

HB 249 Interested Party Testimony
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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 on House Bill 249. Submetering used to be applied only in the traditional landlord-tenant context, but in the last decade, “submetering companies” have proliferated and created a “submetering business” involving numerous central Ohio apartments and condominiums.

A submetering company buys electricity from a public utility at a building’s master meter, and then resells it to tenants at a markup using submeters. These companies have rates that are hidden from customers, and customers often learn of submetering rates only after they are locked in to a lease or condominium purchase. Additionally, in contrast to submeters, AEP Ohio’s rates are open and publically filed, and our customers have the ability to shop for their generation if they so choose. Submetering companies do not have to prove to any consumer or organization that their rates are just and reasonable.

Submetering is also harmful in that there are no customer protections. Submetering companies are not subject to the detailed rules imposed on utility companies regarding adequacy and reliability of service, customer disconnection procedures, and low-income assistance and energy efficiency programs. AEP Ohio must follow all such rules and regulations. This lack of oversight undermines public confidence in utility service and damages the reputation of the utility and the PUCO. Customers often have trouble distinguishing between AEP Ohio and submetering companies that operate in our service territory, one of which is American Power and Light that causes great confusion.

The practice of submetering infringes on the Certified Territory Act passed by the General Assembly to clarify areas of exclusive public utility service and thereby avoid inefficient and ineffective duplication of wires services. Submetering is directly contrary to the purpose of the Certified Territory Act. It also undermines the utility’s approved rate recovery by reducing the number of individual customers the utility serves. This diminishes the utility’s ability to invest in the distribution system.

In conclusion, this practice should stop and the PUCO should be able to promulgate submetering rules, to hear complaints regarding submetering companies, to order submetering companies to follow submetering laws or regulations, and to ensure orderly transition from submetering to public utility service for tenants.

Thank you for the opportunity to testify on House Bill 249. I’ll be happy to answer any questions you may have.