

**AMENDED SUBSTITUTE HOUSE BILL 15 (PASSED BY THE HOUSE)
OF THE 136TH OHIO GENERAL ASSEMBLY
TESTIMONY OF AMY SPILLER, STATE PRESIDENT OF DUKE ENERGY OHIO
BEFORE THE OHIO SENATE ENERGY COMMITTEE**

April 8, 2025

Chair Chavez, Vice Chair Landis, Ranking Member Smith, and members of the Ohio Senate Energy Committee:

My name is Amy Spiller, and I am President of Duke Energy Ohio. I lead the company's business, regulatory, and legislative functions that facilitate the provision of safe and reliable energy services and solutions for our 700,000 electric and 490,000 natural gas customers in southwest Ohio, continuing the nearly two-hundred-year legacy of our predecessor companies. Duke Energy Ohio appreciates the work already conducted on Amended Substitute Senate Bill 2 (Senate Bill 2) by your leadership team, the bill sponsor, and this committee, in the furtherance of forward-thinking, 21st century energy policy reforms. Thank you also for the opportunity to testify today on Amended Substitute House Bill 15 (House Bill 15), as that bill was passed by the Ohio House of Representatives.

I. Electric and natural gas utilities play an essential role in our customers' lives and our shared economic prosperity.

Duke Energy Ohio shares the state's goal of succeeding in regional, national, and worldwide economic arenas. We know that access to reliable and abundant energy is the bedrock upon which American artificial intelligence (AI) innovation, deployment, and dominance will be built. Indeed, Duke Energy recently outlined energy-related priorities to the Trump Administration that will help the United States meet its new, AI-driven data center electric load demands, thereby enabling the country to enhance its economic strength, buttress its national security objectives, and support the American people. (See Appendix A.) Rising to meet these challenges, including Ohio's energy resource adequacy and reliability needs, will require investments in critical transmission and distribution grid infrastructure. Although on its journey through the Ohio House of Representatives, House Bill 15 changed for the better in some respects, several policy areas challenge our ability to meet the growing and evolving needs and expectations of our customers and communities. Resolving those issues is the focus of my remarks to follow.

II. House Bill 15 will provide a modernized utility regulatory model; however, amendments are needed to ensure its benefits can be fully realized.

As was also contained within Senate Bill 2, which your chamber recently passed, House Bill 15 would provide electric distribution utilities with the ability to file a base distribution rate case covering three years, using forecasts of investments and expenses. As compared with current law, this approach reduces some of the regulatory lag issues plaguing Ohio, provides customers with greater predictability, and decreases the volatility of base distribution rates. It also helps utilities refine capital investment planning and make expense-related decisions that can reduce costs of service. Realized savings would be passed on to customers more quickly than under a traditional base rate case, as base rates would be trued-up to actual investments and expenses for each of the three plan years through a cost recovery mechanism approved by the Public Utilities Commission of Ohio (Commission).

However, the bill is silent as to the timing of the process that the Commission must follow in making these rate adjustments, which could lead to rates not being adjusted to actual data as promptly as the General Assembly intends. Similar to the mandatory and enforceable deadlines for the issuance of Commission and Ohio Power Siting Board (OPSB) orders in other areas of the bill, the time permitted for this process should be clearly defined. Duke Energy Ohio suggests that rates should adjust within ninety days from the utility's filing of its actual data. Under this requirement, when the Commission approves a three-year case, the utility's rates will adjust to actuals within a few months after the end of each plan year, and the utility will be required to file a new base rate case at the beginning of the third year.

Duke Energy Ohio believes that having a definitive timeline for adjusting rates under this new approach reflects the intention of the policy expressed in the bill and well serves customers, utilities, and regulators. We therefore suggest that you amend House Bill 15 to codify the ninety-day adjustment requirement.

III. Mandatory deadlines for concluding rate cases represent a positive change; however, the time frame in House Bill 15 should be reconciled to that provided for under Senate Bill 2.

