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**Testimony of Jack R. Pounds
President
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**HOUSE BILL 143
*Testimony in Support of Ohio Consumers' Counsel Budget
Request and in Opposition to "Gag" Amendment*
OHIO SENATE FINANCE COMMITTEE
May 19, 2011**

Chairman Widener, and Members of the Committee:

I am Jack Pounds, representing the members of the Ohio Chemistry Technology Council, who operate some 120 facilities across Ohio and are engaged in research, development, and production of high value-added chemistries. In Ohio today, there are some 50,000 of our citizens who have high-paying jobs in the chemistry industry. Annually these companies produce high-technology content products valued at more than \$24 billion—with more than \$5 billion worth of these products sold to customers outside the United States.

Arguably energy is the single most critical issue facing our member companies in Ohio. They are all energy-intensive operations that are

engaged in a very competitive global market. But chemical companies don't waste energy. Since 1974, the industry has reduced energy consumed in making a pound of product by nearly 50%. That has been accomplished through aggressive demand side programs. In addition, they are very vulnerable to raw material prices—especially those raw materials such as ethylene and propylene that are derived from hydrocarbons such as oil and natural gas. Because these hydrocarbons are also used to fuel electric utility boilers, our members' raw materials costs are sensitive to Federal environmental policies that favor natural gas over coal as an environmentally-preferable fuel for utilities to use in their boilers. At large chemistry production facilities, expenditures on purchased electricity and natural gas can run into the millions of dollars per month. This industry has a critical stake in state energy policy—and especially the guarantee that state policies affecting our energy situation are developed through an open process with all affected parties given fair treatment.

I am here to speak in support of restoring funding to the Ohio Consumers' Counsel for SFY 2012-2013, and to object to the provision added in the House that effectively "gags" the Counsel

when it comes to development of policies related to the future markets for energy in Ohio. That needs explanation—because the Consumers’ Counsel does not directly represent businesses such as those in my organization. In fact, we sometimes find ourselves on the other side with specific positions the Counsel takes.

Where we see benefit to our industry from the Consumers’ Counsel is in the office’s role as an arm of government that brings the expertise and influence of an independent body to bear in rate cases and other matters related to the price and availability of electricity in Ohio. We believe there is value in having a diversity of viewpoints and technical assessments in the policy mix in the electric marketplace in Ohio.

We also have been pleased with the interest the Counsel’s office has shown in working with our industry to pursue sensible energy efficiency programs and practices in Ohio.

Finally, I would like to add our voice those of the many editorial writers and other voices across Ohio who have objected to the provision in the budget bill that effectively “gags” the Consumers’

Counsel. What public service is provided by prohibiting the Counsel from providing analysis and suggestions when critical energy policy decisions are being made? What reasonable person would want to stifle the voice of any party?

I thank you for the opportunity to testify today.

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