

Before
The Ohio House of Representatives
Energy and Natural Resources Committee
Testimony on Substitute House Bill 6

Presented by Michael Haugh
On Behalf of the
Office of the Ohio Consumers' Counsel
May 22, 2019

Hello Chair Vitale, Vice-Chair Kick, Ranking Member Denson, and members of the Committee.

Thank you for this opportunity to testify. My name is Michael Haugh. I am testifying as a consultant on behalf of the Office of the Ohio Consumers' Counsel, the state agency that represents over four million residential utility consumers. I have previously testified twice for consumer protection in opposition to House Bill 6.

Today the Ohio Consumers' Counsel Governing Board adopted a resolution supporting competitive power plant markets and opposing subsidies for power plants at the expense of the public. In part, that resolution states:

[T]hat the Governing Board of the Office of the Ohio Consumers' Counsel supports power plant competition and deregulation as envisioned by the Ohio General Assembly in 1999 to deliver lower prices and higher innovation to consumers.

Further the resolution states:

[T]hat the Governing Board of the Office of the Ohio Consumers' Counsel opposes any legislation (including House Bill 6) that would charge Ohio utility consumers (contrary to deregulation and the competitive generation markets that have emerged) to subsidize any type of generation (including nuclear power plants).

The full Governing Board resolution is attached to my testimony.

I am testifying to two changes in the most recent substitute Bill presented to the Committee on May 15, 2019. The latest substitute Bill further benefits large energy users and utilities, while not helping residential consumers. The Bill's benefits for very large energy users, some of which are at the expense of smaller users, may explain why a number of very large users recently testified in support of the Bill.

My first objection is to the revised decoupling provision of the Bill. (Lines 1072-1124) While the decoupling provision has been improved for consumers, the inclusion of any decoupling at all is contrary to the Bill proponents' premise that this Bill will save consumers money. The decoupling provision should be removed in its entirety, because decoupling can increase charges to consumers.

Also, there is a new issue regarding the proponents' projections of consumer cost savings from the elimination of energy efficiency programs. The Bill provides for utilities to wind down and close out their current energy efficiency programs by December 31, 2020. But on the next day (1/1/21) utilities could have new programs approved (in advance) by the PUCO for energy efficiency. Thus, the proponents' projected customer cost savings from ending energy efficiency programs could be offset by reinstatement of these programs in 2021. (Lines 1372-1397) As a separate matter, OCC notes that energy efficiency is a good thing for consumers, and any utility-operated energy efficiency programs should disallow utilities to charge customers for profits and should have limits on total charges to consumers for the programs.

My second objection is to section 4928.75 (Lines 1447-1457) that provides for the Director of Development Services to request a waiver related to the Federal Low-Income Home Energy Assistance Program ("LIHEAP"). This provision requires the Director to divert 25% of the funds from their best purpose of bill payment assistance for needy consumers to instead fund

weatherization services. Under federal law, only 15 % of the LIHEAP funds can be diverted by a state to weatherization without submitting and obtaining federal approval of a waiver request. The LIHEAP funds are intended to be used for bill payment assistance to help low-income customers stay connected for heating in winter. It is more important for Ohioans to keep their utility services connected for heating during the cold Ohio winter (which is a matter of health and safety) than to have a weatherized house. Two Ohioans in the Cincinnati area tragically died from hypothermia in 2011, after their utility service was disconnected. ODSA should retain the discretion for determining when a waiver request is necessary and appropriate to reduce LIHEAP bill payment assistance dollars towards weatherization. This is consistent with the language in the current House budget bill (Sub. H.B. 166) where a waiver request could be made (but is not required to be made) to increase the LIHEAP transfer to weatherization to 20%. (Lines 96550 to 96555)

The language in the budget bill states:

Up to twenty per cent of the federal funds deposited to the credit of the Home Energy Assistance Block Grant Fund (Fund 3K90) may be expended from appropriation item 195614, HEAP Weatherization, to provide home weatherization services in the state as determined by the Director of Development Services.

Attached is a letter that Consumers' Counsel Weston recently sent to the U.S. Congress, requesting continued funding for the important LIHEAP program. He explains in the letter the importance of devoting LIHEAP funds to keeping the neediest Ohioans connected to utility services for home heating and other essentials. I recommend the removal of Lines 1447-1457 from Sub. H.B. 6.

I recommend a vote against passage of this bailout Bill. Again, I thank the Committee for this opportunity to testify.



