O'Brien, Ranking Member Maharath, and members of the Senate Local Government and Elections Committee, thank you for allowing us the opportunity to provide sponsor testimony for House Bill 87.

House Bill 87 establishes an exemption for utility supply contracts entered into under a joint purchasing program. Currently, county utility supply contracts are limited to 10 years. This legislation would exempt contracts from the 10 year limit. Additionally, this limitation does not apply to the state municipalities and townships; it only applies to counties. These agreements would allow counties to lock in a portion of their energy loads for county facilities and aggregation programs. These agreements will hopefully serve as a long-term hedge against rising energy prices and will produce savings for counties and their aggregation customers.

The 10-year limitation in current statute prohibits counties from signing longer term contracts which prevents counties from achieving more competitive pricing. Current statute would require a contract to be split into 10 year renewable increments, which increases risk to the energy developer and thus leads to a less competitive price for counties. This exemption would provide counties the flexibility they need to achieve the most favorable energy price.

Thank you for allowing us the opportunity to testify today, and we are happy to answer any questions you may have.