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Sponsor Testimony

Senate Bill 102

Senate Energy and Public Utilities Committee

May 2, 2023

Chairman Reineke, Vice Chair McColley, Ranking Member Smith, and members of the Energy and Public Utilities Committee. I am pleased to be here today to offer sponsor testimony on SB 102.

As members of this Committee, I am sure that all of you appreciate the complexity and difficulty of energy legislation. I would like to thank each of you for taking the time with me prior to today to discuss what this bill has to offer as there was a lot of ground to cover on it.

SB 102 is a product of what was HB 317 of the 134th General Assembly. I have heard a lot of input on this bill, as I have not turned down a single meeting request since last General Assembly. This bill was drafted in the Senate for this General Assembly and it is a product based off the input from parties on both sides going back to last GA, 8-9 hearings in the House Public Utilities Committee, and many IP meetings with people representing all sides of these issues.

The intent of this bill is to provide transparency and consumer protection as it pertains to their electric bill, as well as maintain stable electric service with a reliable and a resilient grid. Above all, it makes for a more fair and efficient system for the utilities and customers alike. With where we landed on SB 102, I believe we have achieved all of these things.

With that being said, I will now walk all of you through the bill.

1. Competition is retained. Those consumers who wish to shop for competitive electric generation may continue to do so. Those that do not will be on the Standard Service Offer as they are currently. Which as you know is also a competitive auction process.
2. As I just mentioned, we are a competitive electric state and people have the freedom to choose their supplier. If you are someone who chooses to shop for competitive generation, you are to be aware of the contract expiration date. After this expiration date, you are switched to a “variable rate offer” with no notice from your current supplier. I myself choose to shop and I found myself in an unpleasant situation that resulted in a very high electric bill and a very unhappy spouse. An unhappy spouse who notified me that I needed to “fix this.” I will simplify and say that upon calling my electric supplier, as mentioned earlier there is no requirement for them to notify me of my contract expiring, that if it was done that was simply courtesy and NOT a requirement for them. My electric rate was roughly double the Standard Service Offer pricing at this point. So, Ladies and Gentleman of the Committee, with this bill you have the opportunity to not only ensure that notice will be given not once, but twice to the customer as well as a comparison in that notice that will show them based on current rates and usage what your electric bill would look like on a variable rate

compared to the Standard Service Offer. This is a great protection for consumers and better yet, has no effect on utilities at all. By passing SB 102, you may also be saving marriages.

3. SB 102 would provide a “standard” for the definition of “small commercial”. This just means that we define “small commercial” based on a set amount of electric consumed. This is simple change but clarifies things for small businesses and sets a standard.
4. SB 102 eliminates a utility’s ability to “veto” commissioner approved rate plans. To break this down, a utility would go to the PUCO for a rate case and the results were not to their liking and they would prefer to stay where they currently are with rates, they can, as some of us were told in the 80’s, just say no. No thanks. Pass. Even after the Commission has reviewed and made a final ruling. They can stay with the old rights. This is a one-way street because this same protection is not offered to consumers. The people of Ohio do not get the opportunity to say, we do not like what the PUCO has decided and we will just keep paying the same rates as we were. This is simply not fair.
5. All utilities would be required to have base rate cases a minimum of every 5 years. Additionally, the case would need to be completed within 365 days and allows for the utilities to use a future test year to base their cost for that rate case. This is a good consumer protection as it provides transparency for the ratepayers of Ohio by a thorough review of all revenue received by the utility.

6. To outline why it is necessary to have a rate case every 5 years minimum, SB 102 would specifically require First Energy to file a rate case within 6 months of this bill taking effect. This is included in the bill because First Energy has not had a rate case since 2007. To not file a rate case in 16 years would tend to indicate you are likely over earning.
7. This bill caps discretionary riders at 4% of base distribution revenue. An application to do this can be approved one time in a 12-month period and cannot be more than 3 times in between rate cases. Current law does not require the utilities to ever come in for a rate case nor is there a limit on the amount of riders. Zero. No rate cases and unlimited riders in numbers and amount spent. All of which is, recovered from the rate payers with no encompassing review of the big picture. 3 riders in 5 years with a 4% cap or an unlimited number of riders with no cap.
8. Another great protection for the consumer is the requirement of the annual mini rate case in where excessive profits are returned to from whom they came, which is the Ohio rate payer. I am sure that all of you have heard of the SEET Test. This is the Significantly Excessive Earnings Test. The threshold currently for overearning...yes overearning is about 16-18%. This bill would reduce that to approximately 12-13% making refunds more likely.
9. Banning of cash payments and side deals for interveners to induce settlement of rate cases. In other words, if I intervene in a rate case but agree to go away for a cash

payment of XXX. Let's just say in some cases there is a million reasons for this to no longer be allowed (remember this is a payment also paid by rate payers in order to settle a rate case in which the rate payers rate will likely go up) This would no longer be allowed in SB 102.

