

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 Service Offer : Case No. 11-346-EL-SSO  
 Pursuant to §4928.143, : Case No. 11-348-EL-SSO  
 Ohio Rev. Code, in the :  
 Form of an Electric :  
 Security Plan. :

In the Matter of the :  
 Application of Columbus :  
 Southern Power Company : Case No. 11-349-EL-AAM  
 and Ohio Power Company : Case No. 11-350-EL-AAM  
 for Approval of Certain :  
 Accounting Authority. :

- - -

PROCEEDINGS

before Ms. Greta See, Attorney Examiner, and  
 Mr. Andre Porter, Commissioner, at the Wolfe Park  
 Shelter House, 109 Park Drive, Columbus, Ohio, called  
 at 6 p.m. on Monday, April 30, 2012.

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APPEARANCES:

American Electric Power  
By Ms. Teresa C. McIntyre  
1 Riverside Plaza, 29th Floor  
Columbus, Ohio 43215

On behalf of the Applicants.

Ohio Consumers' Counsel  
By Ms. Maureen R. Grady,  
Assistant Consumers' Counsel  
10 West Broad Street, 18th Floor  
Columbus, Ohio 43215

On behalf of the Residential Ratepayers  
of Columbus Southern Power Company and  
Ohio Power Company.

Appalachian Peace and Justice Network  
By Mr. Michael R. Smalz  
555 Buttles Avenue  
Columbus, Ohio 43215

On behalf of the Appalachian Peace and  
Justice Network.

Ice Miller LLP  
By Mr. Christopher L. Miller  
250 West Street, Suite 700  
Columbus, Ohio 43215

On behalf of the City of Upper Arlington,  
City of Hillsboro, City of Grove City,  
and Association of Independent Colleges  
and Universities of Ohio.

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1 Monday Evening Session,  
2 April 30, 2012.

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4 EXAMINER SEE: First, I would like to  
5 thank you for taking your time to come to the  
6 hearing. If you haven't already and you want to  
7 offer testimony, please sign up with the young lady  
8 at the back of the room, okay?

9 First, let me introduce myself before we  
10 get started. My name is Greta See, and I'm an  
11 Attorney Examiner with the Commission's Legal  
12 Department. With me this evening is Commissioner  
13 Porter, and he is going to be presiding also over the  
14 hearing.

15 Commissioner Porter.

16 COMMISSIONER PORTER: Thank you. Let me  
17 begin by thanking all of you for being here this  
18 evening. Rest assured that your input is of  
19 invaluable importance to this process, and I very  
20 much appreciate your appearance here this evening.

21 My name is Andre Porter, and I'm one of  
22 the five Commissioners who will at the end of this  
23 process vote whether to approve the requests of AEP  
24 in this matter.

25 At this point in the process it's

1 important for us to understand there have been no  
2 decisions made with regard to the American Electric  
3 Power rates. With the rejection of the prior  
4 stipulation the Commission restarted the process with  
5 regard to establishing AEP rates. I believe that it  
6 should be a conscious objective of all public  
7 servants to be mindful of the effect and impact of  
8 our decisions on Ohio citizens.

9           So to me, and I am sure the four other  
10 Commissioners with whom I serve, your opinions and  
11 comments are of significant importance. I look to my  
12 role at the end of this process, and before I turn  
13 this hearing back to our Attorney Examiner, let me  
14 briefly provide an overview of the entire process so  
15 that you have a better understanding of what we'll  
16 do. In cases like this a utility files an  
17 application asking the Public Utilities Commission to  
18 amend its scheduled rates.

19           The Commission then assigns staff and  
20 attorney examiners to consider that application.  
21 Those staff and attorney examiners conduct the  
22 process whereby we eventually hold an evidentiary  
23 hearing. This process that we have here this evening  
24 is a public hearing at which we solicit the input of  
25 members and individuals who would like to provide

1 comments on behalf of the public and this is of  
2 significant importance to us.

3 There will be a court reporter here this  
4 evening who is actually recording my comments right  
5 now so that's great, and certainly your comments will  
6 be on the record as well.

7 Following the culmination of this hearing  
8 there will be evidentiary hearings held at the Public  
9 Utilities Commission offices, and following the close  
10 of those evidentiary hearings, the attorney examiners  
11 will basically consider the comments that you make  
12 here this evening, the record evidence presented in  
13 those evidentiary hearings, and they will make a  
14 recommendation to the five Commissioners including  
15 myself. And at that time the Commissioners will then  
16 consider the record evidence before us, and we will  
17 make a decision with regard to the application filed  
18 by the American Electric Power Company.

19 So let me just reiterate there have been  
20 no decisions made at this point so your appearance  
21 here this evening certainly can and will have an  
22 impact on the Commission's future consideration of  
23 this matter.

24 Again, I appreciate you being here on  
25 such a -- such a wonderful evening and look forward

1 to your comments this evening. Thank you.

2 EXAMINER SEE: As I said before, I'm  
3 Greta See, an attorney examiner with the Public  
4 Utilities Legal Department.

5 First, I would like to know can everybody  
6 hear me?

7 UNIDENTIFIED SPEAKER: No.

8 EXAMINER SEE: Okay. I will stand up.

9 UNIDENTIFIED SPEAKER: Thank you.

10 EXAMINER SEE: Certainly. Scheduled for  
11 hearing today at this time is Case No. 11-346-EL-SSO,  
12 Case Nos. 11-348-EL-SSO and 11-349 and 11-350-EL-AAM  
13 entitled in the Matter of the Application of the  
14 Columbus Southern Power Company and Ohio Power  
15 Company for Authority to Establish a Standard Service  
16 Offer Pursuant to Section 4928.143 of the Revised  
17 Code in the Form of an Electric Security Plan.

18 This hearing is scheduled -- it is one of  
19 four. There was one in Canton on April 26. There is  
20 one going to be held in Chillicothe on May 1 and one  
21 in Lima on May 3.

22 The purpose of this hearing, as  
23 Commissioner Porter said, is for us to get comments  
24 from individuals and businesses in the community in  
25 regards to the modified electric security plan of

1 Columbus Southern Power and Ohio Power Company.

2 I want you to be aware of the fact that  
3 there are employees of the Public Utilities  
4 Commission available to answer your questions on  
5 issues other than the hearing tonight, to assist you  
6 if you have questions in general about your utility  
7 service.

8 Also here are representatives from  
9 American Electric Power Company and you may hear me  
10 refer to American Electric Power. I'm talking about  
11 Columbus Southern as well as Ohio Power as a joint  
12 entity. There are also individuals with the company  
13 here to answer your questions about the application  
14 and other utility services, other utility issues or  
15 disputes that you may have, and you can ask them  
16 questions at the conclusion of the hearing.

17 I want you to be aware that if you signed  
18 up to offer testimony, there's an opportunity --  
19 there's a chance that the company or myself may have  
20 questions for you. There are counsel in the  
21 audience. I am aware counsel for the Ohio Consumers'  
22 Counsel is here, and I believe -- is that the only  
23 other intervening party that has counsel in the room?

24 Okay.

25 MR. SMALZ: Yes, I am Michael Smalz

1 representing The Appalachian Peace and Justice  
2 Network.

3 EXAMINER SEE: Okay. Mr. Miller.

4 MR. MILLER: Chris Miller, City of Upper  
5 Arlington, City of Hillsboro, City of Grove City, and  
6 the Association of Independent Colleges and  
7 Universities of Ohio.

8 EXAMINER SEE: Ms. Grady, would you like  
9 to enter an appearance now.

10 MS. GRADY: Thank you, your Honor,  
11 Commissioner Porter. On behalf of the residential  
12 customers of Columbus Southern Power Company and Ohio  
13 Power Company, the Office of Consumers' Counsel,  
14 Bruce J. Weston, Consumers' Counsel, 10 West Broad  
15 Street, Columbus, Ohio 43215.

16 EXAMINER SEE: And on behalf of the  
17 company.

18 MS. MCINTYRE: Thank you, your Honor,  
19 Commissioner Porter. My name is Teresa McIntyre.  
20 I'm counsel for Ohio Power Company located at 1  
21 Riverside Plaza, Columbus, Ohio. We also have here  
22 other representatives from Ohio Power Company should  
23 there be any questions regarding accounts or  
24 billings. Mr. Selwyn Dias who is Vice President of  
25 Regulatory Affairs and Finance and Teresa Flores in



1 the back of the room.

2 EXAMINER SEE: Thank you very much.

3 I would ask that when you come forward, I  
4 am going to ask you to affirm or swear that the  
5 information you are about to give is true. This is  
6 your opportunity not to pose questions necessarily.  
7 There's a chance for you to get those answered by the  
8 Commission or by the company, but we need your  
9 statement. We need your comments about the  
10 application in the transcript, in the record so that  
11 it becomes part of the decision that is made by the  
12 Commission.

13 Okay? I will also ask you to state your  
14 name and your address for the record.

15 If for some reason you signed up and you  
16 decide that you don't want to offer testimony, when I  
17 call your name, just say pass and we'll move to the  
18 next individual. I would ask that you be courteous.  
19 There are a number of people that have signed up.  
20 Please keep your statements clear, to the point, and  
21 allow others that have signed up an opportunity to  
22 present their statement.

23 Commissioner Porter also let you know it  
24 becomes part of the official transcript. It becomes  
25 part of the record in the case. If you signed up and

1 you -- if you did not sign up and you want to offer  
2 testimony, please take an opportunity to go to the --  
3 to the back of the room and sign up with Commission  
4 personnel.

5 Are there any questions about the  
6 process? If not, thanks again and let me apologize  
7 now if I mispronounce your name.

8 Our first witness is Mr. Paul Shaw.

9 MR. SHAW: Shaw.

10 EXAMINER SEE: With the Logan-Hocking  
11 Schools?

12 MR. SHAW: Yes.

13 EXAMINER SEE: Please come forward.

14 Please raise your right hand.

15 - - -

16 PAUL F. SHAW

17 being first duly sworn, as prescribed by law,  
18 testified as follows:

19 EXAMINATION

20 EXAMINER SEE: Thank you. Please  
21 continue.

22 THE WITNESS: Thank you. Thank you for  
23 this opportunity. I have copies of my testimony and  
24 some backup information which I will give to you. I  
25 will also have a flip chart or a chart. I'll show

1 you two things a little later.

2 EXAMINER SEE: Tell me, sir, your flip  
3 chart, is there a copy of it in here?

4 THE WITNESS: Yes.

5 EXAMINER SEE: Perfect. Thank you.

6 THE WITNESS: My name is Paul Shaw, and I  
7 come to you today from the beautiful Hocking Hills of  
8 southeast Ohio representing Logan-Hocking Local  
9 School District. I am a Certified Public Accountant  
10 and Registered School Business Finance Officer. I  
11 have served as Treasurer of the Logan-Hocking School  
12 District for nearly 20 years.

13 Prior to this I served American Electric  
14 Power Service Corporation, Columbus, Ohio, for five  
15 years and at times worked on cases, rate cases, with  
16 the PUCO and FERC and other state regulatory  
17 commissions. I also come today representing over 300  
18 fellow employees who filed a complaint with PUCO over  
19 this case in February of this year and also in  
20 representing the taxpayers of our School District.  
21 In your -- I have a packet of the complaints signed  
22 by our employees.

23 In January of 2012, the School District  
24 saw its electric bill -- pardon me. I know everyone  
25 else can't see it so I can point you to it. It's

1 about the fourth page back.

2 In January of 2012, the School District  
3 saw its overall electric bill go up nearly \$12,000 or  
4 30 percent from \$40,000 to \$52,000. At two schools  
5 in particular, Logan High School and Union Furnace  
6 Elementary School, we had aggressively shopped our  
7 electric rates and contracted with Direct Energy for  
8 power. Both of these schools experienced the largest  
9 increase in electric bills. Logan High School saw  
10 its AEP -- AEP bill for the month of January go up  
11 nearly \$6,000 or 139 percent. Union Furnace  
12 Elementary, a small elementary, saw its bill go up  
13 \$1,000 or 91 percent. These increases caught the  
14 School District by surprise. We were blindsided by  
15 the huge increase. It had not been anticipated.  
16 With budgets already stressed, this caused us major  
17 concern.

18 Facing decreasing revenues and rising  
19 expenditures in the fall of 2010, a concerted effort  
20 was made by the Logan Hocking Board of Education, its  
21 administration, and employees to implement an  
22 aggressive energy conservation program. One of the  
23 main goals of this program was to keep our valuable  
24 resources in the classroom, our teachers and staff.  
25 By reducing utility expenses, we could keep more

1 employees serving our students. We hired an internal  
2 energy specialist via a supplemental contract to  
3 coach us. Our buildings are monitored/audited daily.  
4 Heating/cooling systems are monitored. Temperatures  
5 are set back at night. Buildings are closed on the  
6 weekends. Computers, monitors, printers, lights,  
7 refrigerators are turned off.

8 Our efforts paid off. Our utilities  
9 expense decreased \$225,000 for the seven-month period  
10 ending -- or from July, 2011, to January, 2012,  
11 compared to the similar seven months the prior year.  
12 This was huge but we had anticipated much of this  
13 savings, and it had allowed us to keep additional  
14 personnel employed this year.

15 When our unexpected huge bills were  
16 received in January/February, the School District  
17 faced the unanticipated consequences of taking the  
18 money that was saved to pay for teachers and turn  
19 around and send it back to AEP -- or send it to AEP.  
20 Resources would now flow out of the classroom instead  
21 of in. Thus, as the School District stated in its  
22 complaint filed in February of 2012, help keep our  
23 energy and dollars in the classroom. That was a big  
24 driving point of Governor Kasich.

