



An **AEP** Company

Opponent Testimony – Senate Bill 117
Marc Reitter, VP Regulatory and Finance, AEP Ohio
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Chair McColley, Vice Chair Schuring, and Ranking Member Williams, my name is Marc Reitter and I serve as Vice President, Regulatory and Finance for AEP Ohio. Thank you for allowing me to provide opponent testimony for Senate Bill 117 (SB 117). AEP's advocacy before the General Assembly focuses on ensuring Ohio's energy policy empowers and protects our customers, and provides predictability for the company.

AEP Ohio believes SB 117's provisions related to the Ohio Valley Electric Corporation (OVEC) threaten continued stability and certainty for our customers.

The LGR extended the ability of AEP Ohio to recover OVEC's costs but enacted monthly caps to the significant benefit of our customers. Since the beginning of collection of the LGR, OVEC has been able to refinance part of its debt at reduced rates, which in turn reduced costs for our customers and avoided the repayment in full of hundreds of millions of dollars in maturing debt. By allowing the LGR to remain in place, OVEC will be able to continue to refinance nearly all its debt at reduced rates and amortize such payments through 2030.

As the committee is aware, OVEC's structure is complex and requires unanimity amongst owners seeking to modify its contractual obligations and structure. AEP Ohio and other Ohio utilities have long been obligated to purchase OVEC's output, which has benefited Ohio customers over time. The money recovered by the LGR is used only to cover OVEC's costs and not to profit the OVEC shareholders. The LGR provides a strong and clear cost recovery mechanism for a large group of OVEC's owners and will reduce OVEC's credit liabilities. This stability provides the owners with significantly more flexibility to discuss the future of OVEC.

Additionally, OVEC's value as a financial hedge against extreme weather events was highlighted during this past winter when over 90 percent of OVEC's units were available at a time of volatile weather and extremely high power prices in regions throughout the country.

SB 117 would increase uncertainty for AEP's customers, the employees of OVEC and regional fuel diversity.

We appreciate the work of the committee and I look forward to answering your questions.