

Ohio House Public Utilities Committee

Christopher Hollon, AES Ohio - Proponent Testimony on House Bill 260

April 24, 2024

Chairman Stein, Vice Chair Robb Blasdel, and Ranking Member Weinstein, my name is Christopher Hollon, and I am Senior Counsel for AES Ohio. Thank you for the opportunity to provide proponent testimony on HB 260.

AES Ohio, formerly The Dayton Power and Light Company, serves about 540,000 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. AES is a US-based, global power company giving us a unique perspective to develop and deliver energy solutions. We share the experiences we have to bring innovation and a broad range of solutions to the Miami Valley and Ohio.

Over the past several years, AES Ohio has actively participated in discussions with stakeholders and the General Assembly about the Ohio electric regulatory compact. Through these discussions it has become apparent that Ohio's current ratemaking process is outdated.

After listening to all sides, we believe that HB 260, as a package, reflects consensus and compromise. If enacted, HB 260, would help modernize rate case proceedings by promoting transparency and consistency in five important ways:

1. Requires electric utilities to file a rate case at least every five years.
2. Updates the Ohio Revised Code to allow for modernized filings and notifications.
3. Allows for the use of fully forecasted test years to reduce regulatory lag.
4. Recognizes that discovery in PUCO proceedings should be proportional, a standard adopted by the Ohio and Federal Rules of Civil Procedure in recent years.
5. Establishes four rate case investment trackers.

Ohio is currently undergoing an advanced manufacturing renaissance. One of the state's largest economic development projects is situated in the AES Ohio service territory. The Honda/LG battery facility in Fayette County is a \$3.5 billion investment and will employ 2000 Ohioans. HB 260 would create a modern regulatory process that will enable the state's electric utilities to meet the needs of businesses looking to locate or expand here and advance Ohio's economic development future.

HB 260 places more emphasis on the distribution rate case process. We heard clearly from stakeholders a preference for modifying the regulatory provisions for rate cases when, "the books are open" to all participants. In addition, with the inclusion of the five-year rate case requirement and the creation of the four investment trackers, the ratemaking process proposed here would foster greater customer engagement and predictable rate structures.

As the AES Ohio service territory continues its rapid economic growth, it is critical that Ohio's regulatory system evolve and provide stability for all stakeholders. HB 260 provides a significant step in changing the way Ohio sets electric rates by balancing the needs of all customers and AES Ohio.

Thank you for the opportunity to testify today. I am available to answer any questions the committee may have.