25 Now, I wanted to show you this chart and

1 this is the one I sent to all of our employees and  
 2 it's in your packet as well. To simply and quickly  
 3 illustrate the inequity of the new rates that were in  
 4 effect in January of 2012, I would direct your  
 5 attention to the graphs. Graph 1 reflects the  
 6 decrease in the kWh utilization at the high school.  
 7 We went down nearly 37 percent from January of 2011  
 8 to January, 2012. That's over 80,000 kilowatts.  
 9 Much of this resulted from our energy conservation  
 10 efforts, maybe from the milder winter.

11           You would expect our AEP bill to go down  
 12 somewhat as a result of this 37-1/2 percent decrease  
 13 in utilization. If that happened at your home, you  
 14 would expect the bill to go down. However, when the  
 15 bill came, it went from a little over 6,000 to over  
 16 11,000, a 53 percent increase. So as you can clearly  
 17 see on the chart, utilization went down and the bill  
 18 went up. And as we filed in our complaint in  
 19 February of 2012, PUCO's math, I should say AEP's  
 20 math as well, doesn't work for public schools, small  
 21 business, and individual customers.

22           Here is my conclusion, school districts,  
 23 small business owners, and individuals across the  
 24 state are facing huge financial challenges. School  
 25 districts such as Logan-Hocking are doing everything

1 they can to sustain their operations. They are  
 2 actively reducing energy consumption by employing  
 3 conservation measures. They are shopping the market  
 4 to obtain the best rates available, and they are  
 5 employing any and all other means they can to  
 6 survive. Electricity rates such as those requested  
 7 by AEP presently and to be approved by the Public  
 8 Utilities Commission should not punish the efforts of  
 9 consumers like Logan-Hocking who do what anyone else  
 10 does facing the same challenges, the same thing you  
 11 and I do at home, we conserve and we shop wisely.

12 The electric rates we pay should  
 13 encourage conservation and access to free market  
 14 rates. To set rates otherwise is a slap in the face  
 15 to consumers. That puts our education and financial  
 16 systems at risk.

17 Thank you very much.

18 EXAMINER SEE: Thank you, Mr. Shaw.

19 THE WITNESS: You're welcome.

20 EXAMINER SEE: Patrick Bennett.

21 Good evening. Mr. Bennett, if you could  
 22 please raise your right hand.

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PATRICK BENNETT

being first duly sworn, as prescribed by law,  
testified as follows:

EXAMINATION

EXAMINER SEE: Thank you. Please  
continue.

THE WITNESS: Good evening, Commissioner.  
I am Patrick Bennett, Executive Director of Planning  
and University Services at Franklin University. I am  
representing our President, David Decker, who is  
unable to attend this evening.

On behalf of the more than 11,000  
students at Franklin University --

EXAMINER SEE: Sorry to interrupt you.  
Could you slide back and speak up? I want to make  
sure the court reporter hears exactly what you're  
saying.

THE WITNESS: Better here?

EXAMINER SEE: Thanks.

THE WITNESS: On behalf of more than  
11,000 students at Franklin University, I am pleased  
to stand before you and impart what an outstanding  
community partner AEP has been in our community and  
in particular to Franklin University. More than 289  
AEP employees are alumni of Franklin University.



1 Many AEP executives serve on our program advisory  
2 board providing talent and expertise in the design  
3 and recommendation of curriculum without  
4 compensation.

5 AEP has never swayed in their commitment  
6 to our community and the students we serve. The time  
7 and expertise they have given to Franklin is  
8 invaluable.

9 Thank you.

10 EXAMINER SEE: Thank you, Mr. Bennett.  
11 If you have your written statement, yes, I will give  
12 one to the court reporter so that I know that it's  
13 clear for her. Thank you very much.

14 THE WITNESS: Thank you.

15 EXAMINER SEE: Michelle Heritage.

16 If you will raise your right hand.

17 - - -

18 MICHELLE HERITAGE

19 being first duly sworn, as prescribed by law,  
20 testified as follows:

21 EXAMINATION

22 EXAMINER SEE: Thank you. Please go  
23 ahead.

24 THE WITNESS: I am Michelle Heritage from  
25 the Community Shelter Board. Thank you for the

1 opportunity to speak to you today. AEP has been a  
2 champion for basic human needs in central Ohio for  
3 many years.

4 You may not know it, but last year more  
5 than 8,000 people experienced hopelessness right here  
6 in our community. And unfortunately over 1,700 of  
7 those were children.

8 The Community Shelter Board is a  
9 public/private partnership tasked with leading the  
10 community's plan to end homelessness. And our job is  
11 to bring together organizations to work together as a  
12 system focused on ending homelessness. Teresa  
13 McWain, AEP's Director of Corporate Communications,  
14 is an active and engaged board member of our Board of  
15 Trustees. AEP executives also serve on boards of our  
16 partner agencies throughout the homeless system.

17 Dale Heydlauff, AEP's Vice President of  
18 Corporate Communications, is providing leading  
19 nonprofit CEOs with regular and ongoing mentorship.  
20 He's helping us work collaboratively to solve  
21 significant community problems through a pilot  
22 program called the Hedgehog Group. AEP has been  
23 investing in the Community Shelter Board and our  
24 partner agencies since 1995 and also supports through  
25 their operating companies like AEP Ohio.

1           They take philanthropy very seriously and  
2     have chosen to invest in programs that get real  
3     results for central Ohio citizens living in poverty.  
4     We have 16 partner agencies that make up the homeless  
5     system and AEP provides significant additional  
6     support to these organizations, both financially and  
7     in leadership roles.

8           The Community Shelter Board is recognized  
9     as a national model for ending homelessness. We  
10    would not be successful without the continued and  
11    long-term support we've received from AEP. The  
12    impact that AEP makes is deep and far reaching.

13           Thank you for your time.

14           EXAMINER SEE: Thank you.

15           Marilyn Tomasi?

16           MS. TOMASI: Tomasi.

17           EXAMINER SEE: Ms. Tomasi, if you would  
18    please raise your right hand.

19                               - - -

20                               MARILYN J. TOMASI

21    being first duly sworn, as prescribed by law,  
22    testified as follows:

23                               EXAMINATION

24           EXAMINER SEE: Thank you.

25           THE WITNESS: Copy of my testimony,

Commissioner, your Honor. Put this one here.

Your Honor, Commissioner Porter, my name is Marilyn Tomasi. I work at Mid-Ohio Foodbank. I'm here today to speak to Mid-Ohio Foodbank's longstanding partnership with American Electric Power and AEP Ohio and the value that this company truly brings to the central Ohio community through their leadership, their financial support, their people power, and their overall engagement in our work.

At Mid-Ohio Foodbank, we consider ourselves very fortunate to count AEP and AEP Ohio among our strongest and longest-standing partners. As someone who served in a public policy capacity for two gubernatorial terms and speaking on behalf of Matt Habash who is the President and CEO of Mid-Ohio Foodbank who has served this community as a public servant and leader for 14 years, we care deeply about the social and economic vitality of this community.

And as such, we consider central Ohio fortunate to headquarter AEP and AEP Ohio. Truly these companies take an impressive role in the community and embrace the philosophy that business prospers as a community prospers.

Mid-Ohio Foodbank's partnership with AEP extends back 30 years. And just in the past five

1 years, Mid-Ohio Foodbank has received \$3,029,426 in  
2 charitable donations from AEP and AEP Ohio.

3 And since 2009, through the Partnership  
4 with Ohio program alone, AEP Ohio has donated enough  
5 funds to provide more than 2.7 million meals to  
6 hungry people in our community during the November  
7 and December holidays. Their associates even packed  
8 the holiday boxes and assisted in the distribution of  
9 the food boxes at several of our local pantries.

10 And in 2008, which really is not so long  
11 ago, after Hurricane Ike leveled power lines here in  
12 Columbus, AEP Ohio worked diligently to ensure that  
13 vital social service organizations like the Foodbank  
14 had power restored quickly so that we could continue  
15 to meet the needs of hungry clients during a really  
16 tough time and that food did not spoil and much  
17 needed food did not go to waste.

18 AEP and AEP Ohio are repeatedly among our  
19 largest Operation Feed campaigns which is Mid-Ohio  
20 Foodbank's community-wide food and funds drive. In  
21 2011, not the management but their associate-led  
22 campaign raised enough funds and food donations to  
23 provide 213,868 meals to those in need of emergency  
24 food. Over the history of their involvement, their  
25 associates have provided food and funds for millions

of meals for hungry Ohioans.

It's important to note too that AEP and AEP Ohio's associates, they have been empowered to give back in this way because their company truly makes giving back a part of its culture. It would be impossible to quantify how many lives have been touched because of the volunteer leadership provided through board service and associate volunteerism. Both AEP and AEP Ohio have been nominated by national not-for-profit organizations for their ongoing and tremendous dedication.

Beyond giving back AEP and AEP Ohio have been tremendous assets as a local employer. They have been recognized as one of the top veteran, working-family, working-mother, and adoption-friendly workplaces in the country and have won multiple accolades for their commitment to diversity, and they are right here in our own backyard.

Again, Mid-Ohio Foodbank is grateful for our partnership with American Electric Power and AEP Ohio, and we are truly proud to speak to the impact that they have had on our community and especially on our neighbors who are hungry.

Thank you.

EXAMINER SEE: Thank you.

1 Alex Fisher.

2 Mr. Fisher, if you would please raise  
3 your right hand.

4 - - -

5 ALEX FISHER

6 being first duly sworn, as prescribed by law,  
7 testified as follows:

8 EXAMINATION

9 EXAMINER SEE: Thank you. Please  
10 proceed.

11 THE WITNESS: Thank you for the  
12 opportunity to be here. My name is Alex Fisher. I  
13 am the President and CEO of the Columbus Partnership.  
14 We are a CEO organization of central Ohio's top  
15 corporate leadership. We have 45 company and CEO  
16 members that collectively represent over 250,000  
17 employees in central Ohio.

18 First, let me state that we want to  
19 unequivocally state our support for the rate case and  
20 plan that is before you and the Commission by AEP. I  
21 testified back in the fall and I made several points  
22 that I want to repeat and I made the reference that I  
23 formerly was the deputy governor of the state of  
24 Tennessee and had the focus of economic development  
25 in the state of Tennessee with our partner, the

1 Tennessee Valley Authority, who served multiple  
2 states in the south.

3 And so I come with some level of  
4 knowledge of other states and other regulatory  
5 environments and competition in the world of economic  
6 development. The most important thing, I said it  
7 back in the fall and I'll say it again, to business  
8 and industry from an economic stand -- standpoint is  
9 predictability, reliability, and consistency. That  
10 is the predictability of rates, the predictability  
11 and reliability of power, the consistency of  
12 policy-making, the consistency of reliable power in  
13 any community.

14 Unfortunately I stand here today  
15 concerned that we in Ohio are not holding true to  
16 those three principles, and I want to hold a fourth  
17 word today that I didn't use back in the fall and  
18 that is accountability because I think it is very  
19 important that first and foremost the state of Ohio  
20 and the Public Utilities Commission accept  
21 accountability for the shuddering market all across  
22 our country, for damaging the image of the regulatory  
23 environment based on uncertainty in Ohio, for  
24 damaging the reputation of predictability in the  
25 state of Ohio.



1                   And those aren't meant as harsh words  
2                   because I also want to hold AEP accountable to having  
3                   a partnership with the state of Ohio and the Public  
4                   Utilities Commission that avoids the unfortunate  
5                   situations that have sent very poor messages to  
6                   markets in New York, to economic development clients,  
7                   to investors and the citizens of the state of Ohio.  
8                   I also want to hold FirstEnergy accountable because I  
9                   believe they're a part of this equation as well.

10                  We very much urge swift and quick action.  
11                  We believe in fairness. We believe the plan that is  
12                  in front of you provides for fairness. It provides  
13                  for fairness for big business and small that will be  
14                  treated alike. It provides for fairness for  
15                  governments in the same way that it provides for  
16                  fairness in business. And it provides for fairness  
17                  between two big competitors in our state, AEP and  
18                  FirstEnergy, which is really, really important.

19                  It would be unfair for certain classes or  
20                  certain companies to be treated differently. It  
21                  would be unfair for companies to be able to purchase  
22                  power from one company and sell it at a lower rate  
23                  and, therefore, make a profit on the backs of others.

24                  We believe that all of these debates, the  
25                  publicity that surrounds them, are a black eye. They

1 are a black eye for FirstEnergy. They are a black  
2 eye for AEP. And they are a black eye for the Public  
3 Utilities Commission.

4 And so we would urge quick and swift  
5 action. We would urge that the Commission act to  
6 restore predictability, to restore consistency, and  
7 to restore a confidence from investors, from markets  
8 far and wide that are well beyond the utility  
9 industry, markets that look to the regulatory  
10 environment and look to the Public Utilities  
11 Commission as one of the indicators of the regulatory  
12 environment in Ohio.

13 It is time that we get all the bickering  
14 and it is time that we get all the consternation  
15 behind us and that we collectively move forward as  
16 productively as we can. I stand representing 45 CEOs  
17 who urge that of the Commission and who urge that of  
18 AEP. We stand as your partner. Know that we are  
19 here to help. We want what we all want which is a  
20 prosperous Ohio.

21 We have studied this issue. We believe  
22 in the rate case that is before you. We believe in  
23 the challenges that have been sent nationally that  
24 need to be rectified. And we'll do anything that we  
25 can to work with the Commission, to work with AEP to

1 make sure that we are securing a very bright future  
2 for Ohio and that is exactly what we believe that  
3 this plan does.

4 EXAMINER SEE: Thank you.

5 THE WITNESS: Thank you.

6 COMMISSIONER PORTER: Thank you.

7 EXAMINER SEE: Amy Taylor.

8 - - -

9 AMY TAYLOR

10 being first duly sworn, as prescribed by law,  
11 testified as follows:

12 EXAMINATION

13 EXAMINER SEE: Thank you.

14 THE WITNESS: Good evening. Thank you  
15 for giving me the opportunity to speak at this  
16 hearing. My name is Amy Taylor and I serve as the  
17 Chief Operating Officer for the Columbus Downtown  
18 Development Corporation.