House Bill 15 requires that the Commission issue an order not later than four-hundred five days after a base rate case is filed. Although this mandate is an improvement from the status quo, the time allowed is actually longer than that provided for under current law. As you know, in Senate Bill 2, you thoroughly considered the issue of time with regards to the adjudication of rate cases and arrived at three-hundred sixty-five days as being both reasonable and responsible. Duke Energy Ohio urges you to amend House Bill 15 to reflect the policy passed by your chamber.

IV. Promoting competitive retail electric supply markets in violation of the cost-causation principle is unsustainable.

The centuries-old regulatory paradigm rightly provides that customers who cause transmission and distribution costs bear those costs. And this paradigm should not be upended. After all, every electric customer, regardless of their interconnection method, takes power at their location within the utility's service territory. These customers are physically using both the transmission and distribution grids to obtain the power that they consume – 100 percent of the time. Yet, under House Bill 15, the costs of permitting, siting, constructing, operating, maintaining, and safeguarding our transmission system would be bypassable – that is, entirely avoidable – by customers who purchase electric capacity and energy from a competitive supplier. This would occur despite each customer's use of the transmission grid to receive their supply.

By making transmission costs bypassable, House Bill 15 would also create an unsustainable “last man standing” situation, where fewer and fewer customers are required to pay for the grid that everyone uses. Ultimately, the financial burden on each of those remaining customers would become prohibitive, making it impossible for them to fully cover the costs of the transmission grid.

The Commission has appropriately dealt with the recovery of transmission costs for many years, making this change as unnecessary as its consequences are undesirable. House Bill 15 should therefore be amended to make transmission costs nonbypassable, thereby ensuring that all customers pay their fair share for access to and use of a reliable and resilient grid.

V. Imposing regulatory overreach and bureaucratic red tape onto critical infrastructure projects will jeopardize grid reliability and economic development and add to the cost and time necessary to complete these vital undertakings.

Rather than paving the way for critical infrastructure essential to national energy dominance and the economic competitiveness of our state, House Bill 15 expands the reach of government in several ways that will delay or potentially prevent the completion of vital projects.

- First, the bill extends certification requirements administered by the OPSB to electric grid projects at voltage levels as low as sixty kilovolts, down from the existing level of one hundred kilovolts. Duke Energy Ohio routinely constructs lower-voltage projects to address local system reliability concerns and to support local economic development projects. We estimate that under the bill our project applications filed at the OPSB will triple. Furthermore, every certification decision issued by the OPSB is immediately appealable to the Ohio Supreme Court, thereby subjecting crucial reliability and economic development projects to a potentially years-long timeline for final resolution.
- Second, the bill would subject to OPSB jurisdiction projects that replace existing circuits of one mile or more with essentially identical new equipment. This policy would add time and expense to critical infrastructure projects, including during restoration following weather events or other exigencies. Such delays place at risk the ability for Duke Energy Ohio to complete reliability projects in the time frame desired and expected by our customers and local government partners.
- Third, the bill requires that the OPSB consider whether “advanced transmission technologies” were considered by project developers, thereby imposing time- and cost-intensive additional data collection and modeling. Duke Energy Ohio agrees that modernized technologies should be encouraged and used, where reasonable and prudent. However, our company already engineers its projects to maximize value, capacity, and reliability, which already meets the apparent goal of the additional regulations. This is a solution in search of a problem.

Given the negative consequences of the policy changes in House Bill 15 regarding OPSB jurisdiction and the mandatory criteria it must address, Duke Energy Ohio suggests that those changes be removed from the bill. With regard to transmission technologies, we suggest that the related provisions also be stricken from the bill, but that the state consider initiating a comprehensive stakeholder process for evaluating how best to unlock the potential of evolving grid-enhancing technologies for the benefit of all.

VI. The Community Energy Program promotes the development of some new generation resources, but improvements are needed to make it work for all concerned.

