

**Before the Ohio House Public Utilities Committee  
Hearing on House Bill 247  
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**Testimony by Eileen Mikkelsen  
Vice President, Rates and Regulatory Affairs, FirstEnergy**

Good afternoon, Chairman Callender and members of the committee. My name is Eileen Mikkelsen, and I am Vice President of Rates and Regulatory Affairs for FirstEnergy. For over 37 years, I have worked for FirstEnergy or one of its predecessor companies. Much of my career has been spent in regulatory roles. I have testified before the Public Utilities Commission of Ohio and the Pennsylvania Public Utility Commission on a wide variety of topics related to electric utility regulation. In addition to working at FirstEnergy, I had the privilege of teaching engineering economics and utility economics at the undergraduate and graduate level at Case Western Reserve University.

I appreciate the opportunity to appear before you today and express my support for House Bill 247. The pending legislation would amend and enact sections of the Revised Code in order to:

- authorize utilities to undertake infrastructure development necessary to support or enable state or local economic development projects;
- enable utilities to build a smarter, more technologically advanced and secure distribution grid that enhances service reliability, resiliency and functionality for customers; and
- provide customers the option, but not the obligation to, purchase energy products and services from their electric utility that enhance their lifestyle, comfort and security.

I will focus my testimony today on Section 4928.25 which, if enacted, would add a significant tool to the economic development toolbox in Ohio.

Specifically, this section of the legislation accomplishes two key objectives.

First, it authorizes utilities to undertake infrastructure development to support an economic development opportunity in advance of a customer request for electric service. The utilities would receive timely recovery of their infrastructure development costs from all of their customers. This will allow utilities to offer commercial and industrial customers the location they want and the electric service they need to operate, in a more efficient and expedited manner than exists today. This provision will increase the attractiveness of sites within the state by providing the opportunity for utilities to create attractive, authenticated “shovel-ready” sites in optimal locations that meet the needs of potential customers.

Second, the legislation authorizes Ohio's utilities to develop utility infrastructure for a customer that is expanding or locating operations in the state and has a forecasted monthly peak demand of five megawatts or more. The utilities would receive timely recovery of their infrastructure development costs from all of their customers, and the new or expanding customer would own the facilities after construction. This enables utilities to mitigate the potential upfront financial burden to new or expanding customers who would otherwise be required to invest in their own electric infrastructure. This provision empowers utilities to meet customers' electricity demands and positions Ohio to compete with other states in retaining and attracting customers.

Electric utilities play a vital role in state economic development, though there are challenges. Under the current electric restructuring law passed in 1999, Senate Bill 3, electric utilities in Ohio no longer own the generation assets that produce electricity for customers, but rather, are now focused only on the distribution of electricity to their customers. As a result, electric utilities in Ohio are limited in the economic development solutions they can provide to their customers today, because we only control a portion of the customer's total electric bill. Electric utilities in regulated states have more flexibility with economic development solutions because they control the customer's entire bill. Ohio is surrounded by several regulated states that we compete with for economic development projects, including West Virginia, Kentucky, Indiana, and Michigan, as well as other regulated states across the country. The changes in HB 247 will provide Ohio's electric utilities with additional tools to help us remain competitive with other states that offer these types of economic development solutions.

Further, the availability of space for economic development in the state remains a concern for prospective customers. A recent study<sup>1</sup> on speculative manufacturing space development in the Greater Akron area established a lack of industrial infrastructure and space that meets the needs of modern manufacturers. The study states that manufacturing businesses "are attracted by the area's skilled labor force and lower business costs, but the lack of available space has slowed these potential expansion projects."

Nonetheless, electric utilities are uniquely positioned to help commercial and industrial customers move or expand their business in Ohio. We have the capacity and expertise to build the necessary electric infrastructure as well as deliver the electricity that large, energy-intensive companies require to operate. We also employ economic development teams dedicated to guiding these customers through the complicated process of moving or expanding their business. Our expertise and relationships with economic development partners, agencies and organizations at the state, regional, national and international levels allow us to offer customers an array of services, including site location analysis, community research, local

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<sup>1</sup> *The Case for Speculative Manufacturing Space Development in Greater Akron*, Juniper Solutions, October 2018.

demographic and economic data, site tours, introductions to state and local officials, infrastructure development, and more.

FirstEnergy remains committed to sustained economic development efforts and the long-term economic health of the areas and customers we serve. We facilitate and support economic development initiatives that put the state and local communities on a path to higher growth by creating and retaining jobs, attracting new businesses and improving the productivity of Ohio businesses. In fact, over the past decade, our economic development efforts have helped attract \$15.2 billion in capital investment and create more than 46,000 jobs in the state of Ohio. Over the past 18 years, we have been recognized a dozen times by *Site Selection* magazine as one of the nation's top utilities for economic development. The award recognizes utility companies that complement reliable power delivery to their customers with a hands-on approach to encouraging business development in their operational areas.

Notwithstanding these and other similar achievements by Ohio's electric utilities, there is significant opportunity to improve and enhance economic development in the state. HB 247 will allow us to take advantage of that opportunity, to the benefit of the state of Ohio. The benefits of the proposed legislation include:

- mitigating front-loaded and cost-prohibitive electric infrastructure expenses for new or expanding commercial and industrial customers;
- enabling business expansion by offering a seamless and efficient process for these customers to establish electric service as quickly and cost effectively as possible;
- increasing the appeal of Ohio as a desirable location; and
- providing a path to create jobs, attract talent, and drive growth for the betterment of the state and its residents.

Simply put, HB 247 is in the best interests of the state and its residents to ensure that utilities can facilitate economic development initiatives that retain and attract businesses. These initiatives have economic ripple effects, including improved productivity of businesses, job creation, industry growth, development of industry clusters, more and younger talent, higher incomes and living standards, increased spending power, larger tax base, and higher tax revenue.

We acknowledge and compliment all of the ongoing efforts statewide to keep Ohio's economy vibrant and flourishing, including the work of the Commission and Jobs Ohio to support the electric utilities. We should take advantage of the opportunity presented by HB 247 to add another tool to our toolbox to spur and enhance economic development for the state of Ohio.

Once again, thank you for the opportunity to testify today in support of legislation that can play a key role in helping us to develop a promising, economic future for all Ohioans.