19 American Electric Power has been a strong  
20 corporate partner providing not only funding but  
21 leadership in the creation of some of our community's  
22 most cherished public amenities. Two recent projects  
23 come to mind, the Columbus Commons and The Scioto  
24 Mile Riverfront Park. American Electric Power was a  
25 leading contributor to the Columbus Bicentennial

Pavilion in Columbus Commons. The Pavilion will open this weekend and will host more than 70 events over the course of the summer, many of them free and open to the public, making culture, theater, and activities accessible to all in the core of our downtown.

I also received firsthand knowledge of the American Electric Power's commitment to the community during The Scioto Mile project. CDDC was asked to serve as the project manager to design, build, and raise the funds for this premier riverfront park. This was a four-year project with a goal of transforming our riverfront and that's exactly what this park has done.

An estimated 500,000 people have enjoyed passive or active recreational activities at The Scioto Mile and it only opened in July, 2011. A photo of the fountain along The Scioto Mile has quickly become the iconic image of our community. Families have once again embraced downtown and can regularly be seen strolling the promenade or playing in the fountain. American Electric Power did more than simply make a contribution. Michael Morris took a leadership role in securing the funding necessary to complete the project. And the company also

provided Dale Heydlauff, a senior executive, as a loaned executive to the project who was dedicated to this for its entire four-year dedication.

I would like to respectfully request that the Commission's final order treat the company fairly so they can continue the good work they've done within downtown Columbus and so many other communities in the areas they serve.

Thank you.

EXAMINER SEE: Thanks.

Milt Baughman.

Okay. Did I butcher your last name?

MR. BAUGHMAN: Baughman, that's fine.

EXAMINER SEE: Sorry about that.

MR. BAUGHMAN: That's quite all right.

- - -

MILT BAUGHMAN

being first duly sworn, as prescribed by law, testified as follows:

EXAMINATION

EXAMINER SEE: Thank you. Please proceed.

THE WITNESS: Thank you. I'm Milt Baughman, President of the Greater Columbus Arts Council. I really want to thank the Commission for

1 this opportunity to testify on behalf of AEP.

2 Just by way of context, the Greater  
3 Columbus Arts Council is a 401(c)(3) that funds and  
4 advocates for arts organizations and individual  
5 artists in our community. In 2011, we funded over 80  
6 arts organizations and over 50 individual artists  
7 with grants totaling in excess of \$3 million.

8 We also put on the Columbus Arts Festival  
9 and have educational programs in the schools that are  
10 particularly directed towards those neighborhoods  
11 with high risk children to give them exposure to the  
12 arts.

13 Over the years AEP has proven to be a  
14 generous and important community supporter, leader,  
15 and partner. And there's no doubt that caring for  
16 the community is deeply rooted in AEP's mantra.

17 Through AEP's philanthropic support to a  
18 myriad of nonprofit organizations, they contribute to  
19 our community's quality of life that in turn leads to  
20 economic development across their whole operating  
21 footprint. In 2011, AEP contributed over \$19 million  
22 to a variety of nonprofit organizations in Ohio,  
23 primarily central Ohio, focused on education, hunger  
24 and housing, the environment, and arts and culture.  
25 And just as importantly as the financial support they

1 provide to these organizations is the volunteer  
 2 support that employees and officers of AEP provide to  
 3 not for profits around the community. Literally tens  
 4 of thousands of hours of volunteer time come from AEP  
 5 employees from roles as board members and leaders of  
 6 organizations across the community to volunteer  
 7 support for projects that are going on in the  
 8 community and program activities.

9           While obviously support for arts and  
 10 cultural initiatives gets my attention it would be a  
 11 mistake to overlook the important contributions that  
 12 AEP makes in other areas and much of this has already  
 13 been highlighted, but in terms of civic or community  
 14 involvement AEP's leadership in the development of  
 15 The Scioto Mile, the Bicentennial Park, and leading  
 16 the effort to fund the Pavilion at the Columbus  
 17 Commons have really been outstanding. These have  
 18 been very important private plus public sector  
 19 initiatives, and AEP took a leadership role in each.

20           The other -- and other important areas of  
 21 charitable support include hunger and housing,  
 22 educational programs, and economic development. Last  
 23 year AEP supported 10 major charitable campaigns, and  
 24 as the representative from the Mid-Ohio Foodbank  
 25 referenced, their Operation Feed effort along with

1 the International Brotherhood of Electrical Workers  
2 Union raised funding for 215,000 meals through the  
3 Mid-Ohio Foodbank.

4 It's very clear to me that AEP not only  
5 talks the talk but they walk the walk, and they are  
6 an excellent example of a community leader who makes  
7 very strong efforts to lead and to bring other  
8 leadership to the table.

9 AEP is making central Ohio a better place  
10 to live and work through its philanthropy and  
11 community involvement, and I would ask that in your  
12 deliberations and final order that you consider these  
13 significant contributions.

14 Thank you very much.

15 EXAMINER SEE: Thank you.

16 Matt Vacarro.

17 - - -

18 MATT VACARRO

19 being first duly sworn, as prescribed by law,  
20 testified as follows:

21 EXAMINATION

22 EXAMINER SEE: Please proceed.

23 THE WITNESS: You've heard some good  
24 things about the community involvement. That's all  
25 fine and dandy if you want to feel good about



1 yourself. You want to talk about community  
2 involvement. The customer is the community, not the  
3 downtown park, not all these bike trails and all  
4 these fountains, the customer.

5 AEP, I will tell you, has some of the  
6 best people in customer service I've ever worked  
7 with. They do understand our situations. They try  
8 the best they can to work with us. I'll never  
9 complain about that. They are all good people, even  
10 these guys.

11 But the bottom line is you want to talk  
12 about community involvement? You have to get down  
13 there with us. I have been on the Area Commission of  
14 my community for almost 13 years. We need to get  
15 down there in the communities to start addressing the  
16 individuals. They turned down a program that the  
17 state had going on to help put solar panels on homes,  
18 said it wasn't viable yet. We now -- I know of two  
19 congressman I have been talking to that wants to put  
20 solar panels on 20 million homes by 2020. That's  
21 where we need to go.

22 When you talk about community  
23 involvement, community investment, that was the  
24 problem with the president's investing in companies  
25 that went bankrupt. They didn't have a demand. So

1 if you don't have a demand, you can't survive no  
2 matter how much money you get. We have to create  
3 that demand. You have to invest in us, okay?

4 I've done everything I can. Every year  
5 with income tax I've replaced utilities, all my  
6 lights are CF whatever you want to call those bulbs,  
7 CFL, fluorescent in the house, everything. I've  
8 gotten rid of all my old television stuff. It's all  
9 LEDs, you know. I just can't do any more. My wife  
10 supports the family; I'm disabled. And I have a done  
11 everything I could.

12 AEP is doing a good job on the expansion  
13 of the substation over at the Meijer/Kroger area.  
14 Talk to the guys all the time, great bunch of guys.  
15 But the bottom line is I see it every day. I sat on  
16 the Board of Faith Missions for the homeless because  
17 I was homeless 30 years ago so I know what it means  
18 to be homeless. And I see the strife that's going  
19 on.

20 The No. 1 problem in this country is  
21 energy. Energy goes up so does food, so does  
22 expenses on the businesses. Marketability comes into  
23 play after that. Businesses can't afford to either  
24 hire or they are refusing or reluctant to hire  
25 because they don't know where their -- anything is

1 headed. High energy prices means more money out of  
2 their pocket. They can't hire. That hurts the  
3 economy. What are we doing here?

4 So we need to get AEP, all the good work  
5 they have done, but you still need to come to the  
6 customers, come into our communities. We need to  
7 find a balance. That's what I'm looking for. Now, I  
8 will tell some people, I know some of you might not  
9 like it, we do have to invest in alternative energy  
10 for the future. There is no choice in that. It's  
11 going to happen regardless. Either we get onboard or  
12 we don't. We can do it easy by investing 50 cents on  
13 our utility bill or we can let government  
14 interference come in there and put all these big  
15 restrictions on utilities and whatever and they have  
16 to come back to us and we have to pay these  
17 outrageous rate hikes.

18 Now, they were told -- Ohio was told in  
19 1999 when they enacted that law that rate -- the  
20 rates are going to go out of control and that's  
21 what's happened. But I will say that I think it's  
22 time for AEP to start coming into communities and  
23 talking with us, meet with us, and be willing to come  
24 down and talk with you guys and share some of these  
25 plans that I have been discussing with some of

1 congress out west.

2           It can work. It will alleviate. We  
3 could have the largest solar panel grid in the  
4 country. When you start looking at blackouts like  
5 happened in New York when you get these solar flares  
6 that can cause power outages, they are not going to  
7 affect those solar panels, not at all. But it will  
8 affect the transmission lines, the generation plants,  
9 everything else.

10           Matt Habash and his people, I know Matt  
11 Habash. I've known him for 13, 14 years. They  
12 wouldn't have been hit as hard when that storm came  
13 through here if we had solar panels. They got hit  
14 hard, yes. They got up and running but there was so  
15 many people that did have spoiled food including me.  
16 They would have been a lot worse -- or it could have  
17 been a lot worse or we could mitigate that.

18           So I'm basically begging from a  
19 residential point of view, we're going to pay -- the  
20 schools have to pay higher rates, our property taxes  
21 go up because the schools have to have the money for  
22 levies to pay those offsets. Grocery stores raise  
23 their prices, we have to pay higher prices of food.  
24 So not only when your residential rates go up, they  
25 go up across the board, food, goods and services,

1 schools, whatever services that we have or things  
2 that we purchase goes up so we are not just paying  
3 higher electric rates on our personal selves. We are  
4 also paying it for the different businesses that have  
5 to charge higher prices to stay in business.

6 All I'm asking is to come to us in the  
7 community, not these big projects where you look good  
8 on camera. I think you look better if you come down  
9 there with us in the community. So I'll be willing  
10 to come downtown. Got a nice new power chair, got a  
11 15-mile charge. I only live about a mile from you.

12 Thank you.

13 COMMISSIONER PORTER: Thank you.

14 EXAMINER SEE: Thank you, Mr. Vacarro.

15 Laurie March -- I'm sorry, Mash.

16 MS. MARSH: Marsh.

17 EXAMINER SEE: Marsh.

18 - - -

19 LAURIE MARSH

20 being first duly sworn, as prescribed by law,  
21 testified as follows:

22 EXAMINATION

23 THE WITNESS: Hello. Thank you for the  
24 opportunity to speak with you tonight. My name is  
25 Laurie Marsh, and I am the Executive Director of

Leadership Columbus, a 38-year-old organization in Columbus. Our primary mission is to create community leaders.

You may have already heard or will hear of AEP's generosity to the community and the benefits that are being delivered in arts, education, environment, hunger, housing, et cetera.

But the ledger sheet is only part of the contributions that AEP makes to our community. The facts of the budget sheet only tell a sliver of the story.

AEP truly epitomizes corporate caring in the best and most noblest sense of the word. Not only do they generously provide charitable contributions and put their money where their mouths are but they invest in human capital.

What do I mean by that? AEP has been investing in their employees to experience Leadership Columbus, a 10-month community trusteeship and leadership program where we are dedicated to developing community stewards. I am proud to say Dale Heydlauff, Senior Vice President of Corporate Communications, serves as an officer on my own board. To that end, we have as many as 35 AEP graduates from AEP, and some years there are more than even three

1 participants per class. These graduates are on  
2 boards throughout the city carrying the AEP message  
3 of community stewardship and enriching our community  
4 by being true community trustees.

5 So AEP's investment in improving the  
6 quality of life does not end with the check. It  
7 combines synergistically with their investment in  
8 their employees who are trained to combine their  
9 passion for various causes and interests in our  
10 region with the critical issues that our region  
11 faces. And that does affect the customer as the  
12 gentleman before me referred to. In fact, AEP's  
13 commitment to investing in emerging and existing  
14 leaders is so strong that our board elected to award  
15 the company our Corporate Angel Award in 2010 to AEP.

16 As a small nonprofit, their support of us  
17 has been unfaltering, and they deserve the expression  
18 that we stole from the Talmud that is found on the  
19 award they received: "Every blade of glass has its  
20 angel that bends over and whispers 'Grow, Grow.'" We  
21 are a small nonprofit that is growing because of the  
22 commitment AEP has made to our community mission and  
23 vision for a leader-full community.

24 AEP's commitment is not for attention or  
25 kudos. It is in walking the talk of trusteeship by

1 assuring their community will always have the benefit  
2 of valuable trustees who are dedicated,  
3 knowledgeable, and skilled, ready and enthusiastic to  
4 assume leadership roles.

5 Unquestionably, AEP's commitment through  
6 their work and philanthropic efforts, and wisdom  
7 sharing with the many trustees they have placed on  
8 nonprofit boards throughout Columbus have created a  
9 region that would look starkly different than it does  
10 today were it not for their generosity and vision for  
11 a community that cares deeply about the quality of  
12 life for all its citizens and customers. They are  
13 truly a role model for corporate caring.

14 At the risk of sounding corny, I keep  
15 thinking of the movie "It's a Wonderful Life," and I  
16 think about what Columbus would look like if AEP were  
17 not as generous of spirit and pocketbook as they have  
18 been. We not only would look physically different,  
19 The Scioto Mile and housing, but the intangibles of  
20 their giving are too numerous to count as evidenced  
21 by all the testimony you have heard or will hear in  
22 areas of education, environment, and nonprofit  
23 organizations all over our region that benefit from  
24 their largesse.

25 George Bailey is certainly not AEP but



1 many lives would have been different in Bedford Falls  
 2 without his presence. And without AEP many lives in  
 3 Columbus would be different and certainly bereft in  
 4 the quality of life issues. I mentioned earlier  
 5 where they have been so supportive and  
 6 extraordinarily generous. I appeal to all of you to  
 7 treat AEP fairly in your negotiations and decisions  
 8 regarding this case.