Duke Energy Ohio supports the efforts of lawmakers to provide solutions to the electricity supply challenges faced by Ohio. However, the following matters should be addressed if the Community Energy Program is to be adopted:

- First, the program would require that utilities be the billing agent for Community Energy Organizations. This is inconsistent with state policies that stress the need for the separation of noncompetitive and competitive service delivery.
- Second, utilities must not be required to cover the financial needs of the program. Although the bill allows for some cost recovery, it is limited to one percent of an unknown subscription fee. This cannot be considered with any degree of confidence to provide adequate restitution for utility costs.
- Third, the policy inappropriately gives priority to the Community Energy Organization over the utility in the event a subscriber remits a partial payment. The opportunities for confusion and other customer service problems are compounded for Duke Energy Ohio as we provide both electric and natural gas service to hundreds of thousands of dual service customers.
- Fourth, the program provides preferential treatment for interconnections for Community Energy Facilities. As required by law, Duke Energy Ohio treats all customers fairly and equally under approved service tariffs, which practices should be maintained under the program.

These issues can be remedied with the adoption of amendments to:

- Require Community Energy Organizations to directly bill their subscribers.
- Clearly ensure that utilities recover their full costs of service.
- Leave issues of payment prioritization to the Commission to address, as it does currently in its administrative rules.¹
- Remove the preferential interconnection provision.

With these changes, the Community Energy Program would be better positioned for success.

¹ OAC 4901:1-10-22(H) and 4901:1-10-33(H).

VII. The bill's proposal that certain large customers may self-build transmission projects is an important subject that needs further study to ensure the safety and integrity of the grid.

House Bill 15 would require that customer self-built transmission facilities and equipment conform to utility engineering and construction standards. However, we are uncertain as to whether all issues of conformity are adequately addressed with this broad requirement. Importantly, electric utilities are required by the State of Ohio to build and maintain their equipment in compliance with the National Electrical Safety Code. In contrast, all other entities (including the utilities' large customers) must comply with the National Electric Code. Despite the similarity in name, these are entirely different sets of standards. For example, equipment that complies with the National Electric Code must be listed with Underwriters Laboratories (UL), while utility-grade equipment is never UL-listed and instead must meet standards issued by the American National Standards Institute. Utility-grade equipment may not be available to customers and the utilities would not be allowed by the Commission to take ownership of UL-listed equipment or to include such equipment in their systems. This is just one of several areas of this policy that could best be improved through a stakeholder process where subject matter experts would be able to share their knowledge and best practices. We therefore suggest that these provisions be removed from the bill and held for future consideration.

VIII. The state should allow Duke Energy Ohio to reconcile all credits and reasonable and prudent costs realized under the Legacy Generation Resource (LGR) law, while that law was in effect.

Abruptly repealing parts of state law – no matter the industry involved – without providing a means of redress or alternate remedy sends a chilling message to the business community and is thus antithetical to economic prosperity and development. This same sentiment was expressed by the President & Chief Executive Officer of the Ohio Business Roundtable in a letter to the Ohio House of Representatives. (See Appendix B.) If the state is determined to remove the LGR statutes from law, it is appropriate to provide full reconciliation of costs and credits accrued under the law, which was fully followed by Duke Energy Ohio. This includes customer credits as may be revealed under Commission investigations, as well as costs incurred but unrecovered that are currently held by utilities in deferral accounts. We propose that House Bill 15 be amended so that the Commission would be required to investigate the adherence by utilities to the requirements under the LGR statutes through the entirety of that statute's existence – whether that existence ends at the date this bill becomes effective or

at a later date – and to then take proper and necessary actions based on the findings of such investigations.

IX. Conclusion

Thank you for the opportunity to share with this committee Duke Energy Ohio's informed perspectives on House Bill 15, which we recognize contains some benefits for our customers and our company. We appreciate your willingness to listen to our concerns and suggestions, and we welcome the opportunity to continue working with you and other interested parties on improvements to address the issues covered in my testimony. With those improvements, House Bill 15 will better provide Ohioans with access to safe, reliable, and affordable energy.



