



# Ohio Legislative Service Commission

## Bill Analysis

Kathleen A. Luikart

### **S.B. 75**

129th General Assembly  
(As Introduced)

**Sens.** Patton, Grendell, Wagoner, Manning

---

## **BILL SUMMARY**

- Restores for residential customers using electricity for home heating (residential all-electric customers) and for customers of any dual fuel heating program or load management water program the discounts that were modified or discontinued by an electric light company.
- Requires an electric light company to pay refunds to customers affected by the modification or discontinuance of the discounted rates and requires the Public Utilities Commission to determine how refunds are to be made.
- Requires an electric light company to permanently maintain the ratio of discounted rates for residential all-electric customers, dual fuel heating program customers, and load management water heating program customers compared to its rates for other customers.
- Specifies that restored discounted rates for residential all-electric homes, for dual fuel heating programs, and for load management water heating programs remain with the home and that current or future residents of the property must receive the same discounted rate.
- Specifies that customers that built or converted their homes to all-electric home heating after December 31, 2006, but before the bill's effective date must receive the discounted rate for electricity restored under the bill.
- Declares an emergency.

---

## **CONTENT AND OPERATION**

### **Restoration of all-electric home discount**

The bill requires every electric light company that modified or discontinued discounts for residential customers using electricity to heat their homes (residential all-electric customers) to restore in full the discount amounts in place at the time of the modification or discontinuance. The bill applies to discounts that were modified or discontinued between December 31, 2006, and the effective date of the bill.<sup>1</sup>

Under the bill, an "electric light company" is a company engaged in the business of supplying electricity for light, heat, or power purposes to consumers in Ohio, including supplying electric transmission service for electricity delivered to those consumers. An electric light company does not include a regional transmission organization approved by the Federal Energy Regulatory Commission.<sup>2</sup>

### **Restoration of dual fuel heating and load management water heating programs**

The bill requires every electric light company that modified or discontinued any dual fuel heating program or any load management water heating program to restore the program in full. The bill applies this requirement to programs modified or discontinued between December 31, 2006, and the effective date of the bill.<sup>3</sup>

Under the bill, "dual fuel heating program" means a program under which an electric light company provides an incentive, including a discounted rate, for a customer to use a heating system that operates on both electricity and gas, the electric portion of which may be controlled by the company. A "load management water heating program" under the bill means a program under which an electric light company provides an incentive, including a discounted rate, for a customer to use an electric water heater that may be controlled by the company.<sup>4</sup>

### **Refund**

The bill requires an electric light company to make refunds to residential all-electric customers and dual fuel heating and load management program customers

---

<sup>1</sup> R.C. 4933.29(B).

<sup>2</sup> R.C. 4933.29(A)(2); R.C. 4905.03 (not in the bill).

<sup>3</sup> R.C. 4933.29(C).

<sup>4</sup> R.C. 4933.29(A)(1) and (3).

whose discounted rate for electricity was modified or discontinued. The company must refund the amount in excess of the discounted rate that a customer paid after the discount's modification or discontinuance. The Public Utilities Commission (PUCO) must determine how refunds are to be made.<sup>5</sup>

### **Permanent ratio of discounted rates**

The bill requires every electric light company to permanently maintain the ratio of the discounted rates for residential all-electric customers to the rates charged other customers. The bill also requires that a company permanently maintain the ratio of discounted rates for dual fuel heating programs and load management water heating programs to the rates charged other customers.<sup>6</sup>

### **Discount rates must remain with home**

Under the bill, the restored electric light company discounted rate for residential all-electric customers, dual fuel heating programs, and load management water heating programs must run (remain) with the home. Any current or future resident of any such home also must receive the discounted rate from the company.<sup>7</sup>

### **Homes built or converted to all-electric**

Residential customers that built a home with or converted a home to all-electric home heating after December 31, 2006, but before the bill's effective date, must receive the discounted rate for electricity restored under the bill.<sup>8</sup>

### **Effective date**

The bill declares an emergency and takes effect immediately upon the Governor's signature. The bill states the reason for the emergency is the sudden, drastic increases in electricity costs that electric utility customers are experiencing.

### **Background**

The Public Utilities Commission regulates electric utilities and electric rates pursuant to Chapter 4928. of the Revised Code. Under that authority the PUCO approved a rate change that eliminated the discounted rate for electricity that certain

---

<sup>5</sup> R.C. 4933.29(F).

<sup>6</sup> R.C. 4933.29(D).

<sup>7</sup> R.C. 4933.29(E).

<sup>8</sup> R.C. 4933.29(E).

First Energy customers in all-electric homes received and approved charging these customers the standard residential rate. In March 2010, the PUCO ordered FirstEnergy to provide temporary rate relief for all-electric residential customers commensurate with the discount that was in place on December 31, 2008 and then clarified, in April 2010, that the rate relief was to remain in effect through the 2010-2011 winter heating season. On May 25, 2011, following the end of the heating season, the PUCO issued an order that does the following:

- Continues rate relief for all-electric residential customers at the existing discounted rate from October 2011 until May 31, 2013, allowing customers to prepare for increased rates and take steps to mitigate their electricity usage.
- Permits FirstEnergy, beginning in October 2013, to phase out the discounted rate in annual reductions made in October of each year through 2018.
- Specifies that individuals who buy an all-electric home are entitled to the same discounts approved by the PUCO as long as the home buyer otherwise qualifies for the discounts, maintains electricity as the sole or primary source of heating, and the discounts remain in effect.
- Specifies that the discounts do not apply to homes built after January 1, 2007.<sup>9</sup>

---

## HISTORY

ACTION	DATE
Introduced	02-15-11

S0075-I-129.docx/jc

---

<sup>9</sup> PUCO Docket #10-0176-EL-ATA, available at: <http://dis.puc.state.oh.us/>.