9 Thank you for listening.

10 EXAMINER SEE: Thank you.

11 Someone with Lifecare Alliance. Is that  
 12 Chuck?

13 MR. GEHRING: Chuck Gehring.

14 EXAMINER SEE: Gehring.

15 MR. GEHRING: Sorry I didn't write that  
 16 clear.

17 - - -

18 CHUCK GEHRING

19 being first duly sworn, as prescribed by law,  
 20 testified as follows:

21 EXAMINATION

22 EXAMINER SEE: Thank you.

23 THE WITNESS: Good evening and thank you  
 24 for this opportunity to testify. I'm Charles  
 25 Gehring, President and CEO of Lifecare Alliance,

1 which is a not-for-profit organization here in  
2 central Ohio best known for providing Meals on Wheels  
3 in central Ohio, but we perform many other services  
4 too.

5           There have been numerous articles  
6 recently regarding proposed rate increases for  
7 electricity by American Electric Power. While no one  
8 likes any kind of price increase, especially in the  
9 current economy, we must take into account the entire  
10 landscape as well as what companies such as AEP do  
11 for us as individuals and our businesses in our  
12 community.

13           I want to state that I believe their rate  
14 increase that AEP is requesting is very reasonable.  
15 The price, depending on your service area, is  
16 somewhere between \$6.24 and \$7.40 per month, and the  
17 increase to our bill, again, while nobody likes price  
18 increases, I can tell you that one individual cannot  
19 even eat one meal at a fast food restaurant these  
20 days for \$6.24 to \$7.40.

21           Electricity needs to be on, and I am very  
22 much interested in my electricity being on at my home  
23 and at my business. My business is often described  
24 as the hub of the wheel for providing meals to a  
25 number of people in the community. During recent

1 power outages, some of which were very scattered, I  
2 might add there is very few power outages any more,  
3 AEP has always ensured that our kitchen, our  
4 production kitchen, has been brought back quickly  
5 with power so that we could make meals literally for  
6 thousands of others in our community, many of whom  
7 are seniors and the most frail in our community who  
8 live in nursing homes and senior living facilities  
9 whose electricity was out and they could not make  
10 their own food, probably a life-saving effort.

11 Besides providing excellent electrical  
12 service and employing thousands in Ohio, most in very  
13 well paying jobs, AEP takes a strong leadership  
14 position in our community. AEP and its employees  
15 give back.

16 Recently the boiler for our Meals on  
17 Wheels' kitchen broke and needed emergency  
18 replacement. AEP executives jumped into action and  
19 provided us with extensive technical advice which  
20 allowed us to replace our broken boiler with the most  
21 efficient new unit available thus reducing their bill  
22 to us.

23 AEP has come to us as a customer and  
24 provided guidance to reduce our monthly electricity  
25 costs and have consulted on many of our projects. I

1 know they provide this service free of charge to any  
2 business interested in saving energy and money thus  
3 again helping us to reduce our bill.

4 AEP has been involved financially in  
5 dozens of community and charitable projects, and  
6 their employees have volunteered for hundreds more.  
7 At Lifecare Alliance AEP employees have volunteered  
8 to deliver five full Meals on Wheels' routes every  
9 day. They willingly give up their lunch break and  
10 work late in order to bring meals to more than 60  
11 seniors and chronically ill clients daily. And I  
12 would add they've even sniffed out a couple of  
13 furnaces that were bad over the years.

14 The bottom line is that AEP is one of our  
15 best community partners and have been for many years.  
16 I know that the other not-for-profit agencies in  
17 central Ohio share my view that AEP is an exceptional  
18 partner. I truly appreciate AEP and their associates  
19 for all they do for the central Ohio community for  
20 the clients of Lifecare Alliance and for keeping our  
21 lights on every day.

22 Thank you.

23 EXAMINER SEE: Thank you.

24 Bruce Harkey.

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BRUCE HARKEY

being first duly sworn, as prescribed by law,  
testified as follows:

EXAMINATION

EXAMINER SEE: Proceed.

THE WITNESS: Thank you. Good evening.

I appreciate the opportunity to speak to you in  
support of AEP. I am Bruce Harkey. I am the  
Executive Director of the Franklin Park Conservatory  
Botanical Gardens. I am also the President of the  
Columbus Cultural Leadership Consortium which  
represents 16 of the largest arts and cultural  
institutions in Columbus. Those institutions have a  
value -- revenue of over \$80 million and would be  
considered a significant economic driver for the  
community if we were a corporation.

On behalf of the CCLC organization I  
would like to recognize and thank AEP for their very,  
very generous support of these institutions. Were it  
not for the support of our corporate partners like  
AEP, the organizations would not be able to achieve a  
level of financial sustainability, therefore,  
hindering their ability to meet their portion of  
mission-based programs which help serve our  
communities in very, very important ways.

1           In addition, a strong arts and culture  
2 opportunity is very important to the continued growth  
3 of central Ohio. I often heard from one of my former  
4 colleagues who said it's important that we build  
5 things in our community for our community because  
6 there are a lot of people who will never leave your  
7 community, and if you make our community wonderful  
8 for the people who live here, then other people will  
9 also want to come here and that's very important for  
10 growing the tourism business which also helps reduce  
11 the cost for people who live in this community.

12           As one example, the support that AEP has  
13 provided to the downtown development which is really  
14 critical as we find more of our population moving  
15 into the urban center, the Columbus Commons and  
16 Scioto Mile, that investment and the development of  
17 those two downtown parks was critical in the decision  
18 of the American Public Art Association Conference to  
19 bring their association with over 500 visitors to  
20 Columbus in June of this year. And part of their  
21 tour and visit will be to see these wonderful world  
22 class parks and the impact they have on the quality  
23 of life of our community.

24           Now, speaking as a leader of the  
25 conservatory, AEP has been an outstanding corporate

1 partner. This relationship goes back to 2005, and  
 2 it's a relationship that includes financial support  
 3 for all of our important fundraisers. Those  
 4 fundraisers and the proceeds that we generate from  
 5 those fundraisers directly impact the community. The  
 6 support from those fundraisers allows us to expand  
 7 our education program and also community gardening  
 8 programs. Franklin Park Conservatory leads one of  
 9 the largest community gardening programs in the  
 10 country, and the support and partnership with AEP and  
 11 other corporations allows us to help transform the  
 12 lives of people, teach them leadership skills, and  
 13 bring improvements in the community of life.

14 They are also supportive in the  
 15 conservatory's acquisition of the Dale Chihuly  
 16 Collection. We have the largest collection of Dale  
 17 Chihuly art glass in the botanical garden world which  
 18 has driven attendance and driven tourism to support  
 19 the conservatory.

20 They have also supported a very important  
 21 program with relation -- with respect to  
 22 environmental issues called Columbus Counts. That  
 23 program allows the conservatory to take our  
 24 educational programs related to environment out into  
 25 the school systems to help young people understand

1 the importance of environmental stewardship.

2 They also supported the conservatory's  
3 \$21 million capital campaign which significantly  
4 expanded our facilities and gardens allowing us to  
5 expand our mission-based programs and the American  
6 Educational -- Education Pavilion which is the center  
7 of all of our five-track education programs on the  
8 Scott's Miracle Grow campus which is located in the  
9 southeast corner of Franklin Park. Every dollar of  
10 public support was matched two to one by the private  
11 sector, and AEP was a very generous supporter of  
12 that.

13 AEP's support of Franklin Park  
14 Conservatory and our community has been deep and  
15 long, and we encourage the Commission to carefully  
16 consider their important role in the quality of life  
17 of central Ohio as you deliberate.

18 Thank you.

19 EXAMINER SEE: Thank you, Mr. Harkey.

20 Todd Dieffenderfer.

21 MR. DIEFFENDERFER: Dieffenderfer.

22 EXAMINER SEE: Dieffenderfer.

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TODD DIEFFENDERFER

being first duly sworn, as prescribed by law,  
testified as follows:

EXAMINATION

THE WITNESS: I'm Todd Dieffenderfer,  
Chief Alignment Officer at the United Way of Central  
Ohio, here today to outline some of the ways American  
Electric Power has been an excellent corporate  
citizen and strong supporter of the work of United  
Way of Central Ohio.

Workplace campaigns make up 90 percent of  
the donations we receive every year. Without strong  
partners such as AEP, we would be unable to fund the  
work of 160 programs at 70 member agencies. On an  
annual basis we know that the community can count on  
AEP and its employees for their generosity. Over the  
past 10 years they have invested more than \$16  
million in supporting the work of local health and  
human services agencies in central Ohio.

The leadership of AEP has also been  
deeply committed to the work of United Way. Carl  
English, former Vice Chairman of AEP, led the 2010  
campaign. His leadership was instrumental in setting  
an aggressive goal and exceeding it.

Michael Morris, retired President and

1 Chief Executive Officer, led our 2007 campaign that  
2 raised a record \$56 million. Definitely our high  
3 watermark in campaigns.

4 AEP has also been a long-time sponsor of  
5 our annual Celebration of Excellence event. This  
6 event recognizes and celebrates the success of our  
7 annual campaign. This year Nick Akins will be  
8 personally hosting the event.

9 And last year AEP awarded United Way  
10 \$100,000 for our Columbus Kids: Get Ready, Set,  
11 Learn. All children living in the Columbus City  
12 School District are prepared their first day of  
13 kindergarten. Thanks to their support we are able to  
14 work with children in the hardest -- hardest hit,  
15 greatest need communities in our community and  
16 provide families with book -- books and other  
17 learning materials to work with their children.

18 In 2000 -- 2010, 2011, AEP donated  
19 \$600,000 to United Way of Central Ohio to help people  
20 struggling to meet their basic needs like housing and  
21 access to critical health care. This funding was  
22 made available from the Partnership with Ohio fund  
23 which enabled United Ways and food banks across Ohio  
24 as well as other service-based organizations to  
25 provide additional help in the areas of health,

1 hunger, and housing to families in need.

2 In September of 2010, AEP challenged our  
3 community to raise an additional \$400,000 through the  
4 AEP \$1 Million Community Challenge for Basic Needs.  
5 That goal was exceeded by almost \$15,000. These  
6 funds helped to meet -- helped people meet critical  
7 basic needs like food, shelter, and emergency  
8 financial assistance.

9 Another way that AEP and AEP Ohio have  
10 provided tremendous support to United Way is through  
11 volunteer service of many of their senior management.  
12 Joe Hamrock, the outgoing President and Chief  
13 Executive Officer of AEP Ohio, serves on our Board of  
14 Trustees and chairs our Accountability Committee.

15 Teresa McWain, Vice President for  
16 Corporate Communications, serves on our Marketing  
17 Committee.

18 Thank you for this opportunity to share  
19 with you some key examples of how AEP has helped to  
20 advance the work of United Way and the bold goal for  
21 the community.

22 Thank you.

23 EXAMINER SEE: Thank you. Thank you.

24 Sherry Mitchell.

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SHERRY MITCHELL

being first duly sworn, as prescribed by law,  
testified as follows:

EXAMINATION

EXAMINER SEE: Thank you. Please  
proceed.

THE WITNESS: I'm Sherry Mitchell,  
Executive Director of Ballet Met Columbus. We serve  
people here in central Ohio through dance, arts, and  
also dance education including 30,000 school  
children.

I want to thank you for the opportunity  
to address how AEP supports our community. AEP is a  
major leader in our community and a premier corporate  
citizen. AEP's investment in central Ohio has helped  
improve the quality of life for our citizens through  
direct support and by supporting nonprofit  
organizations that serve our community.

You've heard from a number of those  
organizations today. Investments include, of course,  
financial support for education, arts, and social  
service organizations. Their support has helped to  
shelter the homeless, feed the hungry, educate our  
children, and enrich all of our lives through the  
arts.

1           At Ballet Met their support has provided  
2     funding for scholarships for children who would not  
3     have the opportunity to experience dance, both to  
4     learn how to dance but also to enjoy dance on stage.  
5     And their support has also helped pay for free or  
6     no -- or very low cost programs that we provide in  
7     the schools for children grades K through 12.

8           AEP was just recognized in the fall of  
9     2011 by a Community Arts Partnership Award which was  
10    granted at the -- via the Greater Columbus Arts  
11    Council. And this award is bestowed upon a corporate  
12    citizen for all they do. Arts organizations nominate  
13    organizations, and this is the second time that AEP  
14    has won this award.

15          You've heard about the work that they  
16    have done and financial investment in our downtown  
17    through infrastructure improvements on The Scioto  
18    Mile, but I think the most important -- the most  
19    important thing that AEP has done is their associates  
20    are encouraged and supported to volunteer their time,  
21    their talents, their resources for their community.

22          And examples include riding in the  
23    Pelatonia to help end cancer. They provide mentors  
24    in the schools one on one for the Columbus City  
25    school children. And we've heard about their work in

1 helping with Meals on Wheels and the homeless  
2 shelter. This investment of people helping people is  
3 what the legacy and the culture that AEP has created  
4 and that support truly makes a difference in our  
5 lives and in our community.

6 Thank you very much.

7 EXAMINER SEE: Thank you.

8 Annette Morud.

9 - - -

10 ANNETTE MORUD

11 being first duly sworn, as prescribed by law,  
12 testified as follows:

13 EXAMINATION

14 EXAMINER SEE: Thank you. Please  
15 proceed.

16 THE WITNESS: My name is Annette Morud.  
17 I am Director of Business Affairs for Dublin City  
18 Schools, and I am representing Dublin City Schools  
19 tonight. Thank you for the opportunity to address  
20 the Public Utilities Commission with my testimony.

21 In a time when school districts are  
22 facing cuts in state funding, decreases in tangible  
23 personal property taxes, and the increasing  
24 difficulty passing school levies, an increase in our  
25 electrical rates would cause additional stress on a

1 budget that is already stretched thin. Over the past  
2 year Dublin City Schools has cut nearly \$9 million  
3 from our operating budget. Through attrition and  
4 reduction in force we have eliminated 46.5 teaching  
5 positions, 9 central office positions, and made cuts  
6 to facilities maintenance and busing.