Duke Energy support for the development of the AI Action Plan

A reliable and abundant energy supply is the bedrock upon which American artificial intelligence (AI) innovation, deployment and dominance will be built. Duke Energy stands ready to provide the energy needed to unleash AI technology's powerful potential in America. In this era of unparalleled opportunity, we are investing \$83 billion to add 12.5 gigawatts of energy by 2030. That's enough to power 10 million homes – twice the number that are in our home state of North Carolina. Ensuring a steady and secure power supply 24/7 is critical to serve the growing energy needs of AI while keeping costs affordable for our customers across the Southeast and Midwest. Smart policy solutions can provide the additional energy generation needed and advance our shared goal of building resilient and modern energy infrastructure to power our growing AI-enabled economy.

Key Actions to Accelerate Speed to Market for New Dispatchable Resources by 2-4 years



Streamline federal regulatory approval process



Expedite environmental permits, including by working with states



Increase certainty of natural gas supply pipelines



Accelerate domestic production to improve critical equipment delivery times



Fast track interconnection of power plants to the grid

How policy can help

1. Promote American-made supplies of critical components to strengthen the energy generation supply chain
2. Expedite siting and permitting for critical energy infrastructure while protecting the environment
3. Fast track grid interconnection for new generation facilities necessary to support AI data centers
4. Focus on grid stability
5. Unlock grid flexibility through data center demand response
6. Unleash private investment in energy infrastructure
7. Enhance energy grid defense

We're moving and leading the industry – Duke Energy fast facts

- Operating ~55 Gigawatts of energy capacity for 8.4 million electric and 1.7 million natural gas customers
- Investing \$83B across our seven-state footprint to increase generation capacity by more than 20% (nearly 12.5 gigawatts by 2030)
- Developing new customer solutions to meet evolving needs while protecting reliability and affordability for all customers
- Protecting against cyberattacks and natural disasters by meeting high standards for grid security and resilience
- Partnering with the federal government, U.S. military and technology companies to provide generation and secure grid access to critical installations
- Helping to finance the next generation of nuclear by earning more than half a billion of nuclear production credits in 2024, which flow dollar for dollar back to customers





March 26, 2025

The Honorable Members of the Ohio House of Representatives
77 South High Street, 12th Floor
Columbus, OH 43215

RE: OBRT Response to Immediate Repeal of OVEC Rider

Dear Members of the Ohio House of Representatives,

As a former member of Congress—and as someone who previously served in House leadership during the passage of Ohio’s electric deregulation, which I proudly supported—I want to express my appreciation for the legislature’s proactive approach in addressing the future of Ohio’s energy landscape through HB 15. Your desire to strengthen the state’s energy resilience is commendable.

I particularly want to acknowledge the thoughtful and inclusive work of the House Energy Committee. Not only am I grateful for the willingness to include five of the six recommendations from OBRT’s Energy Competitiveness Study, but also for the members working diligently to ensure all voices have been heard. That kind of leadership builds public trust and lays the foundation for sound policy decisions.

With that spirit of thoughtful engagement in mind, I want to share a concern regarding the potential immediate repeal of the OVEC rider. This is not about defending utilities—it is about the broader message such a move sends to businesses that call Ohio home, and those considering future investments here.

When the state makes policy commitments—particularly those tied to long-term business planning and infrastructure—it enters into a contract. Abruptly reversing course undermines the predictability and stability that companies rely on to make strategic decisions, including where to invest money. An immediate repeal would signal that agreements made with the state can be rescinded without due warning or transition, and that message could have ripple effects far beyond the energy sector and hinder Ohio’s economic development momentum.

No one is arguing that policies can’t evolve—but they must do so responsibly.



I encourage you to pursue a balanced path forward. Reform is possible—and often necessary—but it should be undertaken with care and with recognition of the broader economic environment. A reasonable runway or phase-out period would allow for a more responsible shift, preserving Ohio's reputation as a trustworthy and stable place to do business.

Ohio's future as an energy-resilient, economically vibrant state depends not only on the policies we adopt, but on the way we adopt them. I know that with your continued thoughtful leadership, we can strike the right balance.

Sincerely,

Pat Tiberi