

FILE

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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 C. TODD JONES ON BEHALF OF THE  
ASSOCIATION OF INDEPENDENT COLLEGES AND UNIVERSITIES OF  
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 C. Todd Jones, and my business address is 41 South High Street,  
4 Suite 2424, Columbus, Ohio 43215.

5 **Q. Please describe your affiliation with the Association of Independent Colleges  
6 and Universities of Ohio ("AICUO").**

7 A. I currently serve as the President and the General Counsel for the AICUO. In my  
8 role as President and General Counsel, I am very much aware of the utility  
9 services being provided to the AICUO's member colleges, including the expenses  
10 associated with these services and any difficulties experienced by the colleges in  
11 service delivery. This includes the services being provided to AICUO member  
12 colleges by Columbus Southern Power ("AEP") and the Ohio Power Company  
13 ("OPC") (AEP and OPC collectively referred to herein as the "Companies").

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

15 A. I hold a B.S.B.A. and a J.D. from the University of Denver, as well as an LL.M.  
16 from Georgetown University Law Center. I am a member of the Ohio, District of  
17 Columbia and Colorado Bars.

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

19 A. I joined the AICUO after serving nearly four and a half years as a member of the  
20 Bush administration in the U.S. Department of Education. During the final three  
21 years of that commitment, I oversaw policy development and budgeting for over  
22 \$110 billion in federal spending as the Associate Deputy Secretary for Budget.  
23 Prior to that, I served as Deputy Assistant Secretary for Enforcement in the Office

1 for Civil Rights (OCR) managing 670 staff in a dozen offices, including a period  
2 where I was delegated the functions of Assistant Secretary for OCR. While  
3 working at OCR, I served simultaneously as Executive Director of the President's  
4 Commission on Excellence in Special Education. That commission's  
5 recommendations served as the core framework for the Individuals with  
6 Disabilities Education Improvement Act of 2004. Before joining the  
7 administration, I was the first President of the National Education Knowledge  
8 Industry Association, an association of researchers, educational developers,  
9 service providers, and entrepreneurs. I also served as an attorney on the staff of  
10 the House Committee on Education and the Workforce. In that capacity, I was  
11 the chief staff negotiator of the landmark Individuals with Disabilities Education  
12 Act Amendments of 1997, and helped develop legislation that was enacted as the  
13 Higher Education Act Amendments of 1998. Prior to that, I served as Assistant  
14 Counsel for the American Rehabilitation Association. In January 2011, I was  
15 appointed to Ohio's State Board of Education by Governor John Kasich. I also  
16 serve as Vice Chair of the National Association of Independent Colleges and  
17 Universities (NAICU).

18 **Q. What is the AICUO?**

19 A. The AICUO is an association of 50 independent private colleges and universities  
20 located across the state of Ohio. AICUO member institutions with campuses in  
21 the territory of the Companies include Bluffton University, Capital University,  
22 Columbus College of Art & Design, Denison University, The University of  
23 Findlay, Franciscan University of Steubenville, Franklin University, Heidelberg

1 University, Kenyon College, Malone University, Mount Carmel College of  
2 Nursing, Mount Vernon Nazarene University, Muskingum University, University  
3 of Northwestern Ohio, Ohio Dominican University, Ohio Northern University,  
4 Ohio Wesleyan University, University of Rio Grande, Tiffin University, Walsh  
5 University, Wittenberg University, and The College of Wooster. Combined, these  
6 colleges and universities serve as the home to more than 60,000 tuition paying  
7 students. In addition, these independent colleges and universities employ  
8 thousands of individuals within the territory of the Companies.

9 **Q. What interest does the AICUO have in this proceeding?**

10 A. AICUO has an interest in ensuring that the Commission and the Companies  
11 understand the importance of higher education and the nature of operations on  
12 AICUO campuses. Our members rely heavily on tuition revenue to fund  
13 operations. Unlike Ohio's public universities and colleges, AICUO members do  
14 not have line items in the state budget providing funding for their operations.  
15 AICUO members are almost exclusively tuition dependent, with very few having  
16 any substantial endowment relied upon for operations. After personnel costs for  
17 faculty and staff, utility costs are among the largest of costs for all independent  
18 colleges.

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

20 A. The purpose of my testimony is to discuss the Standard Services Offer ("SSO")  
21 submitted by the Companies and the anticipated impact of the SSO on the  
22 AICUO's member colleges in the Companies' service territories.

1 Q. What materials and information did you review in preparation for your  
2 testimony?

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

4 **II. PROPOSED RATE RESTRUCTURING**

5 Q. What is your understanding of the rate restructuring for electricity  
6 generation as proposed by the Companies in the SSO?