7 In light of these recent cuts, the  
8 potential of an electrical rate increase is  
9 troubling. The rate increase that AEP has proposed  
10 may seem insignificant for our district. Most of our  
11 schools are GS-2 or GS-3 accounts. And this tariff  
12 classification will see rate increases of 2 to  
13 3 percent which would be about \$10,000 per year for  
14 Dublin City Schools. Although the increase is only  
15 \$10,000, these funds could be used to purchase  
16 textbooks, fund a coaching position, or provide a  
17 tutor for a special education student.

18 I'm even more troubled with the proposed  
19 increase in the capacity charges. For the past  
20 several years Dublin City Schools has contracted with  
21 a third-party supplier for our electrical generation.  
22 Our current contract with this supplier was effective  
23 July 1, 2010, and since that time we have saved  
24 \$700,000 when comparing our electrical rate to the  
25 AEP market rate. I understand that we are currently

1 paying a capacity charge to AEP, but a potentially  
2 significant increase in these fees would be  
3 devastating to our district.

4 If the proposed increase had been in  
5 effect during the time of this electrical contract,  
6 our savings would have been reduced by up to  
7 \$140,000. To put that in perspective, \$140,000 would  
8 fund three teachers' salaries for a school year.  
9 Because our district and others like us cannot absorb  
10 this increase into our budgets without negatively  
11 impacting the children that we serve, I would urge  
12 the PUCO to not grant this increase to AEP.

13 Thank you.

14 EXAMINER SEE: Thanks.

15 Mark Ballard.

16 - - -

17 MARK BALLARD

18 being first duly sworn, as prescribed by law,  
19 testified as follows:

20 EXAMINATION

21 EXAMINER SEE: Thank you. Step over to  
22 the side and proceed with your statement.

23 THE WITNESS: I would like to say, first  
24 of all, thank you so much for the opportunity, thank  
25 you for your listening and learning from the feedback



1 that has been given throughout this process. It's  
2 very important.

3 As a business person, I would just like  
4 to say as the owner-operator/cofounder of Sugar  
5 Daddy's, we do employ 25 Ohioans, buy goods and  
6 services from 150 Ohio companies, and that we also  
7 support 20 nonprofits in a variety of ways.

8 The previous rate proposal at a  
9 40 percent increase would have been half of our  
10 profits for the year. So this new plan with a  
11 5 percent increase for the first two years and then  
12 less than a percent for the third year is obviously  
13 much more tolerable.

14 What we would like to ask is that this  
15 would be equalized across the three years so that we  
16 don't see 5 percent, 5 percent, and a half a percent.  
17 It would be 3.4 percent, 3.4 percent, 3.4 percent  
18 because then planning -- our margins are that tight.  
19 Everything, cost of goods, everything else is going  
20 up. We just need to kind of get our arms around this  
21 so just want to say that 5 percent is a lot better  
22 than 40 percent but seeing it equalize would be very  
23 helpful.

24 EXAMINER SEE: Thank you.

25 THE WITNESS: I apologize for being

1 dressed casual. I just had a root canal.

2 EXAMINER SEE: Michael Gallett?

3 MR. COSGROVE: I'll get it for you.

4 EXAMINER SEE: Thank you. You are going  
5 to save me?

6 MR. COSGROVE: Yes.

7 EXAMINER SEE: Your last name?

8 MR. COSGROVE: Cosgrove. Bad penmanship.

9 EXAMINER SEE: That's okay.

10 - - -

11 MICHAEL COSGROVE

12 being first duly sworn, as prescribed by law,  
13 testified as follows:

14 EXAMINATION

15 EXAMINER SEE: Thank you. Please  
16 proceed, Mr. Cosgrove.

17 THE WITNESS: My name is Mike Cosgrove.  
18 I'm the CFO of Habitat for Humanity-Greater Columbus,  
19 and I am here representing our affiliate and our CEO  
20 EJ Thomas who unfortunately had a prior commitment  
21 this evening. Thank you for providing us this  
22 opportunity to speak in support of AEP as a  
23 noteworthy corporate citizen of the Columbus  
24 community and beyond.

25 Specifically I'm here this evening to

1 share our firsthand experience of AEP's dedication to  
2 the central Ohio community and communities throughout  
3 their service territory over the years. In terms of  
4 their support for community causes let me tell you  
5 how the utility as our long-term partner has assisted  
6 our affiliate in particular as we work to help low  
7 income partner families find their way into a home of  
8 their own.

9 Throughout the company's service  
10 territory AEP employees with the encouragement of  
11 both senior and mid-level management have volunteered  
12 countless hours helping build Habitat homes for and  
13 alongside partner families that would not otherwise  
14 be able to afford homeownership.

15 Their combination of shareholder, not  
16 ratepayer, funded assistance and volunteer  
17 participation has helped the Columbus affiliate build  
18 6 homes over the past six years and a total of 15  
19 homes during the past two decades.

20 AEP has also supported our efforts to  
21 build greener and more energy-efficient homes through  
22 our Green Building Initiative and the Energy Star New  
23 Homes program with direct financial support for green  
24 building upgrades for 17 homes over the last three  
25 years.

Most recently AEP provided us with an incentive to retrofit our building with state-of-the-art energy efficient lighting thereby saving us additional funds in utility bills.

For all these reasons, AEP has been a significant player in the continued sustainability and growth of Habitat for Humanity, particularly in central and southern Ohio.

The success of not-for-profit organizations in the region clearly relies on corporate philosophies that provide generous financial and volunteer support to organizations like ours, ones that are working hard to help those in need in our community.

In that regard AEP has enthusiastically stepped up year after year. For that reason many low income families in Ohio who now have a home they can call their own are most appreciative. And we at Habitat remain grateful for AEP's ongoing and generous support.

Again, thank you for this opportunity.

EXAMINER SEE: Thank you.

Ed Cohen.

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ED COHEN

being first duly sworn, as prescribed by law,  
testified as follows:

EXAMINATION

EXAMINER SEE: Thank you.

THE WITNESS: I'm Ed Cohen, President and  
CEO of Big Brothers/Big Sisters of Central Ohio, and  
I am here to speak about AEP and our organization  
specifically how AEP helps the kids in our community  
through our programs.

One of our programs is called Project  
Mentor which matches adults from our community in  
one-to-one relationships with at risk students in  
Columbus City Schools. One of the largest groups of  
volunteer mentors that we have matched with students  
is AEP employees. These are people who take their  
lunch hour once a week and devote it to changing the  
life of a student. And they are there totally for  
the right reason, not to impress anyone but to help a  
student succeed.

They speak very positively of the  
encouragement they get corporately for their personal  
investment of time in the community, in other words,  
they feel good about their company and their  
philosophy of good corporate citizenship. That

1 speaks to culture and that speaks to leadership to  
2 develop and have a civic-minded culture with a strong  
3 sense of community and good corporate citizenship.

4 Another example of great support for our  
5 kids is in the school year AEP linemen gave up a  
6 lunch hour and came to the Project Mentor 7th grade  
7 sessions to inspire students. They explained to be  
8 an AEP lineman which can be a great career, while you  
9 don't have to have an advanced degree you do have to  
10 pass a math and English comprehension test, and the  
11 majority of people that take it don't pass. It was a  
12 great message of inspiration and encouragement for  
13 students to study their math and English.

14 Our organization also has a board member  
15 from AEP who comes to our lunchtime board meetings  
16 and volunteers her personal talent and time to  
17 support our agencies in helping kids. So you can see  
18 that this was easy for me to speak about AEP as AEP  
19 encourages its employees in their volunteerism with  
20 our organization to help our kids in many ways.

21 And I haven't talked about all the ways  
22 they support us but I think enough to leave no doubt  
23 that AEP is committed to helping our kids and our  
24 community. So as far as AEP being a civic-minded  
25 corporate citizen, they are undoubtedly that.

1 Thank you for the opportunity.

2 EXAMINER SEE: Thank you.

3 Elfi DiBella.

4 MS. DiBella: Perfect.

5 EXAMINER SEE: Sometimes I get it right.

6 - - -

7 ELFI DiBella

8 being first duly sworn, as prescribed by law,

9 testified as follows:

10 EXAMINATION

11 EXAMINER SEE: Thank you.

12 THE WITNESS: I'm Elfi DiBella, President  
13 and CEO of the YWCA Columbus, and I appreciate the  
14 opportunity to be here tonight to speak on behalf of  
15 AEP's many contributions to our community and to the  
16 YWCA in Columbus in particular.

17 Nonprofit organizations are often only as  
18 strong as their community partners. In the case of  
19 the YWCA, AEP has ensured we are a leader in  
20 providing services to some of Columbus' most  
21 vulnerable neighbors. For more than 30 years, AEP  
22 has continuously asked how can we help and what do  
23 you need? Since 1886, the YWCA has provided housing  
24 for women in transition which has included young  
25 girls moving to the city with career aspirations, to

women seeking support and opportunities during the Great Depression to Japanese-American women refugees during World War II to our current clientele of women asking for housing after living on the streets for a long time.

When our historic Griswold Building needed renovating so that the YWCA could continue to provide the housing support, AEP stepped up. Because of their financial generosity 95 percent of our chronically homeless women move on to independent living and many of our residents thought they would never live to see.

When the YWCA answered the community's call to serve as the front door for homeless families in our community, AEP stepped up and assumed a leadership role in the Family Center capital campaign. Last year as we felt the full effect of our struggling economy, the Family Center operated overcapacity for most of the year. At the peak we were serving 115 families in a facility built for 50 families.

The cost of stabilizing this critical access of homeless families surged and government funding became unstable. Once again, AEP asked what they could do and provided gap funding that ensured



1 that 1,200 adults and 1,800 children found stable  
2 homes. Moreover, YWCA Columbus continued to be a  
3 leader in stabilizing homeless families because of  
4 AEP's support.

5 The ways that AEP has invested in our  
6 community through the YWCA are endless. They provide  
7 us with highly skilled board members. They volunteer  
8 to serve homeless families and mentor young women  
9 leaders and they invest in our programs that empower  
10 leaders of all ages and from all walks of life.  
11 Through their funding, volunteering, and advising of  
12 the YWCA, AEP changes the lives of over 12,000 people  
13 every year. We find AEP to be essential to our  
14 community's strength and well-being and appeal to you  
15 to treat this good corporate citizen fairly in your  
16 final order.

17 Thank you again for the opportunity to be  
18 here tonight.

19 EXAMINER SEE: Thank you.

20 Joyce K. Johnson.

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JOYCE K. JOHNSON

being first duly sworn, as prescribed by law,  
testified as follows:

EXAMINATION

EXAMINER SEE: Thank you.

THE WITNESS: My name is Joyce Johnson,  
and I own CCI, acronym for CAD Concepts,  
Incorporated. I represent small business. I have  
nothing written because I worked today. And I want  
you guys to know I'm not happy about my electric bill  
going up, but when the recession happened, I handle  
my household just like I do my business. I work  
smarter, okay?

You've got to change things. You have to  
work together. You have to negotiate. You have to  
bring it to the table and work together to solve  
this. And I've heard a lot of good things about AEP.  
I've heard very few negatives. I'm surprised by  
that.

I think you guys are getting tired of  
hearing all the great stuff but, okay, well, I am  
going to add to that because my small company is  
changing the way we educate our next generation of  
engineers. I work with the local schools in  
Columbus, Cleveland, and Dayton. I am on the State

1 STEM Board and I believe that it starts with our  
2 students and we need to develop engineers that are  
3 working smarter and developing new technologies.  
4 That's where it's coming from.

5 AEP has been very supportive to me in two  
6 ways. They help me with the Project Lead the Way  
7 Advisory Board. They donate money. They donate a  
8 lot of time, and for me as a small business, they  
9 gave me the opportunity to become a vendor for AEP so  
10 my business is doing business with AEP and a lot of  
11 small businesses would never go in and ask that  
12 because you would think, well, AEP is a big coop and  
13 how would you work for AEP and I do. And if you  
14 don't ask, you don't get.

15 So I'm asking you guys tonight work  
16 together, work this out. I'm not happy about rates  
17 going up but everybody has to come together and we  
18 can work it out.

19 That's all I have to say.

20 EXAMINER SEE: I have just one question.  
21 Tell me again the name of your business you said.

22 THE WITNESS: CCI, the acronym for CAD  
23 Concepts. Concepts.

24 EXAMINER SEE: CAD.

25 THE WITNESS: I've outgrown the name.

1 That's not a bad thing.

2 EXAMINER SEE: Okay. Just wanted to make  
3 sure.

4 THE WITNESS: Thank you.

5 EXAMINER SEE: Thank you.

6 Adam Hewit. I think that's correct.

7 H-E-W-I-T. Okay.

8 Doug Leuthold, Leuthold.

9 MR. LEUTHOLD: Close enough.

10 EXAMINER SEE: Okay.

11 MR. LEUTHOLD: My great German  
12 grandfather would be pleased.

13 EXAMINER SEE: Tell me what it is.

14 MR. LEUTHOLD: Leuthold.

15 EXAMINER SEE: Leuthold.

16 MR. LEUTHOLD: Unless you're in Germany.  
17 It's Leuthold. Take your choice.

18 EXAMINER SEE: Raise your right hand,  
19 please.

20 - - -

21 DOUG LEUTHOLD

22 being first duly sworn, as prescribed by law,  
23 testified as follows:

24 EXAMINATION

25 EXAMINER SEE: Thank you. Please proceed

1 with your statement.

2 THE WITNESS: Thank you for the  
3 opportunity to speak to the Public Utilities  
4 Commission of Ohio. Again, my name is Doug Leuthold,  
5 and I am President and sole owner of Advanced Fiber  
6 Technology. Advanced Fiber Technology is a small  
7 business located in Bucyrus, Ohio. It converts  
8 wastepaper into a range of products, insulation for  
9 fiber additives and roof coatings, asphalt paving,  
10 rubber composites, sealants, et cetera.

