



**Sub. House Bill 33  
Interested Party Testimony  
Ohio House Finance Committee  
The Honorable Jay Edwards, Chair  
April 20, 2023**

Chairman Edwards and members of the House Finance Committee, thank you for the opportunity to provide testimony on Sub House Bill 33.

The OMA supports the state's balanced budget requirement and we commend you for your work toward that constitutional requirement. Our testimony today on general government issues is limited to a provision of the bill that does not heavily impact state finances, but certainly does impact household and business finances.

As the state's largest business association representing manufacturers, which, collectively, make the largest GDP contribution of any Ohio business sector, we offer concerns regarding a costly new Ohio utility law.

Sub. House Bill 33, which is pending before the House Finance Committee, includes a House amendment that creates new utility statutes, sections 4928.85, 4928.86, 4928.88, and 4928.89, applicable to public utilities as well as electric cooperatives. Collectively, this language would subject electric customers to new energy costs imposed by both public utilities and electric cooperatives. The added language would also remove important customer protections. Certainly, economic development and infrastructure investment are important to our state's economy, but this language is not about that.

The Ohio Manufacturers' Association urges removal of lines 76324 through 76395.

### **Background**

Under present law, public utilities may recover new infrastructure costs from customers if they can demonstrate to the PUCO that such charges are "used and useful" to its customers and were prudently incurred. This important standard has served to balance the needs of public utilities and customers for decades.

The House language would enable public utilities to bypass the used and useful standard, layering a new above-market charge on customers' power bills. Additionally, electric cooperatives are not subject to the PUCO's jurisdiction and an electric cooperative cannot recover its costs from public utility customers, and the PUCO has no authority to assess charges to customers of electric cooperatives.

### **Practical Effect**

This purposefully drafted provision is intended to benefit electric public utilities and electric cooperatives. Public utilities were already poised to benefit from recovery of costs associated with infrastructure expansion. This new language would grant public utilities and electric cooperatives swift cost recovery from public utility customers for all costs associated with infrastructure development and economic development projects. This includes funds used during construction, depreciation, a return on equity, ongoing operation and maintenance expenses, tax expenses, project planning costs, and right of way costs.

Cost recovery from customers would be in addition to funds from the Ohio Future Fund for such economic development projects.

The amount of money to be collected and the method of collection from customers to support potential site-ready economic development projects, which may never come to fruition – or infrastructure that may never be used – is unlimited and unspecified. This would leave much discretion to the utilities and the PUCO to choose winners and losers among Ohio businesses.

There are no caps on spending or cost recovery from customers, nor is there any guidance as to how the costs would be allocated or collected. Especially concerning are the broad types of costs that could be recovered for an infinite number of projects and infrastructure upgrades from both public utilities and electric cooperatives, which would be unwieldy for customers.

### **Conclusion**

The new law created erodes important customer protections, subjects electric cooperatives to the PUCO's jurisdiction, and enables electric utilities and electric cooperatives to get paid twice for potential "economic development" or "infrastructure" projects.

At a time of surging electricity costs facing Ohio residents and businesses, we urge the House to remove the unjustified provisions that have been proposed.