
PUBLIC UTILITIES COMMISSION

- Adds that where current law requires the Public Utilities Commission (PUCO) to determine whether an electric distribution utility had or is likely to have significantly excessive earnings, for affiliated utilities that operate under a joint electric security plan, the total of the utilities' earned return on common equity must be used.
- Permits the PUCO, in making its determination of whether a utility had significantly excessive earnings, to consider the revenue, expenses, or earnings of any affiliate that is an Ohio electric distribution utility.
- Permits a natural gas company's property, equipment, or facilities that enable either of the following to be considered instrumentalities and facilities for distribution service if PUCO determines that treatment is just and reasonable:
 - Interconnection with or receipt from any property, equipment, or facilities used to generate, collect, gather, or transport biologically derived methane gas;
 - The supply of biologically derived methane gas to consumers within Ohio.
- Requires, if PUCO makes that treatment determination, the property, equipment, or facilities to be considered used and useful in rendering public utility service for purposes of fixing utility rates.

Electric distribution utility significantly excessive earnings

(R.C. 4928.143)

The bill adds that where current law requires the Public Utilities Commission (PUCO) to determine whether an electric distribution utility had or is likely to have significantly excessive earnings, for affiliated utilities that operate under a joint electric security plan, the total of the utilities' earned return on common equity must be used. Current law requires the PUCO to make these determinations in two cases:

1. Following the end of each annual period of an electric security plan, the PUCO must determine if certain adjustments to the plan resulted in excessive earnings as measured by whether the earned return on common equity of the electric distribution utility is significantly in excess of the return on common equity that was earned during the same period by publicly traded companies that face comparable business and financial risk.

2. If an electric security plan has a term of more than three years, then the PUCO must, in the fourth year, determine if the plan will be substantially likely to provide the electric distribution utility with a return on common equity that is significantly in excess of the return on common equity that is likely to be earned by publicly traded companies that face comparable business and financial risk.

The bill also permits the PUCO, in making its determination under (1), above, to consider the revenue, expenses, or earnings of any affiliate that is an Ohio electric distribution utility.

Current law prohibits the PUCO, in making its determination under (1), above, from considering, directly or indirectly, the revenue, expenses, or earnings of “any affiliate or parent company.” Current law does not restrict the PUCO in this regard for making its determination under (2), above.

Biologically derived methane

(R.C. 4929.18)

Under the bill, any property, equipment, or facilities installed or constructed by a natural gas company that enable either of the following may be considered instrumentalities and facilities for distribution service, if PUCO determines that treatment is just and reasonable:

- Interconnection with or receipt from any property, equipment, or facilities used to generate, collect, gather, or transport biologically derived methane gas (which is gas from the anaerobic digestion of organic materials, including animal waste and agricultural crops and residues);
- The supply of biologically derived methane gas to consumers within Ohio.

If PUCO makes that determination, the property, equipment, or facilities must be considered used and useful in rendering public utility service for purposes of fixing utility rates.