11 We are served by AEP Ohio. Our tariff is  
12 GS-2. We have 19 employees. I'm speaking as an  
13 example across Ohio's small business economic face  
14 related to the ESP. The AEP Ohio portion of our  
15 January 23, 2012, invoice went from 1.67 cents per  
16 kilowatt hour to 4.79 cents per kilowatt hour.  
17 That's a multiplier of 2.9 times greater. The  
18 difference is 3.12 cents per kilowatt hour. We  
19 purchase slightly over 4 million kilowatt hours a  
20 year.

21 Using round numbers the impact on  
22 Advanced Fiber Technology is at a minimum an  
23 additional \$124,000 a year. Our average annual  
24 manufacturing employee costs including payroll,  
25 benefits, taxes, et cetera, is slightly under

1     \$40,000. This impact is the same as three employees.

2             Further analysis since there is no detail  
3     on the monthly invoice to provide clarity as to the  
4     nature of the increases or cost elements contribute a  
5     portion of this increase to the demand charge which  
6     went from 1.98 cents per kilowatt hour up to 3.76  
7     cents per kilowatt hour or a multiplier of 1.9 times  
8     greater.

9             That's the same as gasoline going from \$4  
10    a gallon to \$8 a gallon, not a very pleasant thought,  
11    is it? I understand though that this demand charge  
12    increase was from a recent Public Utilities  
13    Commission action, and it just happened to coincide  
14    with the ESP implementation date. If the modified  
15    ESP was applied to my 19th -- 19th of December, 2011,  
16    distribution, instead of paying \$5,644 I would have  
17    paid \$14,432 for that month. This is an example of  
18    how this proposed rate hike and prior changes has  
19    further compounded the challenges of small  
20    businesses.

21            In AEP's 10-Q filing on 27 April, 2012,  
22    their executive overview stated the filing seeks to  
23    establish a new nonbypassable retail stability rider  
24    to recover lost generation revenues to provide  
25    financial certainty and stability during the ESP

1 transition period. AEP Ohio's 2011 net income was  
2 \$165 million on \$1.39 billion in revenue or 11.8  
3 percent. First quarter, 2012, had a net income of  
4 150 million on revenue of 1.2 billion or 12.2 percent  
5 net income.

6 These are net income percentages that a  
7 small businessman only dreams of having. In fact,  
8 the 2011 corporate net income for AEP was \$1.9  
9 billion. I think the charities are safe. I don't  
10 know where this is going to end but what I do know is  
11 our company competes in a competitive marketplace  
12 with no financial certainty. We also have no  
13 stability yet AEP desires financial certainty and  
14 stability with generating outsized returns compared  
15 to their customers.

16 We currently have 19 employees and  
17 normally would be staffed at 22. I think you know  
18 where this conversation is headed. I've canceled  
19 filling those three positions as it relates to the  
20 impact of AEP's proposed rate hike. Maybe, just  
21 maybe, I want to emphasize maybe again, this burden  
22 needs to fall upon the shareholders of AEP and their  
23 management. They failed to act in a timely manner to  
24 transition to a free market, the market that several  
25 of us here compete with every day.

1           The public should not bear this financial  
2     burden. Before making your final decision,  
3     Commissioner Porter, I am going to ask you to close  
4     your eyes for 30 seconds and think about those three  
5     individuals and their families. Think about the  
6     thousands of small businesses across the economic  
7     face of Ohio, what this impact means to it.

8           Thank you and I appreciate your  
9     consideration.

10           COMMISSIONER PORTER: Thank you.

11           EXAMINER SEE: Thank you.

12           Jerry.

13           MR. MILLER: Oh, come on. It's too easy.

14           EXAMINER SEE: Wait, wait, wait.

15           MR. MILLER: My fellow German, Miller.

16           EXAMINER SEE: Miller?

17           MR. MILLER: Is my writing that bad? I  
18     should have been a doctor.

19                                 - - -

20                                 JERRY MILLER

21     being first duly sworn, as prescribed by law,  
22     testified as follows:

23                                 EXAMINATION

24           THE WITNESS: I am not sure what it is.  
25     I didn't prepare any remarks either. I did bring a



1 few pieces of information I found, and I think that  
2 what I would like to do I felt like the earlier part  
3 of the comments, if I can, were paid, you know. I am  
4 here because I'm a small businessman. I am trying to  
5 survive just like the two that preceded me and it's  
6 really tough and '09 was the first time in 30 years I  
7 had to lay off people and, you know, like our friends  
8 in small business I'm a member of NFIB. I'm a member  
9 of the Richland Regional Manufacturing Coalition.

10 I love manufacturing. Manufacturing is  
11 what's created our country, the parks, the wealth  
12 that we have, but the burden, everybody else, all  
13 those previous people including the utilities are a  
14 burden that you are putting on manufacturing. There  
15 is only three ways to create wealth, mining, farm,  
16 and manufacturing and all those things are affected  
17 by utilities and just like him my utilities is  
18 probably next to the labor and taxes the highest part  
19 of my business.

20 And one thing that I wanted to thank AEP  
21 was for helping, we put in TA lights and got a  
22 reimbursement, but that was eaten up in the first  
23 couple of months with this rate increase. My rate  
24 increase went from \$600 in December to 750 in January  
25 to 800 in February and March was a \$900 increase

1 which accounts to 60 percent.

2 I would ask for your help in figuring out  
3 how you do the kilowatts because I got my bills, and  
4 I cannot understand them. I would like to talk to  
5 somebody from AEP how you figure these things out.  
6 They are way too difficult to put all the numbers to.

7 The other thing I want to know is I was  
8 20 years in the distribution business and back in  
9 manufacturing because I love manufacturing but this  
10 is AEP's distribution, right? Who in their right  
11 mind would distribute with all the gas in the holes?  
12 Here I am I drove an hour and a half, he drove  
13 further, because this is the closest hearing for us.  
14 It's the first time I have ever been able to express  
15 what the utilities are doing to my little  
16 manufacturing business.

17 I am the last American manufacturer of  
18 galley components and there is nobody else in America  
19 making what I make. I compete around the world and  
20 it's an honor to be able to do that and I have a  
21 little 25-man shop. Why are these people buying, you  
22 know, from me? And all this -- all this additional  
23 burden is making it really difficult to compete so I  
24 just -- I would ask that you look at the  
25 distribution, makes no sense. I told you how

1 expensive it is.

2           My bottom -- and the other thing -- I  
3 have to set this down. The only way I found out  
4 about this was in my local newspaper and in the  
5 statement quoted by Matt Butler, PUCO, said the  
6 agency is concerned with the interest of all customer  
7 classes and feels that the AEP plan as a whole is in  
8 the best public interest and benefits the ratepayers  
9 of Ohio. Totally reverse now. What changed from  
10 here to then? Matt Butler quoted.

11           And then what wasn't discussed is, I've  
12 got this here, the several groups that were involved  
13 in the previous plan including the Ohio Manufacturers  
14 which I've dropped out because they don't represent  
15 small business, the Ohio Energy Group which  
16 represents large corporations, don't represent me,  
17 and they want us to pay for them to compete in the  
18 global market. Didn't I just tell you my little  
19 20-man shop competes in the global market?

20           You are putting the burden on me to help  
21 some global corporation just like my good friend  
22 here, Mr. AEP, AEP Chairman Michael Morris earned  
23 over three years \$2.3 million. Executive  
24 compensation from 2008 to 2010 jumped 30 percent  
25 during the same time. I don't know if there is any

1 employees from AEP, but they laid off 2,600 workers.  
2 That's not right.

3 I mean, that doesn't happen in my shop.  
4 When I took a 40 percent hit, I took the cut, you  
5 know, and fortunately three people that I got back  
6 within six months because I got in another market.  
7 I've diversified to try to survive. It's crazy.

8 The other thing I want to mention is that  
9 AEP, and I have got the sources, Source Watch, AEP is  
10 the largest single contributor to both republicans  
11 and democrats, this is crazy, \$597,000. It's just  
12 unbelievable.

13 And then when you look -- again, I have  
14 got the sources here. I apologize for not making  
15 copies. This chart here is the last -- it's from '08  
16 to '010 the federal income tax paid, that's U.S.  
17 profits and the lobbying expenses, AEP earned \$5.8  
18 billion in profits just like the other companies.  
19 You have heard General Electric, Verizon, Boeing,  
20 they paid a negative \$545 million in taxes and spent  
21 \$29 million on lobbying. I mean, it's just not  
22 something that's going to sustain us to compete in  
23 the world market. I just saw some of these things,  
24 and I just can't believe it.

25 Where else am I here? I got one other

1 quote I want to. See, I wasn't as prepared as the  
2 school teachers were. I don't know. Again, on  
3 behalf of NFIB, I am not sure why nobody from there  
4 showed up. The NFIB represents 24,000 small business  
5 owners varying in size and industry and that's just  
6 in Ohio. And as you know, small businesses have  
7 historically accounted for 60 to 80 percent of the  
8 new jobs and what's happening here is making it  
9 difficult to create those new jobs.

10 Thank you.

11 EXAMINER SEE: Thank you.

12 COMMISSIONER PORTER: Mr. Miller, where  
13 is your business located?

14 THE WITNESS: Lexington, Ohio.

15 COMMISSIONER PORTER: Lexington, what are  
16 you in the business of again?

17 THE WITNESS: Galleys for airplanes.

18 COMMISSIONER PORTER: Okay.

19 THE WITNESS: I don't deal with Airbus or  
20 Boeing but Embraer. I ship to Brazil and to Europe,  
21 Bombardier, Canada and Europe, Learjet. I deal with  
22 the regional carriers. I got -- whoever invented the  
23 bankruptcy law has never been in small business. I  
24 got shafted by American Airlines who had a billion  
25 dollars in cash, \$1 billion in cash but got in my

1 pocket, you know?

2 COMMISSIONER PORTER: Okay. Thank you.

3 THE WITNESS: See, I told you I didn't  
4 know what I was going to say so I could ramble on  
5 forever.

6 EXAMINER SEE: Don Chenoweth. That's not  
7 right.

8 MR. CHENOWETH: Chenoweth.

9 EXAMINER SEE: Tell me again. Tell me  
10 your last name, sir.

11 MR. CHENOWETH: Chenoweth,  
12 C-H-E-N-O-W-E-T-H.

13 EXAMINER SEE: Okay.

14 - - -

15 DONALD CHENOWETH  
16 being first duly sworn, as prescribed by law,  
17 testified as follows:

18 EXAMINATION

19 EXAMINER SEE: Thank you. Continue with  
20 your statement.

21 THE WITNESS: Yeah. Commissioner Porter,  
22 Attorney See, thank you for the opportunity to make  
23 comments related to the capacity charge case and the  
24 electric security plan. I'm the Executive Director  
25 of Andrew's House located in Delaware, Ohio. It's a

1 nonprofit community services center. We provide  
2 services such as free medical care, free legal care,  
3 free community meals, and we feed kids, low income  
4 school children, lunch during the summer when the  
5 school cafeterias are closed.

6 We serve the disenfranchised,  
7 disadvantaged, just plain unlucky. And AEP has been  
8 a generous and steadfast partner with us along the  
9 way and, no, I am not paid. Last year gifts from AEP  
10 Ohio totaled 10 percent of our budget and allowed us  
11 to assist more of those who are truly needy. They  
12 are also helping us design energy conservation  
13 through their Express Program for small businesses  
14 which is important to us because our facility is --  
15 was constructed in the 1840s.

16 I am going to cut out some things I was  
17 going to say because I sense that some of the  
18 audience is trying to -- or is really tired of  
19 hearing from nonprofits. What I do want to say is  
20 I've listened. I think there is a lot more  
21 complexity here than any one speaker -- series of  
22 speakers can address. And I'm certainly not an  
23 expert on rate cases even though I tried to follow  
24 the issues in the Columbus Dispatch.

25 I understand that AEP Ohio is required to

1 sell some of its electricity generation to  
2 third-party suppliers. But I encourage PUCO to be  
3 fair and allow AEP Ohio to charge a rate to these  
4 suppliers that takes into account AEP's need to  
5 provide generating capacity, to maintain a reliable  
6 infrastructure, and remain sound fiscally so, in  
7 part, it can continue its incredible corporate  
8 philanthropy.

9 In our community AEP Ohio helps level the  
10 playing field for persons less fortunate than you and  
11 I. I encourage you to make decisions that ensure  
12 third-party suppliers do not have an unfair  
13 advantage. Competition between AEP Ohio and  
14 third-party suppliers is a good thing, and I hope  
15 PUCO makes decisions that allows for healthy and fair  
16 competition going forward.

17 I'll get you some stuff after I've  
18 scribbled out.

19 EXAMINER SEE: Thank you.

20 Matt Kelly.

21 MR. KELLY: That's easy to pronounce.

22 EXAMINER SEE: Yeah. I can pronounce  
23 that one.

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MATT KELLY

being first duly sworn, as prescribed by law,  
testified as follows:

EXAMINATION

EXAMINER SEE: Thank you.

THE WITNESS: Good evening. My name is  
Matt Kelly, and I am here tonight representing  
Columbus State Community College to testify that  
American Electric Power has been and continues to be  
an important corporate citizen in our community in  
supporting education and workforce development  
initiatives.

Since 1988, American Electric Power, AEP  
Ohio, and the AEP Foundation have been consistent  
supporters of Columbus State Community College and  
have invested hundreds of thousands of philanthropic  
dollars in making sure our students have access to  
higher education in our community.

American Electric Power has invested both  
time, effort, and funding in making sure that  
Columbus State has the private support it needs to  
provide scholarships to those in need, and the  
company has invested in targeted programs to build  
the future workforce in central Ohio. In the past  
decade alone, AEP has provided funding for

1 educational initiatives to train students in  
2 environmental health and safety, emerging green  
3 building technologies and energy technologies, and  
4 they have provided support for special programs and  
5 projects that allow our students to go directly into  
6 the community to work on community-focused projects  
7 on energy conservation.

