



## **Budget Language On Infrastructure, Electric Vehicles Sparks Concern – Gongwer News Service**

April 21, 2023

A pair of stakeholders wary of additional costs are sounding alarm at a pair of operating budget provisions they say would benefit utilities at the expense of consumers.

The language, unveiled in the initial House version of the Fiscal Year 2024-2025 spending plan (HB 33) earlier this week, was among myriad issues highlighted in recent days in budget testimony. (See Gongwer Ohio Report, April 18, 2023)

One of those provisions permits cost recovery by electric distribution utilities and electric cooperatives for costs for "planning, development, and construction of utility infrastructure."

Those entities could apply to the Public Utilities Commission of Ohio for such costs, which may apply to any "development necessary to support or enable a state or local economic development project, including any project approved, certified or funded by JobsOhio."

Kim Bojko, counsel for the Ohio Manufacturers' Association Energy Group, testified the change marks a stark departure from the current standard in which public utility costs must be "used and useful" and prudently incurred.

"This important standard has served to balance the needs of public utilities and customers for decades," Ms. Bojko told members of the House Finance Committee.

The language also expands the PUCO's jurisdiction to encompass electric cooperatives for the first time, she noted.

Part of the association's concern is the lack of spending or cost recovery caps, she added.

"The amount of money to be collected and the method of collection from customers to support potential site-ready economic development projects, which may never come to fruition – or infrastructure that may never be used – is unlimited and unspecified," Ms. Bojko said.

She pointed out supporting funds would already be available to those companies through the proposed All Ohio Future Fund; the language permits applications to the PUCO only after the entity has applied for funding through the fund.

"The new law created erodes important consumer protections, subjects electric cooperatives to the PUCO's jurisdiction, and enables electric utilities and electric cooperatives to get paid twice for potential 'economic development' or 'infrastructure' projects," she continued. "At a time of surging electricity costs facing Ohio residents and businesses, we urge the House to remove the unjustified provisions that have been proposed."

The Ohio Consumers' Counsel largely echoed those concerns in written testimony, flagging the lack of cost caps and expressing reservations about the breadth of the PUCO's discretion under the proposed mechanism.

"Note also that the budget bill already has an economic development program – the Ohio Future Fund," the OCC wrote. "And economic development programs are already available at the PUCO."

The counsel's office also claims a House-added provision on electric vehicle cost recovery poses cause for concern.

That provision enables electric distribution utilities and electric cooperatives to recover costs for EV-related "make-ready infrastructure" through rates and charges in a distribution rate case. To do so, those subsidies must be offered to EV charging providers on a nondiscriminatory basis.

The OCC is asking policymakers to ensure those charges are not felt by consumers.

"This sentence would protect Ohio electric utility consumers from subsidizing what should be a competitive EV charging marketplace," the OCC wrote. "The competitive providers of EV charging stations should generally be the ones to pay for new infrastructure needed for their operations."

The office also noted the state's expected "significant" share of forthcoming EV funding under recent federal infrastructure laws as reason to shield consumers from those costs. (See Gongwer Ohio Report, September 13, 2022)

Additional House-added language also bars electric distribution utilities from operating publicly available charging stations except through a separate affiliate or subsidiary not subject to PUCO

jurisdiction. And it bars utility revenues from directly or indirectly subsidizing investments in the ownership or operation of charging stations.

During questions, Rep. Daniel Troy (D-Willowick) asked Ms. Bojko if the group's concern is exacerbated by longstanding Ohio Supreme Court precedent enabling utilities to keep any revenue from charges the court later rules unlawful.

That concern remains, Ms. Bojko answered.

"There is always a risk utilities will spend money that never get used," she replied. "It's very concerning to just overbuild the electric grid and put added resources or added lines, added capacity anywhere on the grid without having a load associated with that increase because all other customers pay for that cost."

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