

HB 247 Opponent Testimony
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December 12, 2017

Good Afternoon Chairman Cupp, Vice Chair Carfagna, Ranking Member Ashford and members of the House Public Utilities Committee. Thank you for the opportunity to be here today.

My name is Tom Froehle, and I am the Vice President of External Affairs for American Electric Power (AEP) testifying on behalf of AEP Ohio.

AEP operates in 11 states including Ohio which has 1.5 million customers. AEP is headquartered here in Columbus and currently has over 6,500 employees working in the state.

Thank you for the opportunity to provide testimony in opposition to House Bill 247. This legislation, if enacted, would be a risky and irresponsible change for Ohio's consumers and businesses while harming the state's ability to take control of its energy future.

House Bill 247 would take the authority away from the Public Utilities Commission of Ohio (PUCO), the state agency responsible for setting utility rates and their orders, which has worked for 100 years. The hearing process at the Commission allows interested parties to fully participate and present their views through a robust and public process prior to a Commission decision.

From the beginning of deregulation in Ohio, the PUCO has leaned on utilities to help protect consumers. House Bill 247 would eliminate a provision from Senate Bill 221 for utility generation that is an important backstop protection. There is no good public policy reason to eliminate it. Other generators would propose doing so strictly to eliminate potential competition and drive prices up.

House Bill 247 also reduces Ohio's competitiveness by disallowing affiliate organizations of utilities from owning generation and would eliminate any ability to provide any sort of behind the meter services.

Additionally, this legislation puts an indefinite hold on rates approved by the Commission which would encourage litigation and delay, which perpetuates uncertainty for customers and also can financially harm utility companies when the PUCO has determined a rate change is needed. Moreover, the same rules apply to utility companies and we cannot unilaterally increase rates to cover items we successfully challenge before the Supreme Court.

The bill would leave the PUCO with only the Market Rate Option (MRO), which has never been used and never been tested at the Commission. An MRO is a one-time permanent decision that locks everyone into an inflexible path with no opportunity to negotiate terms that would benefit the customers, especially during periods of volatile market prices. The Commission in each and every case under SB 221 has opted for the ESP due to the consumer protections and regulatory flexibility that is retained under the ESP.

Ohio deserves a comprehensive energy policy and House Bill 247 does not accomplish that goal.

Thank you for the opportunity to testify and I would be happy to answer any questions.