8 As a responsible and caring corporate  
9 partner, AEP recognizes the fact that many of our  
10 students are first-time college students or  
11 individuals returning to college to pursue a new  
12 career path. When asked to support a new certificate  
13 program in the green building technologies and  
14 sustainable building practices, the AEP Foundation  
15 stepped forward to provide the funding for  
16 scholarships for these students of all ages that work  
17 in the construction industry to help these students  
18 take additional coursework to complete a certificate  
19 in sustainable building practices.

20 In addition to AEP's corporate  
21 philanthropy, the company leadership has also made  
22 themselves available as volunteers on numerous  
23 advisory boards at Columbus State and they have  
24 provided leadership on community educational efforts  
25 such as the formation of the Learn 4 Life initiative

1 that addresses the need for creating a supportive  
2 framework for education from birth to degree to  
3 career.

4 For the past 10 years, American Electric  
5 Power has partnered with Columbus State to help our  
6 college host the first Lego League Regional  
7 Competition where teams of middle school students  
8 have the opportunity learn robotics and compete in  
9 events on the Columbus State campus and spend the  
10 entire day learning how math and science can be used  
11 in a practical, yet fun environment.

12 Having strong and healthy corporate  
13 partners like American Electric Power helps keep  
14 colleges like Columbus State thriving rather than  
15 just surviving. I cannot say enough about how  
16 important it is for a great corporate citizen like  
17 AEP, and we wanted to take the opportunity to let  
18 this body know of our appreciation of American  
19 Electric Power's commitment to our region.

20 Thank you.

21 EXAMINER SEE: Thank you.

22 Shawn Lambacher.

23 MR. LAMBACHER: Lambacher.

24 EXAMINER SEE: Okay.

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SHAWN LAMBACHER

being first duly sworn, as prescribed by law,  
testified as follows:

EXAMINATION

EXAMINER SEE: Thank you.

THE WITNESS: Good evening. My name is  
Shawn Lambacher, and I live in Galena. I am here  
this evening to make a statement in support of AEP  
and their rate case proceedings.

In the interest of full disclosure my  
company, Varo Engineers, is a vendor of AEP's.  
Additionally, we are also a commercial customer of  
AEP, and I'm residential customer of AEP.

I have followed publicized portions of  
the AEP rate case in the news and through other  
public sources. While I am not a legal expert in the  
proceedings, I feel compelled to provide a statement  
of support for AEP.

I have not reviewed the thousands of  
pages of comments, hearings, or testimony, but I feel  
as though a basic fact is getting lost in the  
rhetoric. Of great importance here is the industry  
perspective I have regarding the rising costs of  
providing power under the current market rules.  
Beyond simple inflation on items such as fuel and

1 benefits costs AEP continues to be required to  
2 shoulder significant additional costs due to air  
3 quality mandates. These costs are in the billions of  
4 dollars and are absolutely necessary in order that  
5 AEP may continue to produce electricity. It is hard  
6 to argue against air quality so most of us will agree  
7 these changes are necessary.

8 In this economy any increase is bound to  
9 receive backlash and higher scrutiny. However, as  
10 AEP has historically provided low rates, the double  
11 impact of normalizing their rates to the market and  
12 accommodating the additional costs of best available  
13 controlled technology for emissions requires a  
14 significant change in rates. The continually rising  
15 costs of producing power cannot be absorbed under the  
16 current rate structure, and customers of AEP must  
17 realize that reasonable cost increases are absolutely  
18 necessary in order to allow AEP to profitably stay in  
19 business and support the community in which it is  
20 located.

21 Through my personal and professional  
22 activities I see firsthand the impact that AEP has on  
23 the community directly and through relationship with  
24 companies such as ours. Several examples include  
25 their support of Mid-Ohio Foodbank, countless

1 sponsorships of the arts indirectly, and  
2 contributions to public works such as Scioto Mile.

3 Not only do they contribute directly but  
4 they create opportunities for companies like ours to  
5 contribute to these charities where otherwise we  
6 might not be directly in the sights of the  
7 organizations to which we are introduced.

8 Nick Adkins has been publicly criticized  
9 for announcing that AEP's support of these  
10 organizations will suffer without rate relief. It is  
11 a simple fact of business that AEP will not be able  
12 to support the community as they have historically if  
13 their profit margin is reduced by increased costs  
14 without an increase in revenue.

15 Plus beyond the fact that AEP directly  
16 employs a significant staff directly, AEP is also a  
17 supporter of local businesses such as ours which  
18 means the dollars they spend stay here in the  
19 community in the form of salaries and benefits  
20 through products and services purchased in support of  
21 their business.

22 There are many opinions on both sides of  
23 the argument regarding the process, and the PUCO has  
24 the formidable task of sorting through the evidence  
25 toward a fair and equitable solution. Whoever thinks

1 that the cost of using power will not go up as the  
2 cost of producing the power rises simply does not  
3 understand basic economics. And my personal opinion  
4 is that the cost of power when fully market driven  
5 will go up as it has for all other forms of energy  
6 that are constrained by supply.

7 Let's not shoot the messenger. Let's  
8 support a local company that has demonstrated by  
9 action a commitment to Ohio.

10 Thank you.

11 EXAMINER SEE: Thank you.

12 Jamie Auterly.

13 MS. AUTERLY: Auterly.

14 - - -

15 JAMIE AUTERLY

16 being first duly sworn, as prescribed by law,  
17 testified as follows:

18 EXAMINATION

19 EXAMINER SEE: Thank you.

20 THE WITNESS: My name is Jamie Auterly.

21 I am an energy consult with Muirfield Energy, and I  
22 am here on behalf of my customers. And I would like  
23 to discuss how AEP's electric security plan process  
24 has affected and will affect businesses in the AEP  
25 market. I also plead with the PUCO to eliminate the

two-tiered capacity system.

The AEP Ohio market was operating as a deregulated, open market, and AEP customers were saving millions of dollars through enrollment with competitive retail suppliers. However the AEP market changed in September, 2011, when the results of months of closed door meetings were revealed in the form of AEP's initial stipulation. Since the original stipulation was proposed, PUCO modified, approved, and rejected the original electric security plan stipulation, PUCO established an interim two-tiered capacity system, and AEP submitted a new ESP.

AEP's newly proposed ESP significantly impacts all businesses taking advantage of a competitive open market. AEP Ohio is hoping to implement a two-tiered capacity system that does not allow competitive retail suppliers to provide market-based capacity. The implementation of this system will eliminate competition and the savings that Ohio consumers and businesses desperately need.

I would like to quantify the effect of the two-tiered capacity system will have for one of my customers. He happens to own six local restaurants. He enrolled with a competitive retail supplier last



1 summer in order to save approximately \$50,000 over  
 2 two years. Although he enrolled under the initial  
 3 21 percent market cap, he was unfortunately not  
 4 enrolled under the new 21 percent cap on commercial  
 5 accounts. So AEP is charging him \$255 per megawatt  
 6 day for capacity as opposed to the much lower rate  
 7 capacity. This raises his generation rates by 23  
 8 percent. If the ESP is approved, the higher capacity  
 9 could cost him \$73,000.

10 This is just one example but every single  
 11 AEP customer participating in the open market could  
 12 be devastated by the proposed two-tiered capacity  
 13 system.

14 AEP claims they need to charge suppliers  
 15 more for capacity because they have been charging  
 16 less than cost to date. Typically if a business  
 17 charges customers less for something than it costs  
 18 them, the business loses money. However, AEP boasted  
 19 potentially excessive profits last year. This simply  
 20 doesn't add up.

21 In summary, AEP and PUCO have changed the  
 22 game multiple times since September, 2011, thus  
 23 causing confusion, fear, and doubt in the AEP Ohio  
 24 market. Approval of the ESP with a two-tiered  
 25 capacity will force businesses taking advantage of

1 the open electric market to hand over most and in  
2 many cases all of their planned savings to AEP which  
3 will lead to job loss in Ohio. My restaurant owner  
4 will certainly have to cut a few employees to cover  
5 the \$73,000 AEP's capacity charges will cost him.  
6 Please consider eliminating the two-tiered capacity  
7 from the ESP to save Ohio jobs and to allow Ohio  
8 consumers to save money through Ohio's deregulated  
9 energy market.

10 Thank you for your time and  
11 consideration.

12 COMMISSIONER PORTER: Thank you.

13 EXAMINER SEE: Thank you.

14 Jerry Lead.

15 MR. LEADER: Leader.

16 EXAMINER SEE: I'm not doing so well  
17 tonight.

18 - - -

19 JERRY LEADER

20 being first duly sworn, as prescribed by law, was  
21 examined and testified as follows:

22 EXAMINATION

23 EXAMINER SEE: Okay. Go ahead.

24 THE WITNESS: Good evening. I would like  
25 to thank the PUCO for this forum, and I would like to

1 express my opinions on the current and the original  
2 ESP program.

3 The one submitted in January of 2011 had  
4 a couple of programs that have been omitted, the  
5 green power portfolio program and the electric -- the  
6 plug in electric vehicle program. They aren't talked  
7 about in this current SSO. And I live at 3287  
8 Indianola Avenue and that's called Old North Columbus  
9 and 95 percent of the homes there are, you know,  
10 slate roof homes and lots of trees and it's not real  
11 practical to put renewable energy on your roof where  
12 I live.

13 So these programs, the green power  
14 portfolio program, would allow the American Electric  
15 Power customer to choose renewable energy and provide  
16 a financial incentive of 1 to 4 percent on their  
17 electric bill, and it would actually show on their  
18 bill they are supporting renewable energy someplace  
19 else. That would allow them to choose renewable  
20 energy and have their utility company AEP Ohio  
21 provide the financial network to have it installed on  
22 a reasonable location that would provide -- provide  
23 them the electrons at their house.

24 And so the current SSO, the revised SSO,  
25 does have that included in it. And the utility

1 company has a place called Dolan Labs and I have been  
2 there and they have the technical experts to provide  
3 this type of technology to AEP customers. They know  
4 how it works, and it seems like a very progressive  
5 form of service that I would like to see AEP  
6 continue.

7 They have a -- one of their departments  
8 is called the Alternative Energy Resource Department  
9 so they have staff already there that know how this  
10 technology works. And they also have -- they have a  
11 current program that provides financial incentives  
12 for people that want to do it on their facilities.  
13 That's current right now.

14 And so this type of generation would --  
15 would allow the distribution system to be more  
16 reliable like was previously mentioned here today  
17 that during adverse weather conditions the utility  
18 grid goes down but people that would have -- the  
19 customers that would have this on their facilities  
20 could still be generating electricity for their --  
21 for their local area and it's -- it seems like a  
22 progressive and more reliable system of service to  
23 the customers.

24 So I would appreciate it if it ever comes  
25 up in a -- what would they call it -- a rider of some

1 type to have AEP provide that type of service to each  
2 customer to actually pay 2 to 4 percent extra on  
3 their bill for this type of generation.

4 Thank you.

5 EXAMINER SEE: Thank you.

6 Bill Staber.

7 - - -

8 BILL STABER

9 being first duly sworn, as prescribed by law,  
10 testified as follows:

11 EXAMINATION

12 EXAMINER SEE: Thank you.

13 THE WITNESS: Hello. My name is Bill  
14 Staber, President of Staber Industries, a  
15 manufacturing firm in Groveport, Ohio, and we  
16 manufacture laundry products and we do some other  
17 contract work and point of purchase displays and  
18 anything that has to do with working with sheet  
19 metal.

20 I didn't bring a prepared statement with  
21 me. I have got a couple of words scribbled down on a  
22 piece of paper because I like to speak from my heart,  
23 okay?

24 Let me go back to the beginning a little  
25 bit. A couple weeks ago we had three employees out

1 from AEP from their Gahanna office, and they were  
2 trying to make this stuff a little bit clearer to me.  
3 And they went back to January of 2011 saying how all  
4 this ESP thing started and going through the year.  
5 He showed me a piece of paper with 30 signatures on  
6 it that people got together in a room and tried to  
7 hammer this thing out.

8 Well, obviously they didn't have a  
9 signature from a small business owner or from a  
10 church or a school district. So then they are going  
11 through back and forth adding here, subtracting here,  
12 going around, the formula is getting longer and  
13 longer. It comes to December 15. It's not getting  
14 any clearer; it's getting more complicated. They are  
15 trying to figure out really what is going on and they  
16 have no idea what's going on, okay?

17 And if they have no idea what's going on  
18 and they are writing these rate formulas, how can  
19 anybody else -- how can the PUCO have any idea what's  
20 going on, okay? This is coming from AEP employees,  
21 okay?

22 So, now, we are December 15 and here  
23 comes, you know, December 31 and then January 1 and  
24 bang, okay? I graduated from the school of hard  
25 knocks, and my father was the only professor at that

1 school, and he taught me three things. First of all,  
2 the customer is always right, okay? Do your job  
3 right the first time or don't do it at all. Build  
4 the best product you can build today and find a  
5 better way to build it tomorrow, okay?

6 So if this thing isn't right, let me give  
7 you a little analysis. Let's say that NASA is  
8 shipping off the shuttle, okay, and they are going  
9 through their count number and everything isn't right  
10 but they say press on. Hit that button. Fire them  
11 up. Explode them all. We would have lost hundreds  
12 of astronauts but they didn't. They did it right the  
13 first time for the most part. There were a couple of  
14 accidents, okay? And they learned from it.

15 So what I'm here to ask you to do this  
16 go-round is please do it right this time, okay? And  
17 why do we have to get 30 people together in a room?  
18 Why do we have to get anyone together in a room,  
19 okay? Do it right for everyone, okay?