10. All utilities would be required to have base rate cases a minimum of every 5 years.

Additionally, the case would need to be completed within 365 days and allows for the utilities to use a future test year to base their cost for that rate case. Now if this sounds familiar, it should. However, this is a good thing for the utilities as well. This part of the bill keeps them from waiting forever for the results of a rate case and is allowing them to use a future test year. This is done in many other states and it lowers the needs for riders as the rates are much more accurate and timely. The future test year is also tried-up using actual figures, so if the utility says it is going to spend \$10 million and only spends \$5 million, rates will be reduced accordingly.

11. We have heard a lot about refunds in recent years. SB 102 goes a long way in preventing the buildup of non-refundable charges. This is accomplished by placing a "shot clock" on the PUCO. The final order on re-hearing MUST be completed within 150 days. Today there is no limit.

12. This Committee has heard from PJM Executive Director Haque regarding the extreme cold temperatures that came through Ohio the two days before Christmas and

Christmas Eve. One of the provisions in this bill that is maintained is the interruptible programs. This is where in exchange for a better rate, very large users of electric can voluntarily shut their operation down within a couple of hours at the request from PJM. For example, this would be the equivalent to shutting down small cities. Which would mean the small cities still get the electric they desperately need in times like that. This option is vitally important to grid reliability.

13. SB 102 would allow riders to recover all cost and expenditures outside of their control.

This would mean in event of a storm, a tornado, something where immediate action is necessary for the utilities to restore power. They can recover those costs. It does not matter if they are at 3 riders in their 5 year period, these additional riders would be allowed. Same for an economic development project in which a road is widened and poles and wires may need to be moved. Again, this is a situation that would be out of the utilities control and the cost would be recovered.

I would now like to highlight what the bill is not a representation of and that is anything anti-utility. There are many beneficial things in here for the utilities. Many things in this bill are even at the request of some of the utility companies. In addition, they are above all, FAIR. Fair in terms of a strong, reliable, and resilient grid and transparency for the Ohio electric consumer.

This bill does not move us to a position to be the next or a repeat of the "Texas Disaster". If you hear that, it is simply a cheap attempt to cause fear and delay. Texas is not a part of an RTO where power can be distributed around the region. Texas is an island using power that is only produced in Texas. As you know, we are a part of a 13 state region, PJM, which makes this

entirely different. In fact, part of this bill assures that the option, through permissive and voluntary agreements that a large user would shut down operations in order to help our grid. Remember, Texas has no access to any outside help. Therefore, if that situation is thrown your way as, it was to some in the last General Assembly, please remember this.

This bill will cause everyone's electric bill to go up. False. Now, are electric bills going to go up? It sure looks that way based on reduced generation of electric and recent auctions to provide power. I believe that some utilities have suggested a 28% increase to their SSO. Obviously, this bill has nothing to do with these current projected increases. This bill would in fact make sure, by a thorough review of electric rates AND riders at least every 5 years, that rates are where they should be as a whole, not just a snapshot of a requested ESP that does not take into account the entire scope of revenue of the utility. For perspective, I think it is important to point out that in some cases the utility is garnering an excess of 40% of its total revenue on riders alone. When those riders, ESP, IDM, whatever you want to call it, makes no difference to me, is an additional charge to rate payers. The people of Ohio, the rate payers, deserve a fair process in which all revenue is considered as it pertains to rates.

Additionally, if this bill were to cause everyone's utility bills to increase, why would the utilities be opposed? If this bill was to cause everyone's utility bills to increase, why are some of the biggest supporters of this bill also the biggest consumers of electric energy? The support SB 102 because it's fair and transparent.

Inclosing, I want to mention that all of you should be prepared for the boogiemán. Yes, the boogiemán. What I mean by that is if someone or some association opposes this bill and they cannot really come up with a good reason or do not want to say the real reason, they invoke the boogiemán clause and make the statement that SB 102 is just another HB 6. After all, if someone

makes that statement, no legislator could ever support a similar bill, right? My goodness how terrible of you as a legislator to do so. To call it what it is, that is a cheap scare tactic to invoke fear by sounding off bells and whistles false bells and whistles. Colleagues, if you look at the legislations, talk to true industry experts, which I encourage you to do, you will without a doubt realize that SB 102 is not the boogieman,

Chair, Vice Chair, Ranking member, and fellow members of the Committee, I thank each of you for your time and interest in SB 102. I would be happy to answer any questions at this time.