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*The Premier Advocate for Ohio's
Largest Energy Users*

**Before
The Ohio Senate Energy Committee
Testimony on House Bill 15**

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Proponent Testimony on Behalf of the Ohio Energy Leadership Council

April 8, 2025

Chair Chavez, Vice-Chair Landis, Ranking Member Smith, and Committee members. My name is David Proaño, and I am a partner representing clients on energy and utility matters at the law firm of Baker & Hostetler, where I have practiced law for over 20 years. My testimony today is on behalf of my client, Ohio Energy Leadership Council, as a proponent of House Bill 15.

OELC is a non-profit trade association made up of energy-intensive manufacturing, industrial, institutional, educational, and retail businesses that are leaders in Ohio's energy markets. Collectively, our members spend billions on energy each year and consume over 4 billion kWh of electricity annually—equivalent to the usage of 400,000 residential homes in Ohio.

I would like to thank the members of this committee for their hard work over the past month on changes to Ohio's energy and utility laws that will make Ohio a more competitive place to do business. I would like to focus my testimony on two improvements in particular as part of voicing OELC's support for House Bill 15.

First, House Bill 15 preserves critical interruptible and transmission programs by moving them from the soon-to-be-eliminated Electric Security Plan (ESP) statute to the rate-making statute. This change will allow Ohio utilities to continue offering these vital programs to large energy customers that provide thousands of

jobs and tremendous economic development in our state. As I have previously testified, these programs play a crucial role in maintaining grid reliability during periods of extreme electricity demand. Participating companies can be interrupted by the utility at any time for as long as necessary for an immediate reduction in load that can help ensure that up to 1 million residential customers and critical businesses such as hospitals keep their lights on and their homes heated.

Additionally, the bill preserves the PUCO's ability to approve transmission and economic development programs that also enhance grid stability, which is essential for retaining and expanding businesses in Ohio. These programs contribute to keeping energy rates low by reducing transmission costs for all consumers through decreased peak demand on the overall system. As a result, both large and small business and residential customers across the state enjoy lower transmission costs. It is critical to emphasize the importance of these interruptible and transmission pilot programs for grid stability and economic development in Ohio. They enable our state to compete effectively with others, both domestically and internationally, in attracting new businesses and supporting existing ones.

Second, House Bill 15 includes an important reform to ensure regulatory oversight over supplemental transmission projects. Specifically, House Bill 15 gives the Ohio Power Siting Board jurisdiction over transmission projects that are built at the 69 kilovolt (kV) level, by lowering the jurisdictional threshold from 100 kV to 60 kV. In this way, we will finally shine a light on these transmission projects that are paid for 100% by Ohio ratepayers and have resulted in unsustainable utility rate increases for Ohio's businesses. Out-of-control transmission costs is a top threat to the ability of Ohio to remain competitive with other states in maintaining and attracting existing and new manufacturers and industries.

For example, when I testified before this committee previously, I provided a chart showing how a typical large energy user has been impacted by escalating transmission costs since 2017, attached again today. Since 2017, 292 supplemental transmission projects have been built at 69 kV in Ohio, with a total estimated cost exceeding \$1.57 billion—every dollar of which was paid by Ohio ratepayers plus profits.¹ Yet not even one of these projects received oversight from

¹ Source: <https://www.pjm.com/planning/m/project-construction> (searchable and sortable PJM database of all PJM transmissions projects). Of the 292 projects, 82 projects were estimated to cost over \$5 million, and 50 projects were estimated to cost over \$10 million. Per PJM's Independent Market Monitor's Report for 2024, at p. 717, "PJM's data collection, management and retention related to transmission spending of all types is inadequate and needs a significant upgrade. The failure to collect data on estimated and final project costs makes it impossible to track transmission project costs for all

the Ohio Power Siting Board. Ohioans have shouldered more than \$1.5 billion in transmission costs without any regulatory review or approval. House Bill 15 will finally bring needed oversight to this process, ensuring accountability and fairness for Ohio businesses and consumers. OELC strongly supports this reform.

As you make this important reform, the committee should know who these transmission entities are, as they include all four of Ohio's electric distribution utilities. The below chart shows 26 of the major transmission owning companies that are PJM members with the value of their transmission rate base, published recently by S&P Global, which includes AEP, FirstEnergy and Duke Energy.² This chart also shows the authorized rate of return (return on equity) for each transmission company, with most over 10% and some as high as a 13% guaranteed ROE.

