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**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Columbus )	
Southern Power Company and Ohio Power )	
Company for Authority to Establish a Standard )	Case No. 11-346-EL-SSO
Service Offer Pursuant to Section 4928.143, )	Case No. 11-348-EL-SSO
Revised Code, in the Form of an Electric )	
Security Plan )	
)	
)	
)	
In the Matter of the Application of Columbus )	Case No. 11-349-EL-AAM
Southern Power Company and Ohio Power )	Case No. 11-350-EL-AAM
Company for Approval of Certain Accounting )	
Authority. )	

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**DIRECT TESTIMONY OF PHIL HONSEY ON BEHALF OF THE CITY OF  
GROVE CITY, OHIO**

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Respectfully Submitted,



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1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Phil Honsey, and my business address is 4035 Broadway, Grove City,  
4 Ohio 43123.

5 **Q. Please describe your affiliation with the City of Grove City, Ohio ("Grove  
6 City").**

7 A. I currently serve as the City Administrator for Grove City. In my role as the City  
8 Administrator, I manage and provide direction to all departments and employees  
9 in Grove City, while carrying out policy directives provided to me by Grove  
10 City's City Council. In that capacity, I have developed an understanding of  
11 municipal services both provided to, and provided by Grove City, and more  
12 specifically, the electricity services procured by Grove City from Columbus  
13 Southern Power ("AEP").

14 **Q. Please describe your educational background.**

15 A. I obtained a Bachelor of Science degree in Urban and Regional Studies from  
16 Minnesota State University in 1978. I have attained Credentialed Manager Status  
17 with the International City/County Management Association. I have also  
18 completed additional graduate level studies and professional development courses  
19 at numerous universities.

20 **Q. Please describe your professional experience.**

21 A. I was appointed City Administrator of Grove City in March, 2009. From  
22 January 2006 to thru December 2009, I was the Planning Department Manager at  
23 Poggemeyer Design Group, a full service planning, engineering and architectural

1 firm in Bowling Green, Ohio, serving public and private clients in planning and  
2 economic development matters. From August 1994 to December 2005, I was the  
3 City Manager in Galion, Ohio, where I managed full municipal utility services,  
4 including electric. From 1986 to 1994, I was the City Administrator of  
5 Groveport, Ohio, where I participated in very successful economic development  
6 efforts. From 1978 to 1986, I was a Planner with the Mid-Ohio Regional  
7 Planning Commission. Prior to that I worked in the Minneapolis/St. Paul area  
8 with the City of Columbia Heights, Minnesota, and with the private firm Midwest  
9 Planning and Research. I have served on the board of directors of the Ohio  
10 Municipal League, the Ohio City/County Management Association, the Ohio  
11 Department of Natural Resources ("ODNR") and Heritage Ohio. I currently serve  
12 on the Ohio Geographic Referenced Information Program Council, having been  
13 appointed by both Republican and Democratic Ohio Governors since 1993. I  
14 have also been appointed in the past to serve on the ODNR Forestry Advisory  
15 Commission. I currently serve on the Board of Directors of the Solid Waste  
16 Authority of Central Ohio ("SWACO"), representing the general interests of  
17 citizens.

18 **Q. Briefly describe some attributes of Grove City.**

19 A. Grove City is one of Central Ohio's fastest growing cities both residentially and  
20 commercially. Grove City's infrastructure is sound and continues to achieve  
21 significant advances. Grove City is currently constructing a multi-million dollar  
22 interchange improvement project at Interstate 71 and State Route 665. This  
23 infrastructure improvement will further enhance Grove City's profile and should

1 bring tremendous opportunity for economic development to Grove City and that  
2 particular area within Grove City.

