

**Sub. House Bill 15 of the 136th General Assembly  
Testimony of Christopher Hollon, AES Ohio  
Before the Senate Energy Committee April 8, 2025**

Chairman Chavez, Vice Chair Landis, Ranking Member Smith, and members of the Senate 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.

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.

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 our 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 the 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.

As we previously shared in testimony, we believe that the 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 legislature's willingness to listen and engage on these issues.

### **Ratemaking modernization**

AES Ohio supports modernization of the ratemaking process. We believe that with a small tweak to ensure timely true-ups, AES Ohio will be ready to successfully move into the new ratemaking framework that will benefit customers and our business.

AES Ohio agrees that utilities should be allowed to propose three-year, forward-looking test periods that include all costs with an annual true-up mechanism. This framework will better 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.

We also support the 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. For the same reasons, we support the resolution of annual true-up proceedings within 90 days.

AES Ohio has filed three rate cases at the PUCO in the last ten years; we welcome review by the PUCO and stakeholders. We are optimistic that forward-looking test periods will alleviate regulatory lag that is inherent in the current, backwards-looking rate case process. This new, modern ratemaking process will position AES Ohio to deliver safe, reliable, and affordable electricity at the speed of business.

### **Ohio Power Siting Board Reforms**

AES Ohio is concerned that recent changes to House Bill 15 that address transmission issues are misplaced and would slow down the process for critical economic development projects that need to move 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.

### **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 adequately addressed how to ensure that nonparticipating customers do not shoulder the costs being avoided by participating customers. Rather than start a program that is subsidized by nonparticipating customers, AES Ohio requests that these provisions be vetted in separate legislation and looks forward to working on those with the legislature on those issues.

### **Legacy Generation Resource**

Finally, AES Ohio continues to be troubled by and opposes an abrupt repeal of the Legacy Generation Resource (LGR) statute. The LGR statute merely 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.

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 will continue to be contractually obligated to 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.

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