7 A. My understanding is that the rate restructuring for electricity generation proposed  
8 by the Companies in its SSO application will result in rate increases that will be  
9 shouldered by AICUO member colleges that are located in the Companies'  
10 territories. In reviewing page 1 of Exhibit DMR-1, rates for electricity generation  
11 will increase in the following amounts based upon Customer Class:

- 12 • GS1: 18.1% total increase over the life of the SSO;  
13 • GS2: 17.8% total increase over the life of the SSO; and  
14 • GS3: 1.2% total increase over the life of the SSO.

15 These rate increases will result in substantial overall cost increases for AICUO  
16 member colleges that procure electricity in the Companies' territories. These  
17 colleges will be forced to counter-balance these definite rate increases by making  
18 difficult budgetary decisions, all of which will ultimately result in a diminution of  
19 services provided to the colleges' student populations, and possible tuition  
20 increases for families that are already struggling to pay the colleges' existing  
21 tuitions. AICUO members make difficult decisions each year regarding tuition  
22 and constantly strive to keep the increases to a minimum, but must raise tuition  
23 sufficiently to meet rising operating expenses. The Companies' proposed ESP

1 AICUO is concerned about its colleges being subjected to the Environmental  
2 Investment Carrying Cost Rider (13) as this rider is non-bypassable. Again, there  
3 is uncertainty as to how these riders will impact the colleges' payments to the  
4 Companies. Increased costs can only negatively impact the educational services  
5 to be provided to the colleges' student populations, and could result in tuition  
6 increases during a very difficult economic climate.

7 **IV. EXISTING CONCERNS WITH THE COMPANIES' SERVICES**

8 **Q: Are there AICUO member colleges that experience a poor delivery of service**  
9 **from the Companies?**

10 A: Yes. A few of our colleges have complained about consistent power outages and  
11 flickers in their areas. I most recently heard from representatives of Denison  
12 University in Granville, Ohio, who continue to report service problems in the  
13 area. Other specific service issues are brought to the AICUO's attention from  
14 time to time by our members. We would appreciate having a more formalized  
15 and direct process whereby our members could quickly address service issues  
16 with the Companies without requiring protracted discussions or direct  
17 Commission involvement.

18 **V. ASSISTANCE IN ALTERNATIVE ENERGY INITIATIVES**

19 **Q: Can the Companies be of assistance to AICUO member colleges in**  
20 **alternative energy initiatives?**

21 A: Yes. If the Companies are serious about the development of alternative energy  
22 mechanisms, the Companies could assist AICUO member colleges in a number of  
23 different projects that could utilize such mechanisms. Our colleges' student

1 populations are becoming increasingly more conscientious about cleaner and  
2 more "green" energy initiatives. Our student populations are demanding that  
3 existing energy sources be cleaner, and that all new construction performed be as  
4 "green" as our colleges' budgets will allow for. The Companies can be of  
5 assistance here. For example, the following construction projects have been  
6 identified as projects that could benefit from the Companies' assistance, both in  
7 the planning and execution stages. These are projects within the Companies'  
8 service territories that colleges are constructing in the near future and that will  
9 demand more "green" construction and more energy efficient infrastructure going  
10 forward:

- 11 • **Denison University:** Denison is currently constructing a new Natatorium, will  
12 renovate/build a new apartment style residence hall in the fall and will be  
13 renovating its athletic buildings after the Natatorium is built. Denison is also  
14 partaking in a university-wide energy conservation program that will certainly  
15 require assistance from the Companies.
- 16 • **Heidelberg University:** Heidelberg is constructing a 22,000 square foot "all  
17 purpose" building for its student body.
- 18 • **Ohio Wesleyan:** Ohio Wesleyan is currently constructing major and very  
19 costly renovations to its residence halls.
- 20 • **Kenyon College:** Kenyon is in the process of constructing 21 student  
21 townhouses on its north campus to accommodate 220 students in all and  
22 expects to complete that project in about two years. Kenyon is also

1           constructing a studio arts building which is approximately 30,000 sq. ft. and  
2           will be completed in the next two years.

3           *As the Companies have long touted their desire to assist in the development of*  
4           *alternative energy mechanisms, and are simultaneously increasing rates to make*  
5           *our college's commitment to those mechanisms more difficult, it would be*  
6           *equitable for the Companies to assist the AICUO and our colleges in these*  
7           *alternative energy endeavors.*

8   **Q:   Thank you Mr. Jones. Does this conclude your testimony?**

9   **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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