

# Ohio Partners for Affordable Energy

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## **JUST AND REASONABLE ELECTRIC RATES FOR OHIO**

Electric utilities have been viewed as monopolies since the onset of the 20<sup>th</sup> Century. Recent experiments in Ohio and other states have proven that electric utilities remain monopolies today. Attempts to develop competitive wholesale and retail markets to control prices have failed. As a result, consumers are paying prices that are too high and not getting reliable service. Utilities have resisted complying with clean air standards, and are failing to recognize the risk of carbon controls by investing in renewable energy and cost-effective efficiency programs/demand-side management (DSM). Ensuring that essential energy service is affordable requires a major change in the approach to regulating utility rates. The market is not a substitute for effective regulation.

## **PRINCIPLES**

- I. ELECTRICITY, HEAT AND WATER ARE NECESSITIES OF LIFE THAT MUST BE AFFORDABLE FOR ALL CONSUMERS.
- II. STATE, FEDERAL AND LOCAL GOVERNMENTS MUST ACT TOGETHER TO ASSURE ELECTRICITY, HEAT AND WATER SERVICES ARE RELIABLE, SAFE, SUSTAINABLE AND OFFERED AT A FAIR PRICE.

## **LEGISLATIVE SUMMARY**

- The Public Utilities Commission of Ohio is required to regulate all aspects of utility service. All rates must be just and reasonable and in the public interest. Utilities can meet this obligation by buying or building powerplants, or purchasing power if less costly to do so.
- The Public Utilities Commission of Ohio cannot engage in single-issue ratemaking; rates must be set through a base rate case that ensures utilities charge rates justified by total costs. Only fuel adjustment clauses are exempt from this requirement.
- Special contracts for large commercial and industrial customers can no longer be confidential, must be subjected to a public hearing, and the cost of the contracts cannot be shifted to residential and small business customers. The contracts must be just and reasonable and serve the public interest.
- Utilities are required to conduct a least cost planning process to identify the most cost-effective demand and supply side options for providing electric utility service.
- Utilities are required to meet targets to reduce energy consumption and peak demand through the use of energy efficiency/DSM.
- Utilities are required to provide 25% of generation service from renewable sources by 2025.
- Creates an Ohio Energy Authority authorized to build, purchase, or finance electric generation and DSM projects to provide least cost energy to customers. Utilities must purchase electricity purchased or produced by the authority.
- Reliability and service quality ensured by establishing training requirements and staffing levels in line positions. Projects financed or built by the Ohio Energy Authority must pay prevailing wage.