

SENATE BILL 86

TESTIMONY OF AMERICAN POWER & LIGHT (AP&L)

ROWLAND S. GILLER, III, Pres. and CEO

OHIO SENATE ENERGY 7 PUBLIC UTILITIES COMMITTEE

December 11, 2019

Good morning, Chairman Wilson Vice-Chairman McColley, Ranking member Williams and distinguished members of this Committee. It is an honor to be given this opportunity to present this testimony before you today. My name is Rowland S. Giller, III, and I am the Chief Executive Officer of American Power & Light (AP&L) and Columbus & Central Ohio Systems, Inc. (CCOS), Metro Development and Triangle Development. These companies founded locally are long-time, established Central Ohio companies employing well over 600 Ohioans. Additionally, our combined organizations have constructed over 45,000 multifamily units in central Ohio over the past 50 years. While I have provided the Committee with a written copy of my testimony, rather than read you the text; I will summarize my comments and then turn to answering any and all of your questions. As I'm not necessarily familiar with the exact customs of this particular hearing process, please forgive me if I make any unintended faux pas.

Brief Corporate History

American Power & Light (AP&L) was formed in 2003 to meet the ever-changing market conditions within the real estate development community. As we all will recall, this was the beginning of the residential real estate boom. At that time, the default utility determined that multifamily and commercial developments were not as important to their business model as a single-family development. Therefore, they began to impose greater delays on the installation at these particular types of developments as well as, enacted a per door, construction fee, which would ultimately increase the cost of the developments which would ultimately all be passed on to the individual customers. Given the default utilities lack of interest, delays and fees, as developers, we were forced to search out a market-competitive way to install and manage the on-property electrical infrastructure at all of our multifamily/commercial developments. Currently, AP&L services 120 master-meter apartment and commercial developments throughout Central Ohio. We help

property owners work with over 15,800 individual tenants on a daily/monthly basis. In the 30 months since the PUCO's June 2017 ruling came out on reselling and submetering, we have sent 450,000 individual customer bills on behalf of our customers, the property owners. Our in-house customer service team on behalf of the property owner deals with each and every individual inquiry with the utmost professionalism and respect for the tenant. In fact, over the past thirty months, we have tracked our complaint calls and have had a grand total of 13 BBB inquiries and 5 attorney general complaints. It is important to keep in mind that over the 30-month period we sent out over 450,000 bills. Each complaint was resolved in a professional manner and the file was closed.

I think it is important for me to give you a little more context on exactly what we provide to the property owners and development partners as well as their individual tenants. Not only do we manage the monthly meter reading and customer billing process, but we also design, install, and pay for primary distribution systems for our developers/owners. Our services do not stop with the upfront infrastructure installation, but property owners also contract with us to perform any and all normal or catastrophic maintenance of the infrastructure including the individual unit meters, transformers, streetlights, and any of the corresponding in-ground wiring.

As your committee is heavily involved in the utility industry, you obviously have a far greater understanding of the complexity that goes into setting a utility rate. I think a tenant just does not have the time to dig deep into the details to understand what makes up a single utility rate. I believe that our industry could benefit from a more unified level of disclosure when the tenant executes the lease or other documents related to the utilities. This industry unification would help tenants further understand what really matters to them. Two of which would be, how much should they expect to pay if they use an average amount of electricity for any given month and what can they save if they conserve.

PUCO Order

As I mentioned, we have been working with our customers to operate under the June 2017 PUCO order on submetering for the last 30 months. In that time, we have sent out over 450,000 bills and have resolved a total of 18 complaints. The complaints were dealt with and the cases were closed. The existing order essentially dictates that submetered tenants pay no more than the default residential

utility rate, which is offered to an equally situated residential customer as if they are with the default utility.

Legislation

I would first like to commit to you that we are in full support of common sense legislation. We have worked with the legislature previously and currently to try to add some insight and perspective of the actual business model and the facts in the field versus some of the hyperbole that has been part of the discourse for the past several years and as recently as the proponent's testimony of this bill. With that said, we have strong concerns with Senate Bill 86 and believe that this type of legislation negatively impacts our customers and your constituents.

For example, Senate Bill 86 would require our customers (the property owners) to apply to, be certified by the PUCO, and require compliance with whatever rules the PUCO promulgates on how landlords should operate their properties and the utilities they provide to tenants. Senate Bill 86 also requires landlords to allow tenants to elect the formula for calculating the price for a utility service under a lease even though the PUCO order issued well over two years ago on reselling provided a form of price protection through what the PUCO calls the "relative price test." Senate Bill 86 would also allow public utilities to make changes to their customer tariffs to eliminate submetering. All of the above have been and remain significant concerns of AP&L.

Again, I strongly believe that common sense legislation exists and has been drafted in the past that allows for a more transparent and easily understood relationship between the tenants and the landlord. Senate Bill 86 as drafted is not that common sense legislation, and we should not pass a bill that would create more harm than good.

I want to again thank you for the opportunity to stand in front of you and explain some of our thoughts regarding the industry and the legislation that is in front of you today. At this time, I would be more than happy to answer any and all questions from the committee or individual members.