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HOUSE BILL 247 – ENERGY MARKETS LEGISLATION

PROPONENT TESTIMONY

OHIO HOUSE PUBLIC UTILITIES COMMITTEE

NOVEMBER 28, 2017

Chairman Cupp, Vice-Chair Carfagna, Ranking-member Ashford and members of the Ohio Public Utilities Committee, my name is Chris Ferruso, and I serve as Legislative Director for the National Federation of Independent Business/Ohio (NFIB/Ohio). Thank you for the opportunity to provide testimony on behalf of the nearly 24,000 governing members of the National Federation of Independent Business to express our support for House Bill 247. We welcome the opportunity to discuss Ohio's energy policy and its impact on small businesses.

By way of background, a typical NFIB/Ohio member employs 25 or fewer and does less than \$2 million in annual sales. Our members come from every industry type, and our organization looks like Main Street in any legislative district across Ohio.

In addition to our public policy advocacy discipline, we also have the NFIB Research Foundation which is constantly surveying our members on a host of topics. Late last year, we released our quadrennial publication *Problems & Priorities*. This publication captures our members' responses to a list of 75 small business issues, asking them to rank them based upon the biggest impediment to job creation/expansion/growth. Electricity costs are of greater concern to Ohio members surveyed than of the national membership.¹ While electricity costs have declined nationally as a concern over the past four years, it is a bigger concern here in Ohio.²

Since the electric deregulation bill took effect in the early 2000's, a great deal of competition has entered the marketplace. Most Ohioans can shop the market and choose from hundreds of different providers to search for the best deal on their electric utility costs.³ Our members are pleased they have the opportunity to shop a competitive market, the same type of environment in which they operate their businesses. This competitive environment has led to billions of dollars in savings to Ohioans.

In 2008 the state faced concern that the competitive electricity market was not fully developed. As a result, electric security plans (ESPs) were created as an option to a Market Rate Option through the enactment of Senate Bill 221. These ESPs allow electric distribution utilities to seek revenue from customers for any number of purposes at the Public Utilities Commission of Ohio (PUCO). Frequently

¹ <http://www.nfib.com/assets/NFIB-Problems-and-Priorities-2016.pdf>

² *NFIB Problems & Priorities 2012*, NFIB Research Foundation

³ <https://www.puco.ohio.gov/puco/index.cfm/docketing/regulated-company-list/?IndId=24>

included in these ESPs are non-bypassable riders – charges that must be paid and cannot be shopped around, irrespective of the competitive market. Some of these charges are claimed to be for the purpose of maintenance and modernization of distribution systems. However, as noted in the sponsor’s testimony some of these charges are not required to be used for this purpose. House Bill 247 would eliminate ESPs and their associated riders. The process will require a standard offer that is competitively bid, and distribution rate cases will require review of all revenues and expenses in lieu of single-item riders.

House Bill 247 will also ensure customers receive refunds for charges that are ultimately found to be unreasonable, unlawful, imprudent or otherwise improper by the PUCO or the Ohio Supreme Court. This important consumer provision will rightfully return erroneously obtained charges to the customer.

NFIB/Ohio is interested in our membership being able to participate in a competitive market. We support the aforementioned provisions in House Bill 247. We look forward to participating in the process to discuss energy policy in Ohio going forward.

Mr. Chairman and members of the committee, thank you for your time. I am happy to try and address any questions you may have.