3 **Q. What interest does Grove City have in this proceeding?**

4 A. Currently, Grove City utilizes electric service from AEP to illuminate municipal  
5 traffic signals, a number of proprietary street lights, as well as to power certain  
6 *municipal buildings and facilities. On an annual basis, Grove City expends in*  
7 *excess of Five Hundred Thousand Dollars (\$500,000.00) on electric service with*  
8 *just the first two aforementioned electric uses. Furthermore, almost all of Grove*  
9 *City's residential customers rely upon AEP for electric service. Similar to*  
10 *residents in many Ohio cities and metropolitan areas, Grove City residential*  
11 *customers are currently dealing with high unemployment rates and low wages.*  
12 *Grove City has a duty to represent these residents and ensure that they receive*  
13 *readily available and dependable electric services, attainable at reasonable prices*  
14 *in this economically challenging environment. In addition to the impact on Grove*  
15 *City and on residential customers, Grove City is also concerned about the impact*  
16 *of these proceedings on its commercial citizens. Any proposed cost increases and*  
17 *service modifications will have an economic development and job retention*  
18 *impact on a local economy that cannot afford to lose jobs or opportunities for*  
19 *future growth.*

20 **Q. What is the purpose of your testimony?**

21 A. The purpose of my testimony is to discuss the Standard Services Offer ("SSO")  
22 submitted by both AEP and the Ohio Power Company (collectively the

1 "Companies") and the anticipated impact of the SSO on Grove City, its residents  
2 and its businesses.

3 **Q. What materials and information did you review in preparation for your**  
4 **testimony?**

5 A. I reviewed portions of the Companies' SSO application as cited in this testimony.

## 6 **II. PROPOSED RATE RESTRUCTURING**

7 **Q. What is your understanding of the rate restructuring for electricity**  
8 **generation as proposed by AEP in its SSO?**

9 A. My understanding is that the rate restructuring for electricity generation proposed  
10 by the Companies in its SSO application will result in rate increases that will be  
11 shouldered by, among others, Grove City and its taxpayers. In reviewing page 1  
12 of Exhibit DMR-1, Grove City's rates for electricity generation will increase in  
13 the following amounts based upon Customer Class:

- 14 • GS1: 18.1% total increase over the life of the SSO;
- 15 • GS2: 17.8% total increase over the life of the SSO;
- 16 • GS3: 1.2% total increase over the life of the SSO; and
- 17 • SL: 13.1% total increase over the life of the SSO.

18 These rate increases could result in a substantial overall cost increase for Grove  
19 City to procure electricity from AEP, increases that will trickle down to Grove  
20 City's residential and business taxpayers. Aside from the obvious financial  
21 impacts on Grove City's budget, the rate increases could hinder Grove City's  
22 economic development efforts, as job growth and retention will be a natural  
23 victims of these rate increases.

### **III. PROPOSED RIDERS IN SSO**

**Q: What is your understanding of how the riders proposed by AEP in its SSO will impact Grove City?**

**A:** It is difficult to determine at present how the array of riders proposed by AEP will impact Grove City and its residential and commercial citizens, and this in itself is a tremendous concern. The uncertainty is attributable to many of the riders being non-bypassable riders that have no fixed dollar amount associated with them. For example, Grove City has concern as to how the following riders will affect Grove City and its residential and commercial citizens. The numbers associated with these riders are those numbers assigned in Exhibit DMR-4:

- Phase-In Recovery Rider (19);
- Distribution Investment Rider (20);
- Generation NERC Compliance Cost Recovery Rider (22);
- Facility Closure Rider (23);
- Carbon Capture and Sequestration Rider (24); and
- Plug-In Electric Vehicle/Tariff /Costs Rider (29).

Grove City is also concerned about being subjected to the Rate Security Rider (28), as this rider should not be assessed to non-industrial customers. Finally, Grove City is concerned about being subjected to the Environmental Investment Carrying Cost Rider (13) as this rider is non-bypassable. Again, there is uncertainty as to how these riders will impact Grove City's payments to AEP as well as its residential and commercial citizens' payments to AEP. The unanticipated costs associated with these riders not only runs contrary to the

1 traditional necessity of governmental budgeting for the procurement of services,  
2 but they could impede economic development within Grove City for the same  
3 reasons that generation rate increases will impact economic development – all  
4 costs flow downhill to Grove City's taxpayers.

