

**Before
The Ohio Senate
Government Oversight and Reform Committee**

**Testimony on Senate Bill 1
(Reduction of Regulatory Restrictions)**

**Presented by Jeff Jacobson
Strategic Insight Group, Ltd.**

**On Behalf of the
Office of the Ohio Consumers' Counsel**

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Hello Chair Coley, Vice-Chair Huffman, Ranking Minority Member Craig, and members of the Committee. My name is Jeff Jacobson. I am testifying on behalf of the Office of the Ohio Consumers' Counsel, the state's representative of four million residential utility consumers who could be affected by Senate Bill 1. I am providing limited opponent testimony on S.B. 1 to the extent the Bill would reduce the PUCO's regulations for protection of consumers.

I thank the Committee for its consideration of this Bill to reduce unnecessary regulations. We know that some regulations, like those for electric security plans, can hinder the competitive market that we support for power plants and other technologies that are emerging. **But for consumer protection we respectfully recommend that you exempt the PUCO and its regulations from the Bill.**

Many PUCO regulations are needed to protect Ohioans from utility monopoly power or from other companies with market power, where effective competition is lacking. Many PUCO regulations are not well suited for elimination, because they address essential services for Ohioans (including for their electricity, natural gas, telephone and water services). These regulations can have significant ramifications for Ohioans' safety, family life and finances, and jobs. For example, regulations are intended to protect Ohioans from unreasonable disconnections of their utility service, which can even be life threatening. (There was a tragedy in 2011 when two consumers in Cincinnati died from hypothermia after their electric service was disconnected during cold weather.)

A better approach for addressing at least some of the Bill's objectives, with regard to Ohioans' utility-related services, would be for the General Assembly to continue its previous consideration of specific legislation. For example, in House Bill 247 (132nd General Assembly) the House Public Utilities Committee was considering what would be the well-justified elimination of so-called electric security plans under O.R.C. 4928.143. Eliminating electric security plans would substantially reduce PUCO regulations in O.A.C. 4901:1-35, and protect Ohioans from paying more above-market charges for electricity. But eliminating these regulations will need a specific act of the Ohio General Assembly (not S.B. 1) to reform and undo parts of Ohio's 2008 energy law. And such specific legislation can revitalize the Ohio General Assembly's 1999 electric deregulation law and competitive vision for consumer benefits through power plant competition.

Another example of how S.B. 1 is not well suited for addressing PUCO regulations is the regulatory construct for emerging technologies on the customer side of the electric meter

(e.g., electric vehicle charging). The above-referenced concern about consumers paying subsidies for power generation and the related harm to the competitive power plant market might be replicated going forward (in electric security plans) to the detriment of emerging technologies and the customers who use them. Already, the PUCO has approved a proposal by AEP that its 1.3 million consumers will subsidize some electric vehicle charging stations. And AEP's receipt of these consumer funds will favor its involvement, as a monopoly, in an electric vehicle market that should instead be a competitive space for bringing Ohioans the benefits of competition with lower prices and higher innovation. Again, this matter would benefit from specific legislative action, such as former House Bill 247, to end electric security plans and the related PUCO regulations. Specific legislation on the issue, and not S.B. 1, is needed for consumer protection from an intrusion of monopoly utilities, with government approval, into what should be a competitive market for emerging technologies such as electric vehicle charging.

Another example of the need for specific legislative action for consumer protection is the situation with inadequate regulation of resellers (submeterers) of utility service. Here, there may be no regulations that could be reduced, as none were brought before the Joint Committee on Agency Rule Review. Thus, what Ohioans need is specific legislation by the General Assembly to authorize (not reduce) PUCO regulations that restrain the resellers' monopoly or market power over consumers. (We appreciated the General Assembly's interest in solving this problem for consumers in the last General Assembly, where S.B. 157 and H.B. 249 were pending on this subject.) It would be regrettable for there to be enactment of legislation to solve the submetering problem for consumers, and then have the regulations be possibly subject to reduction by S.B. 1.

A final example of why the PUCO should be exempted from S.B. 1 is the significant matter of PUCO processes. In this regard, there should be public-interest reform of the PUCO's process for settlements. New regulations are needed to reform (and end) the practice of monopoly utilities offering unrelated financial inducements to special interests – often at consumer expense – to secure settlements for their rate increases and other plans. S.B. 1 will not contribute to PUCO process reform, and could even hinder process reform depending on what regulations the PUCO eliminates.

Again, the Ohio Consumers' Counsel thanks the Committee for this opportunity to make recommendations for the protection of Ohio utility consumers.