Resolution

Office of the Ohio Consumers' Counsel Governing Board

In Support of the Ohio General Assembly's Vision for an Energy Future Based on Competition by Power Plants, Not Subsidies by Consumers. And In Support of a Strong and Independent Office of the Ohio Consumers' Counsel to Represent and Educate Residential Utility Consumers for Consumer Protection

- WHEREAS,** Electricity, natural gas, telephone, and water services are essential for Ohioans; and
- WHEREAS,** Ohio consumers should have retail electric service that is reliable, safe and reasonably priced; and
- WHEREAS,** The Ohio General Assembly deregulated power plants in 1999 to give Ohio families and businesses the benefits of lower prices and higher innovation through power plant competition, among other things; and
- WHEREAS,** Despite deregulation, Ohio consumers have paid more than \$15 billion in subsidies to the electric utilities since 1999; and
- WHEREAS,** House Bill 6 was introduced on April 12, 2019, to mandate subsidies of power plants (including nuclear plants), at a cost to Ohioans of \$300 million annually with no end date for the subsidies; and
- WHEREAS,** House Bill 246 was introduced on May 14, 2019, to "reform and modernize" the Office of the Ohio Consumers' Counsel (and the PUCO); and

WHEREAS, a strong and independent Office of the Ohio Consumers' Counsel is needed for the protection of millions of residential utility consumers and residential consumers of other PUCO-regulated providers in Ohio.

THEREFORE, BE IT RESOLVED, that the Governing Board of the Office of the Ohio Consumers' Counsel supports power plant competition and deregulation as envisioned by the Ohio General Assembly in 1999 to deliver lower prices and higher innovation to consumers.

THEREFORE, BE IT FURTHER RESOLVED, that the Governing Board of the Office of the Ohio Consumers' Counsel opposes any legislation (including House Bill 6) that would charge Ohio utility consumers (contrary to deregulation and the competitive generation markets that have emerged) to subsidize any type of generation (including nuclear power plants).

THEREFORE, BE IT FURTHER RESOLVED, that the Governing Board of the Office of the Ohio Consumers' Counsel opposes any legislation that would result in reductions, limits or weakening of the services and independence of the Office of the Ohio Consumers' Counsel for protection of millions of Ohio residential consumers.

I verify that this Resolution has been approved by the Governing Board of the Office of the Ohio Consumers' Counsel, this 21st day of May 2019.



Stuart Young, Vice-Chair (Acting Chair)
Governing Board of the Office of the Ohio Consumers' Counsel



Office of the Ohio Consumers' Counsel

May 13, 2019

The Honorable Nita Lowey, Chairwoman
U.S. House Committee on Appropriations
2358-B Rayburn House Office Building
Washington, D.C. 20510

The Honorable Richard Shelby, Chairman
U.S. Senate Committee on Appropriations
437 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Rosa DeLauro, Chairwoman
U.S. House Committee on Appropriations
Subcommittee on Labor, Health & Human
Services, Education, and Related Agencies
2358-B Rayburn House Office Building
Washington, D.C. 20510

The Honorable Roy Blunt, Chairman
U.S. Senate Committee on Appropriations
Subcommittee on Labor, Health & Human
Services, Education, and Related Agencies
154 Russell Senate Office Building
Washington, D.C. 20510

RE: Protecting At-Risk Americans through the Low-Income Home Energy Assistance Program

Dear Chairwoman Lowey, Chairman Shelby, Chairwoman DeLauro, and Chairman Blunt:

I thank the Congress for decades of support for the Low-Income Home Energy Assistance Program (LIHEAP) that helps Americans (including Ohioans) in need. As the State of Ohio's appointed residential utility consumer advocate, I respectfully ask you to continue supporting LIHEAP at or above its current funding level for the next budget period. Many consumers need this assistance to maintain their energy utility services for home heating and other crisis avoidance purposes that are vital for their safety and well-being.

In Ohio, as in other northern states, winters can be harsh and, unfortunately, dangerous for some who cannot afford utility services for heating. LIHEAP can enable at-risk consumers to stay connected to utility services for home heating and other crisis avoidance needs (such as avoiding extreme heat from weather). Providing utility payment assistance is by far the most important benefit that LIHEAP provides to at-risk low-income Ohioans.

Participation in LIHEAP is limited to low-income households that are truly in need. Nationwide, two-thirds of LIHEAP recipient households have incomes below 100% of the federal poverty guidelines. And more than 70% of recipient households have at least one member who is elderly, under the age of six, or disabled. Without this vital assistance, many of these families could be faced with choosing between heating their home or paying for other essentials like food and medication.

Letter to U.S. Congress

May 13, 2019

Page Two

Current LIHEAP funding does not meet the need for consumer assistance. Since 2010, Congressional funding for LIHEAP has fallen by more than a third. This decrease in funding has resulted in over a million fewer eligible households receiving critical energy assistance. In Ohio, approximately 420,000 Ohio residential consumers were disconnected for non-payment during the last year. In 2011, there was a tragic scenario of two Ohioans in the Cincinnati area dying from hypothermia after their utility service was disconnected during the winter heating season. There are several cities in Ohio where poverty levels are above 30%. Many Ohio counties have food insecurity levels between 15-19% for residents.

Please protect America's (and Ohio's) utility consumers by continuing to fund this essential program at 2019 levels or above. Thank you for your time and attention to this important issue.

Respectfully,



Bruce Weston
Ohio Consumers' Counsel

CC: The Honorable Sherrod Brown
The Honorable Rob Portman
The Honorable David Joyce
The Honorable Marcy Kaptur
The Honorable Tim Ryan