- AEP Ohio's transmission owning affiliates, Ohio Transmission Co. and Ohio Power Co., together have \$6.88 billion in transmission assets that are getting a guaranteed 9.85% return. Since 2017, AEP Ohio has installed \$769.9 million of 69 kV supplemental transmission projects in Ohio.
- Duke Energy Ohio, Inc. has \$1.13 billion in transmission rate base at a guaranteed 11.38% return. Since 2017, Duke has installed nearly \$170 million of 69 kV supplemental transmission projects.
- And FirstEnergy's affiliate, American Transmission Systems, Inc., has \$4.12 billion in transmission rate base at a guaranteed 10.38% return. Since 2017, ATSI has installed over \$535 million of 69 kV supplemental transmission projects.

project types." Report available at

https://www.monitoringanalytics.com/reports/PJM_State_of_the_Market/2024/2024-som-pjm-vol2.pdf

² Source: <https://www.spglobal.com/market-intelligence/en/news-insights/research/pjm-transmission-growth-rebounds-datacenters-boost-outlook-for-future-expansion>

Transmission formula rate summary for major utilities in the PJM Interconnection, 2023–2024

Parent company	Filing company	2023 transmission rate base (\$000)	2024 transmission rate base (\$000)	2023–24 growth (%)	Authorized base ROE* (%)	Amount of rate base authorized ROE adder (\$000)	Total ROE including adder* (%)
American Electric Power Co.	Appalachian Transmission Co.	91,441	107,790	17.88	10.35	None	N/A
American Electric Power Co.	Indiana Michigan Transmission Co.	2,886,372	3,086,078	6.92	10.35	None	N/A
American Electric Power Co.	Kentucky Transmission Co.	147,479	144,085	-2.30	10.35	None	N/A
American Electric Power Co.	Ohio Transmission Co.	4,417,191	4,627,794	4.77	9.85	None	N/A
American Electric Power Co.	West Virginia Transmission Co.	2,004,189	2,142,902	6.92	10.35	None	N/A
American Electric Power Co.	Appalachian Power Co.	3,134,397	3,317,650	5.85	10.35	None	N/A
American Electric Power Co.	Indiana Michigan Power Co.	1,173,991	1,185,564	0.99	10.35	None	N/A
American Electric Power Co.	Kentucky Power Co.	497,312	533,975	7.37	10.35	None	N/A
American Electric Power Co.	Kingsport Power Co.	42,037	50,292	19.64	10.35	None	N/A
American Electric Power Co.	Ohio Power Co.	1,976,002	2,253,050	14.02	9.85	None	N/A
American Electric Power Co.	Wheeling Power Co.	103,185	113,105	9.61	10.35	None	N/A
Dominion Energy Inc.	Virginia Electric and Power Co.	8,587,842	9,830,573	14.47	11.40	279,264	12.65
						575,526	12.90
DQE Holdings LLC	Duquesne Light Co.	725,156	762,016	5.08	11.40	NA	12.40
						NA	12.90
Duke Energy Corp.	Duke Energy Kentucky Inc.	65,853	89,239	35.51	11.38	None	N/A
Duke Energy Corp.	Duke Energy Ohio Inc.	1,028,697	1,134,540	10.29	11.38	None	N/A
Exelon Corp.	Atlantic City Electric Co.	1,341,457	1,395,874	4.06	10.50	56,233	12.00
Exelon Corp.	Baltimore Gas & Electric Co.	1,756,362	1,868,553	6.39	10.50	157,178	11.50
Exelon Corp.	Commonwealth Edison Co.	4,351,741	4,476,951	2.88	11.50	169,200	13.00
Exelon Corp.	Delmarva Power & Light Co.	1,164,515	1,254,416	7.72	10.50	72,560	12.00
Exelon Corp.	PECO Energy Co.	1,236,996	1,298,535	4.97	10.35	None	N/A
Exelon Corp.	Potomac Electric Power Co.	1,261,284	1,676,946	32.96	10.50	154,700	12.00
FirstEnergy Corp.	American Transmission Systems Inc.	3,790,375	4,124,692	8.82	10.38	None	N/A
FirstEnergy Corp.	Mid-Atlantic Interstate Transmission LLC	2,101,238	2,431,726	15.73	10.30	None	N/A
FirstEnergy Corp.	Trans-Allegheny Interstate Line Co.	1,453,298	1,442,621	-0.73	11.70	814,346	12.70
PPL Corp.	PPL Electric Utilities Corp.	5,852,007	6,137,416	4.88	10.50	633,941	11.70

Not a single one of these that are 69 kV projects came before the Ohio Power Siting Board for review. Further, these supplemental projects are not approved by PJM’s board or reviewed for prudence and reasonableness.³ There is very little review currently of these supplemental transmission projects by PJM, and currently no review in Ohio for those at 69 kV. If you look at Appendix B, you can see how supplemental transmission projects have proliferated in the past few decades, and especially the last ten years. House Bill 15 will help close this problematic regulatory gap.