#### 5 **IV. EXISTING CONCERNS WITH AEP SERVICES**

6 **Q: Are there areas in Grove City that experience a poor delivery of service from**  
7 **AEP?**

8 A: Yes. Grove City has received a number of complaints about AEP's services near  
9 and around the Grove City Industrial Park, close to the intersection of Interstate  
10 71 and State Route 665. Grove City is concerned about all services delivered to  
11 its Industrial Park, as poor services delivered to that area could result in business  
12 relocation and a loss of jobs within Grove City. Grove City would expect that if it  
13 is going to be paying more for AEP's services, that AEP would make every effort  
14 to cure any and all service areas within Grove City that experience service  
15 difficulty.

16 **Q: Do you have other concerns with Grove City's dealings/interaction with**  
17 **AEP?**

18 A: Yes. First, AEP has been billing Grove City for construction projects that have  
19 long since been completed. This adversely affects our finance department's  
20 payment processes. Second, Grove City would appreciate AEP's cooperation in  
21 moving some of its facilities underground. Specifically, Grove City will need  
22 cooperation from AEP in the movement of its facilities underground in the

Stringtown Road "Phase 2" roadway construction project, as well as the  
Broadway roadway construction project.

**V. ASSISTANCE IN ALTERNATIVE ENERGY INITIATIVES**

**Q: Can AEP be of assistance to Grove City in alternative energy initiatives?**

A: Absolutely. If AEP is serious about the development of alternative energy mechanisms, AEP should provide assistance to Grove City in its waste energy initiatives which are being undertaken cooperatively with SWACO and the Franklin County Commissioners. There is tremendous opportunity here for AEP to take the lead as a utility that is committed to the development of alternative energy mechanisms, and reap the rewards of being at the forefront of such initiatives, both through participation and funding.

**VI. ECONOMIC DEVELOPMENT OPPORTUNITIES**

**Q: The Companies have stated in the testimony of Mr. Joseph Hamrock that their primary objective of this SSO is to stabilize rates and support the economic development of the state of Ohio. (Hamrock Testimony, p. 17, lines 9-11). Mr. Hamrock states in the same testimony that the Companies are committed to assisting Ohio with economic development opportunities, and that successful economic development requires a collaborative effort amongst local leaders and business developers across the state. (Hamrock Testimony, p. 40, lines 9-15). What is your reaction to this?**

A: I appreciate Mr. Hamrock's statements and am hopeful that the Companies are genuine in their desire to work with local governments in pursuing economic development opportunities. I have concerns that the Companies have not been as



1 active as they once were in assisting in economic development endeavors. The  
2 Companies have, in the past, been partners with Grove City in community  
3 outreach to assist in economic development within the region. This commitment  
4 to local governments in economic development endeavors must be renewed by  
5 AEP, especially since economic development is, according to Mr. Hamrock, the  
6 core policy consideration behind this SSO.

7 **Q: Mr. Hamrock has also stated in testimony that the Companies are**  
8 **establishing the Ohio Growth Fund in the amount of 25 million dollars to**  
9 **assist in economic development – to support infrastructure investment and**  
10 **directly support public-private partnerships in the state and local economic**  
11 **development arena. (Hamrock, p.37, lines 4-16). What is your reaction to**  
12 **the Ohio Growth Fund proposed by AEP?**

13 A: I think the Ohio Growth Fund is an excellent idea and I believe that AEP should  
14 strongly consider supporting local governments through that Fund and say so with  
15 specificity. It is local governments who actually have a degree of control over  
16 economic development, both within their regions and in the State. Local  
17 governments are consistently working with businesses to create jobs, providing  
18 incentives to those businesses to either relocate to, or stay in Ohio. I would also  
19 hope that the Companies consider allocating more money to the Ohio Growth  
20 Fund, especially considering that economic development is the core policy  
21 consideration behind the SSO.

22 **Q: Thank you Mr. Honsey. Does this conclude your testimony?**

23 A: Yes.

## CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing Direct Testimony was served upon the parties of record listed below this 25th day of July, 2011 via electronic mail.



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