

Northwest Ohio **Aggregation Coalition**



Cities

Maumee

Northwood

Oregon

Perrysburg

Rossford

Sylvania

Toledo

Waterville

Commissioners
Public Utilities Commission of Ohio
180 East Broad Street
Columbus Ohio

February 15, 2015

Subject: Comments on Docket 18-0047

Dear Commissioners:

The Northwest Ohio Aggregation Coalition (“NOAC”) and its fifteen member communities thank the Commission for opening this case almost immediately after the Tax Cuts and Jobs Act of 2017 was enacted.

Villages

Delta

Holland

Ottawa Hills

Walbridge

Almost all base rate cases and riders contain a “net up” for taxes. The TCJA cut the federal corporate tax rate from 35% to 21%. The Commission’s Order asks for comments on “the appropriate course of action to pass benefits resulting from the legislation on to ratepayers.” The Commission is correct: no public utility should charge or retain customer money for tax expenses if that money did not go to the Federal Government.

The Order was served on all Ohio electric, natural gas, and other utilities. It asked for their proposals on how to accomplish this. In our case this would be FirstEnergy (Toledo Edison) and Columbia Gas and our other local utilities.

Townships

Lake

Perrysburg

Our comments here address two major points that we believe are necessary for a just result. We reserve the right to submit comments on any proposals put forward by the utilities that do not adequately protect our families and their employers.

Comment 1: The Process Should Be Comprehensive, Accurate and Transparent

Counties

Lucas

It is important for NOAC and the customers it represents that this process is Comprehensive, Accurate and Transparent. FirstEnergy Ohio appears to have recognized the effects of tax reductions in riders DCR and DMR. NOAC welcomes FE’s recognition of the tax rate reduction for these riders. But this is just a start, there are income tax charges in many other portions of the customer’s bill that must, by law, be reduced. FirstEnergy and other Ohio utilities should be obligated to be comprehensive, accurate and transparent in this process. The appropriate course of action is to require the utility to identify each tax charge and reduce it to just what the company paid to the IRS.

The concept is simple and Ohio law is clear. Utilities may only collect for an expense like taxes. By law, the company cannot collect more than that tax itself. When

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federal income taxes are reduced by 40%, customers deserve and are entitled to the same reduction wherever the charge for taxes is embedded in their bill. Many citizens today are skeptical that society's institutions and companies are not giving them a fair shake. Allowing utilities to keep money that was supposed to go for taxes is shameful behavior that would only add to that skepticism.

Comment 2: The Commission Should Order an Immediate End to the Collection of this Unlawful Expense

The current Order provides that utilities can continue to charge the old federal tax net-ups while any excess collections above 21% would be placed in an "earmarked" reserve for "potential refund." NOAC asks the Commission to take a different approach.

The Commission should immediately order Ohio's utilities to cease collecting any charge to customers imbedded in any rates or riders in excess of the federal 21% tax rate. The money comes from customers' wallets. The Commission recognizes that the utilities are not legally entitled to this overcharge. So what purpose is served by allowing utilities to continue charging consumers'? It is nonsensical.

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Nationwide many natural gas and electric utilities have announced they already promptly reduced their charges to reflect the new 21% tax rates. But, it appears from their recent filing that FirstEnergy, AEP and other powerful Ohio utilities intend to fight to keep this deliberate overcharge. It is shameful. The PUCO's current Order enables FirstEnergy and AEP to continue piling up the extra money from consumers while fighting to keep it.

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Again, there is a Simple, Right, Just and Reasonable Appropriate Course of Action. The Commission should immediately order the utilities to stop overcharging! The money needs to stay in the customers' pocket. That is where it belongs.

We again thank the Commission for this opportunity to comment.

Counties

Lucas

On behalf of NOAC,

/s/Thomas R. Hays

Thomas R. Hays

Counsel for Lucas County and NOAC

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

2/15/2018 10:28:04 AM

in

Case No(s). 18-0047-AU-COI

Summary: Comments Comments by NOAC on behalf of itself and its fifteen member communities electronically filed by Mr. Thomas R. Hays on behalf of NOAC