³ Source: PJM RTEP 2023 Report, available at <https://www.pjm.com/-/media/DotCom/library/reports-notice/2023-rtep/2023-rtep-report.pdf>, at pp. 61-62; see also pp. 194-204 which lists supplemental transmission projects completed in Ohio in 2023; see also PJM Independent Market Monitor Report for 2024, available at https://www.monitoringanalytics.com/reports/PJM_State_of_the_Market/2024/2024-som-pjm-vol2.pdf, at p. 716 (“PJM conducts a do no harm analysis to ensure the Supplemental Projects do not negatively affect the reliability of the system. Supplemental Projects are ultimately included in PJM’s Regional Transmission Expansion Plan and are allocated 100 percent to the zone in which the transmission facilities are located.”)

There is one change needed to the transmission reform section of the bill, which was in a prior version, to give ratepayers in Ohio the ability to intervene in transmission power siting cases. Without this provision, impacted businesses and consumers would have no voice in decisions that directly affect their costs. Without intervention, cases could be one-sided with no parties opposing aspects of the filing that may not be reasonable or comply with Ohio law. Intervention is essential to regulatory fairness, ensuring that those who bear the financial burden can challenge unreasonable proposals. The intervention language in the original version of the bill should be reinstated to maintain transparency and accountability.

Finally, there are compromises in House Bill 15, with provisions that are more favorable to Ohio's electric utilities. Those include the novel 3-year forecasted rate plan that will, in OELC's view, lead to unnecessarily high rates and a one-side ratemaking process. Those also include a revised provision on ratepayer refunds that only permits them from the date of an Ohio Supreme Court decision, which is a significant change from the prior version of House Bill 15 that did not include this limitation. OELC does not support those provisions and would like to keep working with the committee on those items. While not every provision benefits Ohio's ratepayers, especially on these two items, OELC remains a proponent of House Bill 15 because it includes many other provisions that are very positive and beneficial to Ohio's businesses.

Thank you, Mr. Chairman, for allowing me the opportunity to testify on this important update to Ohio's energy statute. I am happy to answer any questions that committee members may have on this bill. D.F.P.

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Transmission Charge Increases: 2017 – 2025 for AEP Ohio and FirstEnergy Utilities
Assuming Large Energy User with 100,000 kW/kVa of Demand

AEP Ohio	kW Demand	Transmission Rate (per kW or KVA)	Monthly Transmission Charges	Annual Transmission Charges
2017	100,000	3.45	\$ 345,000.00	\$ 4,140,000
2025	100,000	7.72	\$ 772,000.00	\$ 9,264,000
			123% increase	\$ 5,124,000 increase
Toledo Edison	kVa Demand			
2017	100,000	3.8822	\$ 388,220.00	\$ 4,658,640
2025	100,000	9.6019	\$ 960,190.00	\$ 11,522,280
			147% increase	\$ 6,863,640 increase
Ohio Edison	kVa Demand			
2017	100,000	3.1154	\$ 311,540.00	\$ 3,738,480
2025	100,000	7.953	\$ 795,300.00	\$ 9,543,600
			155% increase	\$ 5,805,120 increase
Cleveland Electric Illuminating	kVa Demand			
2017	100,000	2.6203	\$ 262,030.00	\$ 3,144,360
2025	100,000	7.3552	\$ 735,520.00	\$ 8,826,240
			180% increase	\$ 5,681,880 increase

OELC Testimony – Appendix B

Table 12-60 Number of supplemental projects by expected in service year and zone: 1998 through 2040

