

**House Bill 15 of the 136th General Assembly
Testimony of Christopher Hollon, AES Ohio
Before the House Energy Committee March 18, 2025**

Chairman Holmes, Vice Chair Klopfenstein, Ranking Member Glassburn, and members of the House Energy Committee, thank you for the opportunity to provide opponent testimony on Sub. House Bill 15.

My name is Christopher Hollon, and I am Senior Counsel for AES Ohio. I have represented the Company for more than a decade in matters before the Public Utilities Commission of Ohio, including three distribution rate cases. I also represent the Company before the Ohio Power Siting Board.

We at AES Ohio share the goal of Chairman Holmes to ensure that Ohio citizens have reliable, resilient, and affordable energy. Ohio's energy system should support strong economic growth, increase personal wellbeing, and improve quality of life for all Ohioans. We further believe that thoughtful, balanced reforms will support those aims.

AES Ohio, formally The Dayton Power and Light Company, serves over 530,000 customers in West Central Ohio. Our 2,900 employees and retirees have served as the backbone for reliable and affordable electricity across a 6,000 square mile service territory in 24 counties for over 100 years. Our Dayton roots mean that we are completely invested in the Miami Valley community. The AES Corporation is a U.S.-based global power company giving AES Ohio a unique perspective to develop and deliver energy solutions. We use this global experience to bring innovation and a broad range of solutions to Ohio.

We at AES Ohio are responsible for delivering electricity to customers safely and reliably over our Transmission and Distribution systems. As a poles and wires company, we are the critical link between the competitive Generation market and customers.

To provide that essential service, AES Ohio must regularly make significant investments in our Transmission and Distribution systems to serve all customers and promote economic development. Unlike other businesses, we cannot adjust our prices without regulatory review and approval; therefore, to acquire necessary funding, there must be a fair and efficient process for setting just and reasonable rates – both for utilities and customers. That process should ensure that any rate changes are both predictable and gradual for customers.

While our Transmission rates are regulated by the Federal Energy Regulatory Commission, our Distribution rates are regulated by the Public Utilities Commission of Ohio.

As we previously shared in testimony, we believe that common sense updates to the rate case process would result in greater transparency and predictability for customers while ensuring that utilities have the ability to continue to deliver the reliable service that customers expect and deserve.

We appreciate the committee's willingness to listen and engage on these issues.

Ratemaking modernization

AES Ohio supports modernization of the ratemaking process.

First, AES Ohio believes that utilities should be allowed to propose three-year, forward-looking test periods that include all costs, including capital investments, with a true-up mechanism. This framework would more closely align a utility's investments with its rates at the time those rates are charged. Customers would pay only for what utilities actually invest, and they would benefit from the efficiencies gained by those investments in near-real time. Moreover, this framework would provide the PUCO, customers, and interested parties with an annual, transparent review of a utility's books.

Second, we support swifter resolution of rate cases at the PUCO. Rate cases can and should be resolved in less than a year. A "shot clock" on PUCO decisions would help ensure that utilities and customers secure predictable and reasonable rates in a timely manner.

AES Ohio has filed three rate cases at the PUCO in the last ten years; we welcome review by the PUCO and stakeholders. However, the existing, backwards-looking rate case process has significant regulatory lag, particularly without ESPs, which allow for regular updates of utilities' investments. We are optimistic that forward-looking test periods can alleviate that concern. Doing so will position AES Ohio and other Ohio electric distribution utilities to deliver safe, reliable, and affordable electricity at the speed of business.

We appreciate the committee's efforts to begin addressing these reforms and have submitted language to ensure a consistent process across the proposed three-year, forecasted plan and timely true-up proceedings.

Legacy Generation Resource

AES Ohio continues to be troubled by and opposes an abrupt repeal of the Legacy Generation Resource (LGR) statute. The LGR statute clarified preexisting authority recognized by the PUCO and affirmed by the Ohio Supreme Court that the state's electric utilities with historic interests in the Ohio Valley Electric Corporation ("OVEC") could pass through any profit or loss from OVEC in their rates. Under the LGR statute, AES Ohio does not profit from OVEC in any way.

Since Ohio's electric utilities were required to divest their generation assets as part of deregulation, there has been recognition that OVEC's unique history and structure makes divestiture extremely difficult. OVEC is jointly owned by twelve companies spanning five different states, and significant decisions require unanimous consent of its sponsoring companies.

AES Ohio believes that OVEC provides important baseload generation for the region as energy needs proliferate, and that the LGR provides a hedge for customers against fluctuating market prices, especially since PJM has identified future potential generation constraints.

AES Ohio understands that many legislators would like to sunset the LGR more quickly than the statute already provides (*i.e.*, 2030). However, a sudden repeal would immediately force Ohio electric distribution utilities to reallocate resources away from investments that improve reliability and promote economic development to cover their share of OVEC's costs, which they must still pay even without the LGR.

A glidepath or wind-down of the LGR is essential for utilities to develop and adopt new financial strategies that account for the absence of the LGR sooner than expected while continuing to invest in the reliability of their systems for the benefit of their customers.

Ohio Power Siting Board Reforms

AES Ohio is also concerned that recent changes to House Bill 15 that address transmission issues are misplaced and would impede the ability of Ohio utilities to respond to customer needs at the speed of business.

To be clear, transmission rates are regulated by the Federal Energy Regulatory Commission, not the Public Utilities Commission of Ohio or the Ohio Power Siting Board. Nevertheless, the current version of the bill would dramatically expand the jurisdiction of the OPSB to review the *siting* of transmission projects, *increasing* the regulatory restrictions on and costs of such projects for utilities and customers.

We have submitted proposed amendments to address these issues.

Virtual Net Metering

Virtual net metering and community solar legislation have been introduced in prior General Assemblies. AES Ohio and other stakeholders shared concerns about how these programs result in cost shifts to other, non-benefiting customers. The provisions in House Bill 15 have still not addressed how to ensure that nonparticipating customers do not shoulder the costs being avoided by participating customers. AES Ohio requests that these provisions be vetted in separate legislation and look forward to working on those with the committee on those issues.

Heat Maps

AES Ohio believes that current law already provides the PUCO with the authority to work with utilities to develop heat maps. In fact, in a recently filed settlement, AES Ohio has committed to the creation of heat maps. If the state wants to ensure that heat maps are up-to-date as grid technology evolves, the PUCO is best positioned to ensure the most dynamic and secure maps are made available.

Thank you for the opportunity to provide opposition testimony to Sub. House Bill 15. I would be happy to answer questions from the committee.