

Ohio Legislative Update
Ohio Gas Association
Market Conditions Conference

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Introduction

- 32 years working in and around Ohio government
- 7 years in public sector
- 20 years as Director of Governmental Affairs, Columbia Gas of Ohio
- Formed CSC in April 2015

Agenda

- General Overview (Ohio Landscape)
- Legislative/Regulatory Update (2014-2015)
 - H.B. 319
 - H.B. 64
 - S.B. 378
 - S.B. 310/Energy Efficiency and Renewable Mandates
 - Public Utilities Commission of Ohio Update
- Opportunities for the Industry in Ohio
- Political Update
- Q&A

Ohio's Republican Landscape

- 132 member General Assembly
 - House: 65 (R) , 34 (D)
 - Senate: 23 (R) , 10 (D)
- All Statewide Offices = Republican (2018)
- Governor Kasich (R)
- PUCO – 5 members: 3 (R), 2 (I)
- Ohio Supreme Court – 7 members: 6 (R) , 1 (D)
- Need to know your audience...OGA does!

Ohio Legislation

- H.B 319 (Infrastructure Investment)
 - Creates a new economic development tool
 - Begins to address the reality that infrastructure is one of the top three considerations in site selection
 - Allows an LDC to voluntarily propose a site/project to the PUCO for an identified end user or for the certification of a development ready site (SiteOhio)

Ohio Legislation...

- H.B. 319 (continued)
 - PUCO's review must occur within 30 days for an identified customer and 90 days for a development ready site
 - Upon approval, the LDC makes the investment and then recovers its costs via a charge to all customers
 - Customer charges are limited to no more than \$2 per customer for projects with an identified end user and no more than \$1 per customer for development ready sites

Ohio Legislation...

- H.B. 319 (continued)
 - Encourages new investment in Ohio
 - Increases local economic development potential
 - Increases local tax base
 - Helps create employment opportunities
 - Increases access to natural gas in underserved areas
 - Provides a platform for additional infrastructure/
economic development incentives

Ohio Legislation

- H.B. 64 (Biennial Budget Bill)
 - Proposed Pipeline Forfeiture Penalty increase from \$100,000 per violation or non-compliance to \$200,000 per violation or non-compliance
 - Proposed Pipeline Forfeiture Penalty increase from up to \$1 million per series of related violations or non-compliances to \$2 million per series of related violations or non-compliances
 - Of particular concern to the medium and smaller size companies

Ohio Legislation

- H.B. 64 (continued)
 - Proposal to eliminate most tax credits and “loopholes” including the tax credit for natural gas utilities dating back to 1999/deregulation
 - Public Utility Excise Tax Exemption = good deal for the State of Ohio as the industry deregulated and tax law modernized

Ohio Legislation

- S.B. 378 (Damage Prevention/Enforcement)
 - Built on the success of H.B. 358 (2012) and continues the response to PHMSA
 - Creates an enforcement mechanism to address violations of Ohio’s underground damage prevention laws
 - Establishes the Underground Technical Committee (“UTC”) as an adjunct to the PUCO
 - 17 member committee comprised of utility, locator and contractor members (natural gas industry has a transmission and distribution member)

Ohio Legislation

- S.B. 378 (continued)
 - Authorizes the UTC to fine or penalize violators of underground damage prevention statutes and/or refer cases into the formal PUCO complaint process
 - Allows alleged violators to appeal UTC decisions to the UTC and ultimately to the PUCO
 - Waiting for Governor, Senate President and Speaker of the Ohio House to make appointments
 - By law, UTC must begin its work on 1/1/2016

Ohio Legislation

- S.B. 310 (Energy Efficiency/RPS Freeze)
 - States the Legislature's intent is to lower the renewable and EE mandates and creates the 13 member Energy Mandates Study Committee
 - Requires the EMSC to submit a report with cost-benefit analysis and recommendations for the standards going forward
 - Abolishes the EMSC effective October 1, 2015

Ohio Legislation

- S.B. 310 (continued)
- Became effective 9/12/2014
 - Freezes Ohio's renewable mandates at 2014 levels and requires the benchmarks to resume at 2015 levels beginning in 2017
 - Permits existing EE plans to be continued through 2016, sets the annual EE savings requirement for 2017 and beyond and extends the period for cumulative EE savings (22%) from 2025 to 2027
 - Extends the benchmark period from 2025 to 2027

Ohio Regulatory Update

- PUCO undergoing numerous changes
 - New Chair
 - New Chief of Staff and Key Staff
- Electricity issues dominating the debate
 - Attempt by all of the IOUs to return to some form of regulation for at least a portion of generation
- OGA involved in numerous regulatory issues
 - S.B. 319 rules, S.B. 378 rules, Pipeline Forfeiture Penalties, Environmental Remediation, etc...

Opportunities for the Industry

- PUCO appears to be embracing economic development/recognizing its potential role
- Legislature is open to providing incentives for the use of natural gas – NGVs, capital deployment (H.B. 95 and H.B. 319)
- Legislature wants to see the industry thrive
 - OGA Testimony August 2015
 - 88% Transmission Tax; Environmental Remediation
- Increased voice in power generation policy for Ohio

Political Update...watching history

- Statewide elections 2018
 - Candidates already exploring
 - General Assembly will stay Republican
- Statewide ballot issues
 - Issue 1: Redistricting
 - Issue 3: Marijuana Legalization
 - Issue 2: Anti-Monopoly
- Presidential Polling Update - Ohio is in the spotlight...even more than usual

Thank You

- Questions?