Year	ACEC	AEP	AMPT	APS	ATSI	BIG	COMED	DAY	DUKE	DUQ	DOM	DPL	EKPC	JCPLC	MEC	NEET	OVEC	PECO	PE	PEPCO	PPL	PSEG	REC	Total
1998	0	0	0	0	0	0	0	0	0	0	0	3	0	0	0	0	0	0	0	0	0	0	0	3
1999	0	0	0	0	0	0	0	0	0	0	0	2	0	0	1	0	0	0	0	0	0	0	0	3
2000	0	0	0	0	0	0	0	0	0	0	0	11	0	0	0	0	0	0	0	0	0	0	0	11
2001	0	0	0	0	0	0	0	0	0	0	0	14	0	0	0	0	0	0	0	0	0	0	0	14
2002	0	0	0	0	0	0	0	0	0	0	0	10	0	0	0	0	0	0	0	0	0	0	0	10
2003	3	0	0	0	0	0	0	0	0	0	0	10	0	0	0	0	0	0	2	0	0	0	0	15
2004	5	0	0	10	0	0	9	0	0	0	0	12	0	2	0	0	0	0	0	0	0	2	0	40
2005	4	2	0	8	0	0	4	0	0	0	1	14	0	1	0	0	0	1	2	0	0	2	0	39
2006	4	2	0	5	0	0	6	0	0	0	0	9	0	1	0	0	0	0	1	0	2	1	0	31
2007	1	1	0	5	0	4	5	0	0	4	0	6	0	0	0	0	0	0	2	0	1	6	0	35
2008	3	0	0	15	0	1	6	0	0	1	7	3	0	0	1	0	0	0	0	0	3	1	0	41
2009	3	1	0	6	0	1	8	0	0	3	3	5	0	0	0	0	0	5	1	0	1	2	0	39
2010	0	6	0	7	0	3	4	0	0	6	3	0	0	1	2	0	0	2	0	0	3	5	0	42
2011	0	8	0	8	0	0	2	0	0	5	2	0	0	1	0	0	0	4	0	0	6	4	0	40
2012	0	5	0	6	4	1	2	0	7	3	16	1	0	2	0	0	0	1	0	0	5	11	0	64
2013	5	21	0	4	5	0	11	0	6	4	13	1	0	1	1	0	0	1	0	1	14	19	0	107
2014	2	31	0	2	8	2	14	0	5	6	18	3	3	2	0	0	0	1	2	0	9	15	0	123
2015	4	15	0	2	9	1	37	0	8	4	17	5	3	2	0	0	0	1	0	4	7	23	0	142
2016	6	17	0	4	17	0	26	0	6	2	13	4	2	0	1	0	0	3	2	3	11	29	0	146
2017	8	107	0	3	26	1	23	0	3	8	31	11	5	0	3	0	0	0	3	1	22	43	0	298
2018	10	143	0	3	13	1	20	0	14	3	22	6	4	0	0	0	0	2	0	1	20	25	0	287
2019	3	163	0	4	30	5	14	2	16	1	33	8	5	3	14	0	0	1	15	0	15	27	0	359
2020	5	132	0	4	35	6	12	5	13	1	30	2	6	9	17	0	0	3	34	1	17	23	0	355
2021	4	154	0	6	31	8	4	7	13	2	22	0	8	16	23	0	0	22	24	0	19	23	0	386
2022	1	149	0	12	32	5	10	7	9	1	28	2	6	13	37	0	0	5	28	0	18	17	0	380
2023	5	169	0	13	29	10	6	4	9	1	38	4	6	9	28	2	0	4	14	5	15	19	0	390
2024	7	354	1	31	25	11	7	7	4	0	40	4	10	34	21	0	0	8	25	5	17	17	0	628
2025	3	355	3	21	37	3	8	27	9	3	45	0	6	27	43	0	0	6	69	6	19	17	0	707
2026	5	143	3	24	19	5	10	11	11	2	41	3	6	13	24	0	0	2	19	1	27	6	0	375
2027	4	145	5	24	18	1	3	22	5	3	22	5	8	12	15	0	5	3	3	0	22	18	0	343
2028	7	70	1	10	8	4	3	10	3	0	14	1	2	5	0	0	0	1	9	12	14	8	0	182
2029	5	54	0	5	4	3	0	1	1	0	3	0	2	0	1	0	0	1	1	1	5	9	0	96
2030	0	59	1	0	1	0	0	2	0	0	0	0	0	0	0	0	0	0	0	0	7	0	0	70
2031	0	36	0	0	1	0	0	0	1	0	0	1	0	0	0	0	0	0	0	0	0	0	0	39
2032	1	4	0	1	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	7
2033	0	0	0	1	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	16	0	0	18
2034	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6	0	4	0	0	10
2035	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
2036	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2037	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2038	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2039	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2040	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	108	2,347	14	244	352	76	254	105	144	64	462	160	82	154	232	2	5	77	262	41	319	372	0	5,876

Source: PJM’s Independent Market Monitor’s Report for 2024, at p. 718, available at https://www.monitoringanalytics.com/reports/PJM_State_of_the_Market/2024/2024-som-pjm-vol2.pdf