



House Bill 483 Seeks to Require Customers to Reimburse Utilities for Cost of Environmental Clean-up of Obsolete Gas Manufacturing Plants

A provision of House Bill 483 would modify and weaken Ohio's longstanding "used and useful" utility rate-making legal standard, which in turn could result in Ohio utility customers paying hundreds of millions of dollars in clean-up costs for obsolete manufactured gas plants (MGPs).

Current Ohio law allows utilities to recover costs to maintain their assets only when they are "used and useful" for the benefit of their Ohio customers. The law also allows the recovery of expenses that are related to the provision of public utility service. HB 483 would expand the "used and useful" standard to allow the Public Utilities Commission of Ohio (PUCO) to authorize utilities to recover environmental clean-up costs associated with MGPs that are – **or were in the past** – used to provide public utility service. The proposed expansion of the "used and useful" standard would significantly increase clean-up cost recovery for utilities, and customers would be left holding the bill.

If enacted, this provision of HB 483 would result in major cost-shifting from utility shareholders to utility customers who have not benefitted from and likely have not even received utility service from MGPs, many of which have been closed for fifty years or more. Customers could be required to pay hundreds of millions of dollars for clean-up costs at these sites.

Key Talking Points

- Permitting utilities to recover costs associated with the environmental clean-up of obsolete MGPs could result in current customers paying hundreds of millions of dollars in clean-up costs.
- Ohio should continue to adhere to the traditional utility rate-making principles, including the "used and useful" standard that has served Ohio well and protected consumers for decades. Manufacturers oppose efforts to modify and weaken the "used and useful" standard.
- Weakening Ohio's "used and useful" standard in a way that expands environmental clean-up cost recovery for **obsolete** MGPs would enable utilities to unjustifiably shift hundreds of millions of dollars in costs from utility shareholders to utility customers who have received no utility service and no benefit from the MGPs, many of which have been closed for decades.
- In setting just and reasonable rates for consumers, the PUCO should only grant utilities recovery of clean-up costs that are prudently incurred and associated with property that is **currently** used and useful in providing utility service to Ohio customers.
- Manufacturers are not opposed to reasonable policies that promote environmental clean-up; however, we **are** concerned about the ability of a utility to pass unlimited costs on to customers without having appropriate consumer protections in place.
- Amend House Bill 483 to remove the MGP utility giveaway.