

Utilities

H.B. 201

Primary Sponsors: Reps. Hillyer and Demetriou

Effective date: March 28, 2024

Motor vehicle energy source and emissions standards

- Prohibits a state agency, township, or county from restricting the use or sale of a motor vehicle based on the energy source used to power the motor vehicle
- Prohibits the Ohio Environmental Protection Agency or any other state agency from adopting any motor vehicle emissions standards that are established by California as a result of California having received a waiver to adopt stricter standards than those required by the federal Clean Air Act (“California emissions standard”).

Infrastructure development rider definition changes

- Changes the definition of “infrastructure development” in the law governing infrastructure development riders (IDRs) to mean constructing, upgrading, extending, or any other investment in, or associated with, transmission or distribution facilities owned by natural gas companies.
- Excepts from the definition of “infrastructure development” costs associated with establishing or upgrading any connections with any source of supply to serve an economic development project (EDP), including interstate or intrastate pipelines, regardless of the facilities’ ownership.
- Changes the definition of “infrastructure development costs” (ID costs) to mean costs associated with an investment in infrastructure development where the investment either:
 - Is for any deposit required by the natural gas company, as defined in the line-extension provision of the company’s tariff, less any contribution in aid of construction received from the owner or developer of the project; or
 - Is designed to provide natural gas service to a site or EDP supported by JobsOhio, any JobsOhio network or regional partner, or the Department of Development (DEV).
- Provides that ID costs include all of the following:
 - Planning, development and construction costs, including costs incurred prior to the approval of an EDP by the Public Utilities Commission (PUCO);
 - Costs associated with establishing or upgrading any connections with any source of supply to serve an EDP, including interstate or intrastate pipelines, regardless of the facilities’ ownership (these costs are specifically excluded from the “infrastructure development” definition);

- A return on all ID costs equal to the company's return on equity authorized in its most recently approved rate case.

Infrastructure development rider

- With respect to an application for an IDR to recover prudently incurred ID costs of one or more EDPs:
 - Prohibits PUCO from accepting an application for "ID costs" (instead of an IDR application) for an investment designed to provide natural gas service to a site or EDP supported by JobsOhio, any JobsOhio network or regional partner, or DEV, unless the natural gas company has obtained notification from one of those entities or the DEV Director that the EDP should be considered.
 - Prohibits PUCO from approving an EDP application that includes ID costs for an investment designed to provide natural gas service to a site or EDP supported by JobsOhio, any JobsOhio network or regional partner, or DEV and is filed beyond March 28, 2030.
 - Allows, notwithstanding the prohibition, recovery of ID costs for any approved EDP filed by March 28, 2030, to continue until all costs eligible for recovery under the act are recovered.

Regulatory deferrals and carrying costs

- Requires PUCO, upon request by a natural gas company, to approve a regulatory deferral, including carrying costs, for the IDR revenue requirement in any year when approved customer charges exceed, or are expected to exceed, \$1.50 per customer per monthly billing period.
- Specifies that carrying costs be calculated as follows:
 - At the company's cost of long-term debt approved in its most recent rate case;
 - If the company does not have a PUCO-approved cost of long-term debt, requires the company to propose a rate for the carrying cost and allows it to propose a rate or methodology for calculating carrying costs that differs from its cost of long-term debt approved in its most recent rate case.
- Limits what may be considered a part of the cost contributing to the excess in customer charges to new costs from that year and excludes costs from previous years from contributing to that amount, unless they are associated with a previously approved deferral under the act's regulatory deferral provision for IDRs.
- Requires PUCO to permit the company to collect any deferred and unrecovered ID costs in the subsequent year and continuing thereafter, not to exceed five years, if the IDR rate does not exceed the \$1.50 per customer per monthly billing limit in continuing law.
- Specifies that once costs have been applied to an approved regulatory deferral, the costs remain as part of the deferral and may not be reallocated to a future deferral application.

- Requires PUCO to permit carrying costs to accrue until the entirety of the regulatory deferral and all carrying costs have been recovered, or until the deferral is terminated either by PUCO order, court order, or by the end date in the approved deferral.
- Permits PUCO to grant a deferral for any number of years up to five years, after PUCO approves the deferral.
- Prohibits any remaining unrecovered costs from being subject to a future deferral, a rate case, or other cost recovery mechanism after the deferral period granted by PUCO has ended.

Economic development project (EDP) application

- Permits a natural gas company to file an application with PUCO for approval of an EDP for which the company will incur ID costs.
- Repeals the specification that a company that has a project application for SiteOhio certification can also apply for an EDP.
- Specifies that applications for EDP approval must contain a description of certain items required under ongoing law, but “to the extent applicable.”
- Regarding EDP application approval, specifies only that PUCO may approve an EDP that involves ID costs described as an investment for any deposit required by the company, as defined in the line-extension provision of the company’s tariff, less any contribution in aid of construction received from the EDP owner or developer, but only if the ID costs:
 - Exclude a return on all ID costs equal to the company’s return on equity authorized in the company’s most recently approved rate case under continuing law; and
 - Are projected to generate a return on investment that is less than the most recently authorized return on equity.

Collection of unfunded ID costs

- Permits PUCO to approve the collection of any ID costs that are not funded by a disbursement from the All Ohio Future Fund or through another approved rider or rate mechanism.
- Permits a natural gas company that is prohibited as described above from recovering ID costs for a particular site or project in an IDR to recover ID costs for other sites or EDPs under an investment designed to provide natural gas service to a site or EDP supported by JobsOhio, any JobsOhio network or regional partner, or DEV that do not satisfy the above requirements.

PUCO annual report

- Requires PUCO to annually submit a report to the General Assembly describing:
 - The number of “applications for ID costs” (not applications for IDRs) and the number approved;

- The monetary amount approved for recovery through each natural gas company IDR and the total monetary amount approved for recovery through all IDRs for all companies;
- The number of approved EDPs on which all construction has been completed;
- A listing of the construction status of all approved EDPs, including those that have not begun construction, or if construction has begun but not completed, a description of any structures on which construction has been completed.