Chairman Stein, Vice Chair Robb Blasdel, and Ranking Member Weinstein; my name is Sharon Schroder and I am the Managing Director, Regulatory & RTO Affairs for AES Ohio. I have worked for AES Ohio for 28 years. Throughout my career with AES Ohio, I have worked on Federal regulatory matters, in customer operations and service areas, and with AES' deregulated energy supply business. I have testified before the FERC as well as the PUCO on a variety of regulatory and rate matters. Thank you for allowing me to testify today on HB 260.

AES Ohio, formally, Dayton Power & Light, serves about 539,000 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 Ohio has previously testified as a proponent of HB 260. As one of the four Ohio regulated electric utilities, we think it is important to discuss with the committee how rate cases are currently processed, and how HB 260 will improve this process for both utilities and customers.

AES Ohio's most recent distribution rate case included investments made and placed into service for customers prior to June of 2020; we began recovering those costs September of 2023. The distribution rate case prior to that was filed to recover investments made and placed into service for customers prior to September of 2015; the Company began recovering those costs in October, 2018. Most businesses review what they believe their costs will be in the coming year, and adjust their prices accordingly – they do not wait for three years to update them.

Especially during periods of increasing inflation, updating our prices to customers with a three-year lag is delaying system improvements that our customers need. As a regulated utility, we agree with the need for a thorough and transparent review by the Commission and adequate protections for our customers, but we believe improvements in the process and timeline are warranted.

AES Ohio believes that HB 260 will improve the overall rate review process and reduce this type of regulatory lag by the use of a forecasted test year that is then trued up to actual investments during the rate case proceeding. The intent of HB 260 is such that customers will only pay based on *actual* investments. The implementation of this type of forecasted test year along with the mandatory five-year rate review, will provide both AES Ohio and our customers with appropriate expectations of when new rates will go into effect, allowing for proper utility planning and financing, as well as customer budgeting.

HB 260 also clarifies the types of investment tracking mechanisms that Ohio utilities may propose in a distribution rate case. This provides for consistency across all Ohio utilities as well as a holistic and transparent review of the Company's books and records, revenues and expenses during the rate review proceeding. These standard trackers across the state will have the same structure, percentage caps, and overall review during the rate case process.

Requiring regular rate review proceedings and consideration of these tracking mechanisms during that thorough review by the Commission ensures the amounts authorized are appropriate and that there is no double-counting of any investment or expense. This will create more emphasis on the rate review process, while the electric security plans are still available to address the future transformation of the utility grid. AES Ohio supports these provisions of HB 260 and believes that this responds to the suggestions and criticisms by improving transparency in the current process.

AES Ohio has and will continue to make investments in the distribution system to support our customers' needs. To continue to make these critical investments, business and timing certainty is important to our investment decision process. HB 260 provides this certainty, while also providing transparency to the overall rate review process.