



Senate Bill 86 Opponent Testimony
Tom Froehle, Vice President External Affairs, AEP
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Good Morning Chairman Wilson, Vice Chair McColley, Ranking Member Williams and members of the Senate Energy and 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 Senate Bill 86 (SB 86). On its face, SB 86 appears to enact protections for submetered customers. However, the language of the bill is written in a way to ensure these protections are a mirage and that the current harmful practice of submetering will continue, with legislative blessing, uninterrupted.

A submetering company buys electricity from a public utility at a commercial rate and then resells it to tenants at a markup using submeters. These companies set rates that are often confusing and are not subject to regulation and customers often learn of submetering rates only after they are locked in to a lease or condominium purchase.

That practice will continue under this proposed law and they will not be required to file their rates, charges, tariff, or reports related to their activities with the PUCO and will not be required to prove to regulators that their rates are just and reasonable. Additionally, customers could be held captive by rate manipulation between CRES and the property owner as a result of this legislation as customers are deprived of their ability to shop for supply.

Finally, 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. It also undermines the utility's approved rate recovery by reducing the number of individual customers the utility serves, raising costs for all other customers and diminishing the utility's ability to invest in the distribution system.

In conclusion, this practice should stop and the PUCO should be able to ensure an orderly transition from submetering to standard public utility service for tenants.

Thank you for the opportunity to testify in opposition to SB 86. I'll be happy to answer any questions you may have.