

-SENATE BILL 157

TESTIMONY OF AMERICAN POWER & LIGHT (AP&L)

ROWLAND S. GILLER, III, Pres. and CEO

OHIO SENATE PUBLIC UTILITIES COMMITTEE

June 22, 2017

Good morning, Chairman Beagle, Vice-Chairman LaRose, Ranking member Williams and distinguished members of this Committee. It is an honor to be given this opportunity to present this testimony before you today. My name is Rowland S. Giller, III, and I am the Chief Executive Officer of American Power & Light (AP&L) and Columbus & Central Ohio Systems, Inc. (CCOS), Metro Development and Triangle Development. These companies founded locally are long-time, established Central Ohio companies employing well over 600 Ohioans. Additionally, our combined organizations have constructed over 45,000 multifamily units in central Ohio over the past 50 years. While I have provided the Committee with a written copy of my testimony, rather than read you the text; I will summarize my comments and then turn to answering any and all of your questions. As I'm not necessarily familiar with the exact customs of this particular hearing process, please forgive me if I make any unintended faux pas.

Brief Corporate History

American Power & Light (AP&L) was formed in 2003 to meet the ever-changing market conditions within the real estate development community. As we all will recall, this was the beginning of the residential real estate boom. At that time, the default utility determined that multifamily and commercial developments were not as important to their business model as a single-family development. Therefore, they began to impose greater delays on the installation at these particular types of developments as well as, enacted a per door aid to construction fees, which would ultimately increase the cost of the developments which would ultimately all be passed on to the individual customers. As developers, we were forced to search out a market-competitive way to install and manage the on-property electrical infrastructure at all of our multifamily/commercial developments. Currently, AP&L services over 120 master-meter apartment and commercial developments throughout Central Ohio. We have over 13,500 individual customers that we work

with on a daily/monthly basis. Our in-house customer service team on behalf of the property owner deals with each and every customer inquiry with the utmost professionalism and respect for the customer.

I think it is important for me to give you a little more context on exactly what we provide to the owners and development partners as well as their individual tenants. Not only do we manage the monthly meter reading and customer billing process, but we also design, install, and pay for primary distribution systems for our developers/owners. Our responsibility does not stop with the upfront infrastructure installation, but it also extends to any and all normal or catastrophic maintenance of the infrastructure including the individual unit meters, transformers, streetlights, and any of the corresponding in-ground wiring. We also monitor the energy markets and purchase large blocks of energy, which includes traditional generation such as coal and natural gas, but we also purchase renewable energy for our owner/developer clients.

As your committee is heavily involved in the utility industry, you obviously have a far greater understanding of the complexity that goes into setting a utility rate and I think the general public just does not have the time to dig deep into the details to understand what makes up a single utility rate. I believe that a greater level of disclosure when they execute the lease document would help customers further understand what really matters to them, which is how much they should expect to pay if they use an average amount of electricity for any given month and what they can save if they conserve.

Legislation

I would first like to commit to you that we are in full support of common sense legislation and have worked with the legislature previously and currently to try to add some insight and perspective of the actual business model and the facts in the field versus some of the hyperbole that came from the local media. With that said, we support of Senate Bill 157 and believe that this type of common sense legislation allows for a more transparent relationship between the owners and their tenants.

Specifically, we believe that Senate Bill 157 addresses:

- Prohibits the existing requirement to evict residents for nonpayment of their portion of the rent, which is individual metered utilities. I believe that if we can simply follow the existing PUCO approved disconnection standards, that the residents and the landlords will be better served.
- Give property owners the option to set a fixed cost for each kWh that a resident uses at the beginning of their lease. This type of structure would allow the tenants to completely understand the cost of the commodity when they review and execute the lease and the updated utility disclosure form.
- Mandates the method for which rates are established for tenants prior to entering into a lease agreement. This, along with enhanced disclosure, will allow the landlords and tenants to ensure a transparent and predictable relationship.
- Enhanced disclosure, which would require the property owner to disclose the cost of the utility along with an average usage amount for the unit-style that the tenant is going to occupy.
- Allow for the tenants to have an outlet through the Ohio Attorney General's office should they feel that there is a discrepancy in the rate that they were disclosed at the beginning of their occupancy.

Again, I strongly believe that the principles that are outlined above as well as in Senate Bill 157 will allow for a more transparent and easily understood relationship between the tenants and the landlord.

I want to again thank you for the opportunity to stand in front of you and explain some of our thoughts regarding the industry and the legislation that is in front of you today. At this time, I would be more than happy to answer any and all questions from the committee or individual members.