

**MEMORANDUM**

TO: Angela Hawkins, Legal Director, Public Utilities Commission of Ohio

FROM: Mark Hamlin, Director of Regulatory Policy

DATE: August 31, 2016

RE: **CSI Review – Ohio Coal Research & Development Rate (OAC Chapter 4901:1-12)**

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

Analysis

This rule package consists of nine rules – eight amended and one no-change – submitted by the Public Utilities Commission of Ohio (PUCO). The rules were submitted for their statutorily-required five-year review on July 6, 2016. The PUCO requested comments by August 5, 2016 and reply comments by August 19, 2016. No comments were submitted.

Ohio Revised Code (ORC) Chapter 1555 establishes the Ohio Coal Development Office and authorizes coal research and development projects.¹ ORC 1551.33 allows a utility to recover from customers its costs for a research project that “has as its purpose the enhanced use of Ohio coal in an environmentally acceptable, cost effective manner, promotes energy conservation, is cost effective, and is environmentally sound.” The rules in this package outline the process for a gas or

¹ ORC 1555.01 defines coal research and development as “inquiry, experimentation, or demonstration to advance basic scientific or technical knowledge, or the application, adaptation, or use of existing or newly discovered scientific or technical knowledge, regarding the beneficiation of Ohio coal before combustion, conversion of Ohio coal to other fuels, the control of emissions of sulfur compounds resulting from the use of Ohio coal through the removal of sulfur compounds and other pollutants before, during, or after combustion, or other inquiry, experimentation, or commercial-scale demonstration, directed toward the utilization of Ohio coal in an environmentally acceptable manner as a fuel or chemical feedstock.”

natural gas company to recover its costs for such a project. The rules include monthly and semiannual reporting requirements, the methodology for calculating costs to be recovered and costs to be refunded, auditing requirements, and disclosure requirements for consumer bills. The changes proposed by the PUCO are largely technical and clarifying in nature, but one substantive change would allow the Commission to waive any non-statutory requirements of the rules when petitioned by a party.

Again, no comments were submitted, either during the PUCO's early stakeholder outreach or during the CSI review period. The CSI Office finds that the 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 PUCO should proceed with the formal filing of this rule package with the Joint Committee on Agency Rule Review.