Ohio Legislative Service Commission

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Office of Research and Drafting

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S.B. 121

135th General Assembly

Bill Analysis

Version: As Introduced

Primary Sponsor: Sen. Romanchuk

Reid J. Fleeson, Attorney

CORRECTED VERSION*

SUMMARY

- Increases the monthly amount that a natural gas company can recover from a customer under the infrastructure development rider from $1.50 to $3.
- Requires the Public Utilities Commission, when requested by a natural gas company, to approve a regulatory deferral of any infrastructure development cost incurred when recovery in any individual year would exceed the $3 monthly limit.
- Permits a natural gas company to collect deferred or unrecovered infrastructure development costs in subsequent years up to the $3 monthly limit.
- For purposes of the natural gas company infrastructure development rider, revises the types of activities that are considered "infrastructure development" to include the upgrading, extension, or any other investment in, or investment associated with, transmission or distribution owned and operated by a natural gas company.
- Expands "infrastructure development costs" that may be recovered from natural gas customers to also include a return on all infrastructure development costs associated with the economic development project that is equal to the company's return on equity under its most recent rate case.

DETAILED ANALYSIS

Infrastructure development rider

The bill changes the law governing the authority of a natural gas company to file an application with the Public Utilities Commission (PUCO) for the approval of an infrastructure

* Corrects a typographical error on page one.

development rider to recover prudently incurred infrastructure development costs (see "**Infrastructure development costs**" below) of one or more PUCO-approved economic development projects. The bill increases the monthly amount that a natural gas company can recover from a customer under the infrastructure development rider from $1.50 to $3, while maintaining the requirements that a natural gas company must collect the same amount from every customer and that PUCO cannot approve more than one infrastructure development rider per company.

The bill requires PUCO, if requested by the natural gas company with an infrastructure development rider, to approve a regulatory deferral, including carrying costs at the natural gas company's cost of long-term debt, of any infrastructure development cost incurred where recovery in an individual year would exceed the $3 monthly limit. If the company does not have a long-term debt cost, then the company must propose a rate for the carrying cost. PUCO must also permit the company to collect any deferred or unrecovered infrastructure development costs in the subsequent year and continuing thereafter as long as the rate in the infrastructure development rider does not exceed the $3 monthly limit.[1]

Infrastructure development

The bill revises "infrastructure development" in the context of the infrastructure development rider to mean "the construction, upgrading, extension, or any other investment in, or investment associated with" transmission or distribution facilities owned and operated by a natural gas company. Current law defines "infrastructure development" as "constructing extensions of" such facilities.[2]

Infrastructure development costs

Additionally, the bill expands "infrastructure development costs" that are eligible for the infrastructure development rider to include a return on all infrastructure development costs associated with an economic development project. The return is to be equal to the return on equity authorized in the company's most recently approved rate case. Continuing law also includes planning, development, and construction costs, along with any applicable allowance for funds used during construction, as "infrastructure development costs."

Existing law, unchanged by the bill, requires "infrastructure development costs" to be an investment that is both (1) in infrastructure development and (2) for any deposit required by the natural gas company, defined in the line-extension provision of the company's tariff, minus any contribution to aid the construction from the owner or developer of the project.[3]

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[1] R.C. 4929.162; R.C. 4929.161 and 4929.163, not in the bill.

[2] R.C. 4929.16(A).

[3] R.C. 4929.16(B).

HISTORY

Action	Date
Introduced	05-16-23

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