

**MEMORANDUM**

TO: Angela Hawkins, Public Utilities Commission of Ohio

FROM: Cory Bailey, Regulatory Policy Advocate, Lt. Governor's Office

DATE: July 7, 2016

RE: **CSI Review – Natural Gas Infrastructure Development Rider (OAC § 4901:1-43-01 through 4901:1-43-04)**

On behalf of Lt. Governor Mary Taylor, and pursuant to the authority granted to the Common Sense Initiative (CSI) Office under Ohio Revised Code (R.C.) § 107.54, CSI has reviewed the abovementioned administrative rules and associated Business Impact Analysis (BIA). This memo represents CSI's comments to the Agency as provided for in R.C. § 107.54.

Analysis

On December 9, 2015, the Public Utilities Commission of Ohio (PUCO) submitted a draft rule package consisting of four new rules to the CSI Office for review. The package initially contained five rules, but as detailed below, one of the rules was removed from the package during the CSI review period.

House Bill 319 of the 130th General Assembly, which took effect on March 23, 2015, allows natural gas companies to apply for an infrastructure development rider to recover costs for approved economic development projects. The statute requires that PUCO establish a process to implement the law, which is the purpose of this draft rule package. Detailed in the rules are how project approval can be obtained and the information that must be provided to PUCO. A procedure for the recovery of costs, including application and reporting requirements, is also established, as is a process for administrative hearings.

PUCO conducted a thorough stakeholder outreach process for the creation of the proposed rules. In June of 2015, a workshop was held in which 22 stakeholders participated. Six companies then filed comments, with many changes made to the rules as a result. A summary of the comments as well as PUCO's response can be found in a Finding and Order released on June 1, 2016. In most

cases the changes clarify language or modify criteria requirements. An application template attached to the rules was removed in its entirety, as was Ohio Administrative Code § 4901:1-43-05. That rule contained hearing requirements, which are now incorporated elsewhere in the chapter.

The adverse impact to business resulting from the draft rules is primarily the time committed to compliance with reporting requirements. However, the infrastructure development rider is meant to promote economic development and presents an opportunity for Ohio's natural gas companies. The process created by PUCO does not place an undue burden on potential participants and conforms to statutory requirements. Therefore, following review of the draft rules, BIA, and stakeholder outreach, it has been determined that the standards espoused by the CSI Office have been met, and the adverse impacts of the draft rules are justified.

Recommendations

For the reasons discussed above, the CSI Office does not have any recommendations for this rule package.

Conclusion

Based on the above comments, the CSI Office concludes that the Public Utilities Commission of Ohio should proceed with the formal filing of this rule package with the Joint Committee on Agency Rule Review.

cc: Mark Hamlin, Lt. Governor's Office