



Common Sense Initiative

Mike DeWine, *Governor*
Jon Husted, *Lt. Governor*

Joseph Baker, *Director*

MEMORANDUM

TO: Jeffrey Jones, Public Utilities Commission of Ohio

FROM: Michael Bender, Business Advocate

DATE: March 7, 2024

RE: **CSI Review – Uniform Purchased Gas Adjustment Clause (OAC 4901:1-14-01 through 4901:1-14-09)**

On behalf of Lt. Governor Jon Husted, 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 Commission as provided for in ORC 107.54.

Analysis

This rule package consists of two amended rules and seven no-change rules proposed by the Public Utilities Commission of Ohio (PUCO) as part of the statutory five-year review process. This rule package was submitted to the CSI Office on February 22, 2024, and the public comment period was held open through February 29, 2024. Unless otherwise noted below, this recommendation reflects the version of the proposed rules filed with the CSI Office on February 22, 2024. The PUCO previously held a public comment period from November 30, 2023, through January 16, 2024.

Ohio Administrative Code (OAC) 4901:1-14-01 contains definitions pertaining to uniform purchased gas adjustment clauses. The rule is amended to update a citation and remove an outdated provision regarding submission of a certificate of accountability by independent auditors. OAC 4901:1-14-02 states that the purpose of OAC Chapter 4901:1-14 is to establish a uniform purchased gas adjustment clause to be included in the schedules of gas and natural gas companies, set forth a gas cost recovery process, and provide for investigative procedures and proceedings into the gas costs reflected in a company's gas cost recovery rate. OAC 4901:1-14-03 declares that the provisions of OAC Chapter

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4901:1-14 apply to all gas and natural gas companies with respect to schedules of rates established or approved by the PUCO. OAC 4901:1-14-04 requires gas and natural gas companies to file quarterly gas cost recovery reports with the PUCO's docketing division. OAC 4901:1-14-05 sets forth the gas cost recovery rate. An appendix to the rule is also provided which establishes the gas cost recovery rate calculation. OAC 4901:1-14-06 provides for the application of gas cost recovery rates towards customer bills. OAC 4901:1-14-07 requires the PUCO to conduct audits of each gas or natural gas company. The rule is amended to clarify that such audits will evaluate management and performance. OAC 4901:1-14-08 requires the PUCO to hold a public hearing to review audit findings and other matters related to a gas or natural gas company's gas cost recovery rates. OAC 4901:1-14-09 requires each gas or natural gas company to file tariffs with the PUCO.

During early stakeholder outreach, the PUCO issued an Entry in Case No. 23-634-GA-ORD on June 21, 2023, notifying stakeholders of the opportunity to propose revisions to the rules at a workshop on July 13, 2023. The Entry was served upon all regulated gas and natural gas companies, the Ohio Consumers' Counsel, the Ohio Gas Association, and the Ohio Oil and Gas Association. No stakeholders offered feedback at the workshop. No comments were received during the public comment period held by the PUCO or during the CSI public comment period.

The business community impacted by the rules includes gas and natural gas companies. The adverse impacts created by the rules include the time and expense required to file quarterly gas cost recovery reports with the PUCO, include certain information on customer bills, undergo periodic financial and management/performance audits, and participate in hearings before the PUCO. According to the PUCO, the adverse impacts should be minimal in terms of time and money. The PUCO states that the adverse impacts to business are justified to implement statutory requirements and ensure that utilities furnish products and services in a manner that promotes the public interest.

Recommendations

Based on the information above, the CSI Office has no recommendations on this rule package.

Conclusion

The CSI Office concludes that the Commission should proceed in filing the proposed rules with the Joint Committee on Agency Rule Review.