20 And there has to be some human being at  
21 the PUCO or at that tower downtown that can say, hey,  
22 looks like, you know -- especially the CEO of AEP --  
23 oh, I can't remember what his name is. There has to  
24 be some human being around. If there isn't, give it  
25 to me and I will do it for you. Give me an example

1 of every possible rate structure and watt increase is  
2 going to look like, okay? And that person has to  
3 make the decision yes or no.

4 If this formula is so complicated that no  
5 one can understand it, it would have been a lot  
6 better to go hire Vanna White, bring her wheel in  
7 here, spin it, and see where it goes. At least we  
8 know how she got to the number, okay? But no one  
9 knows how we get to these numbers any more. It's too  
10 complicated so someone has got to say give me all the  
11 information. Let's see what this fancy spreadsheet  
12 came up with, okay? Let me look at it.

13 And I'm here to tell you that school went  
14 up 160 percent, ours went up 305 percent. It went  
15 from \$800 to \$2,500, okay? And I can't believe that  
16 you can find one human being that will say, oh,  
17 that's okay. 305 percent, that's nothing for a small  
18 business. Screw it. Give it to them. Sock it to  
19 them. There is not one human being -- human being  
20 with any morality and any ethics that would say go  
21 ahead and do it, not one, okay?

22 And if nobody wants to do it, call me.  
23 I'll do it for you, and I won't charge you a dime. I  
24 won't charge you a dime. Do it right the first time  
25 or don't do it at all and it's obvious that AEP is a



1 big player, and they have got a lot of money to pass  
2 around, okay?

3 We filed a complaint with PUCO. I don't  
4 think we've heard anything about it. These rate  
5 increases that the small businesses paid in January,  
6 February, and March is not chump change. It's not  
7 coming out of petty cash. We said is there any way  
8 to get a refund? First of all, you get I don't know,  
9 I don't know, I don't know, I don't know, I don't  
10 know.

11 Someone has got to step up to the plate.  
12 If I screw up on a product I make, it's called a  
13 warranty. I stand behind it, okay? If that rate was  
14 wrong on March 7 -- I don't know what all the dates  
15 are. If it was wrong then, it was wrong January 1  
16 period. I mean, how can it not be wrong January 1  
17 and wrong March or whatever the dates were?

18 At some point in time you guys said this  
19 is wrong. Go back to where you were in January or in  
20 December. But we've asked. Do you get an answer?  
21 No. And it's not that AEP doesn't obviously have any  
22 money. They get these rate increases, they are going  
23 to be delivering Meals on Wheels from here to  
24 Seattle.

25 You've got -- you've got to develop a

1 stronger customer base. It would be much better off  
 2 to keep the rates the same, allow me to compete  
 3 easier and add a second shift instead of laying off  
 4 employees. It's a busted model. It's a busted  
 5 model, and it's not that complicated. If it is that  
 6 complicated, make it simpler. I mean, small  
 7 businesses, it is what's driving the economy. It's  
 8 the only way we are going to get out of this mess.

9 Call me if you need some help. I'll look  
 10 at it. Show me every example, you know, that could  
 11 be coming down the pike from -- you know, I don't  
 12 understand all your terminology but, you know, here  
 13 is a residential customer, here is this type of  
 14 commercial customer, a school, a church, a county  
 15 fair. Show me. And you show me mine with a 305  
 16 percent, I say time out. This ain't going in effect.  
 17 This ain't cutting it. That's what NASA did and they  
 18 were pretty successful.

19 Thank you.

20 COMMISSIONER PORTER: Thank you.

21 EXAMINER SEE: Thank you.

22 Lori Gillette.

23 MS. GILLETTE: Gillette like the razor.

24 EXAMINER SEE: Okay.

25 MS. GILLETTE: But not, I'm not that

1 wealthy.

2 - - -

3 LORI GILLETTE

4 being first duly sworn, as prescribed by law,  
5 testified as follows:

6 EXAMINATION

7 EXAMINER SEE: Thank you.

8 THE WITNESS: I'm Lori Gillette, one of  
9 the owners of Kokosing Construction Company. And the  
10 company was founded 60 years ago last year by my  
11 grandfather so it's a family-owned business and I'm  
12 one of the third generation family members that work  
13 there now.

14 I feel that AEP is a really good citizen.  
15 I feel that they are a good employer for these  
16 employees and I feel like they are also a really good  
17 business partner and I am going to focus on these  
18 three points, but I promise I will keep it brief. I  
19 know you have heard a lot of that already. I want to  
20 say we are a vendor. We have done business for AEP  
21 for over 30 -- 30 years and also I am a residential  
22 power purchaser from AEP and also some of our company  
23 offices purchase power from AEP. Quite a few of our  
24 offices actually.

25 As I said, AEP is a good citizen. They

1 are a pillar of our community. They sponsor events.  
2 I see their logo as a sponsor at numerous events  
3 across all sectors frequently. They are committed to  
4 our community. We have heard all the examples, The  
5 Scioto Mile, the nonprofit organizations.

6 And one of the things that I feel is very  
7 important is they're a community leader monetarily  
8 but mostly with a -- by allowing their employees to  
9 donate their time and the time and effort that they  
10 allow the employees to donate is really appreciated.

11 AEP is a good employer. I have numerous  
12 friends and colleagues that work for AEP. I am sure  
13 most of us know someone that works for AEP. I can't  
14 imagine those employees if the employees would lose  
15 their jobs because the company can't, you know, run  
16 their business profitability. It is a business, and  
17 they do it, you know -- they do have the right to  
18 make a profit. I cannot imagine our downtown skyline  
19 without the AEP building when I drive through  
20 downtown. It's a feature that I appreciate. And  
21 also, again, AEP is a good employer because they have  
22 won numerous prestigious awards for being a good  
23 employer.

24 As I mentioned, AEP is a good business  
25 partner. We've been business partners with them for

1 30 years. We are a local family-owned business.  
 2 We've done business in Ohio to the extent of  
 3 almost -- our peak volume was around almost a billion  
 4 dollars, not with AEP -- not just with AEP but, I  
 5 mean, in volume locally so we do contribute to the  
 6 local community.

7 AEP employs companies like ours to do  
 8 work on their existing plans and for construction of  
 9 new facilities, and AEP is a local business partner.  
 10 They hire local contractors like ourselves who in  
 11 turn employ local workers who in turn give back to  
 12 the local community. And also we are partners in the  
 13 project Lead the Way Program that you heard about  
 14 earlier today, and AEP is one of the large sponsors  
 15 of that and will be bringing students into our office  
 16 as part of the project Lead the Way from high schools  
 17 around the central Ohio community.

18 So I just ask in closing, I promised I  
 19 would keep it brief, please treat AEP fairly in your  
 20 decision so they can continue to be a good citizen, a  
 21 good employer, and good business partner.

22 Thank you.

23 EXAMINER SEE: Thank you.

24 Jeff Gordon.

25 MR. GORDON: You got that one right.

1 EXAMINER SEE: I get a few of them every  
2 now and then right.

3 - - -

4 JEFF GORDON

5 being first duly sworn, as prescribed by law,  
6 testified as follows:

7 EXAMINATION

8 THE WITNESS: My name is Jeff Gordon. I  
9 am the Director of Business Management for Olentangy  
10 Local Schools. As a school district, we are  
11 constantly watching our budget to be as cost  
12 efficient as possible. Any increase in expenses has  
13 a direct impact on the availability of resources in  
14 our classrooms. These resources include teachers and  
15 textbooks.

16 We are not a for-profit business. When  
17 our costs increase, we cannot raise the cost of our  
18 product or our rates to cover that cost. We are  
19 forced to go back to the community with levies and  
20 those same community members who are also hit by  
21 these rates. Like other school districts we have  
22 saved hundreds of thousands of dollars by purchasing  
23 electric on the open market. If our third-party  
24 vendor decides to terminate service, we will be  
25 forced to go back to AEP. This could cause the

1 district to lose the savings we have been getting.  
2 AEP's capacity charge proposed will remove our  
3 incentive to shop.

4 Again, when we raise our costs, we go out  
5 on a five-year budget. We go out for levies. And we  
6 figure in a small increase in our electric charges,  
7 all of our expenses what we think is fair, what we  
8 expect. These increases like we had in January that  
9 cost our district over \$50,000, just for those four  
10 to six weeks billed in January and February is  
11 \$52,000, that's excessive for our district. And we  
12 have a budget. We go out to our taxpayers for a  
13 levy, and we say we are going to make this levy last  
14 four years. If we have increases like this that are  
15 proposed, that forces us to go back and anybody  
16 that's been involved in a levy campaign, township,  
17 nonprofits, for a school district it's not an easy  
18 process.

19 So, again, we ask that as you look at  
20 this, we understand there may be increases but be  
21 fair about it and let's not have the situation we had  
22 in January where, you know, we had to find a lot of  
23 money.

24 Thank you.

25 EXAMINER SEE: Thank you.

1 Becky Westerfelt.

2 - - -

3 BECKY WESTERFELT

4 being first duly sworn, as prescribed by law,  
5 testified as follows:

6 EXAMINATION

7 EXAMINER SEE: Okay.

8 THE WITNESS: Well, I have prepared  
9 comments, but I think I'm going to skip them and just  
10 get right to the point. And I know I wish I had not  
11 come late so I could have spoken when my friends were  
12 here, but I'm with Huck House which is a nonprofit.

13 And AEP is a big supporter of not just us  
14 but a lot of good things that happen in this  
15 community, and I understand how that might seem as an  
16 add-on but what a company does to help a community is  
17 important. AEP looked at Huck House which is a  
18 shelter for runaway teens.

19 They started helping us out in 2004, and  
20 we were not a mainstream charity. We are not a part  
21 of the button-down crowd. We don't exactly fit in  
22 with the stereo type of a good charity in terms of  
23 how we come across, but they saw the work that we do.  
24 They saw it as important, and they helped us in ways  
25 that went far beyond the gifts they are giving.



1           And our shelter is a 100-year-old  
2 building, and they have given us a large grant to  
3 renovate that building to make it more energy  
4 efficient. So I understand that, you know -- I don't  
5 understand all of the rate increase and all of these  
6 technicalities, but I do know that they are good  
7 citizens, and they helped us out. They helped a lot  
8 of their charities out, and they help us do the right  
9 thing not just for ourselves in terms of our energy  
10 consumption, but they also helped us out in other  
11 ways that were important.

12           So that's what I want to say. I  
13 understand how it might feel to the for-profit  
14 community but what we do is important and having  
15 corporate contributors is important as well.

16           COMMISSIONER PORTER: Thank you.

17           EXAMINER SEE: Thank you.

18           John Lynn.

19           MR. LYNN: Am I the last one?

20           EXAMINER SEE: The last one listed. You  
21 still may not be the last one in the event there is  
22 somebody else here that wants to offer testimony.

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JOHN LYNN

being first duly sworn, as prescribed by law,  
testified as follows:

EXAMINATION

THE WITNESS: I don't like all the  
legalese. I came here tonight as a customer, an  
interested customer in the security rate situation.  
I didn't have a talk planned so excuse me for my  
laborious effort, but I have been in the power  
business for 40 years. I'm a retired Columbus &  
Southern Ohio Company engineer, spent 26 years,  
dedication, very dedicated. It's a very fine  
company. AEP is a very fine company. It's a very  
complicated company.

I feel like, you know, everybody that  
talked tonight was very admirable. There's only  
two -- in fact, I feel like I am back in the '70s  
when -- '73, '74, '75, the PUCO had to enact 15 to 25  
percent rate increases every year because we were  
building generation plants and transmission lines.  
And customers would say this is terrible. Why can't  
we buy our power from Southern California Edison or  
Ohio Power at that time or?

Be careful what you wish for because it's  
called deregulation and I'm sure AEP wishes they

1 never heard of it. I wish I never heard of it. I  
2 spent '99 -- 1999 working as a consultant in  
3 Pennsylvania when deregulation was established over  
4 there. There was eight brokers. It didn't work.

5           Anyway there's two -- there's two  
6 essential parts of AEP or any power company which is  
7 the most important part. Otherwise they wouldn't be  
8 there. No. 1, the customer. No. 2, the operation  
9 people. Everybody else from the accountant, the  
10 engineer, blah, blah, blah, blah is nonessential  
11 really. If it wasn't for the operation people, I  
12 wouldn't get electricity without getting outages to  
13 which they wouldn't build lines to you. If it wasn't  
14 for the customer, the company wouldn't have to be  
15 there.

16           We've come a long way in our -- in our  
17 plight. I'm sorry. I'm rambling. I kind of wish --  
18 I think AEP wishes they could cut out January,  
19 February, and March of this year. I was very  
20 comfortable staying retired for the year 2000 -- I  
21 mean 2011 I really didn't do any work as a  
22 consultant. And then all of a sudden I started  
23 hearing about these monstrous rate increases for  
24 customers. I actually fell into a couple customers  
25 when I was volunteering with them, and one customer

1     went up from \$268 in January -- from January to --  
2     his December bill was \$268 to \$1,009 just on the  
3     distribution side.

4             I hear about the social aspects of AEP  
5     which is fine. That's great. That's great. We  
6     got -- we got to -- first of all, we got to focus on  
7     the customer. Now, what we -- what we have  
8     entertained with the deregulation is this opportunity  
9     to go to another company.

10            To me it's kind of a joke in a way  
11    because when you look at -- when you look at your  
12    generation and your transmission, that's all you are  
13    getting the savings for, and depending upon your  
14    usage, it may be anywhere from \$5 a month to \$40 a  
15    month depending on your usage.

16            So, first of all, what we have to do, and  
17    I heard somebody speak to this before, and we all  
18    have control, we all have control in our own destiny  
19    because they are not fooling with the meter. We are  
20    the ones that are fooling with the meter. In our  
21    operation, whether it's home, business, whatever,  
22    we're paying for our operation, and we are into an  
23    area that we have got to understand what we need and  
24    how we use electric.

25            Back in the '80s and '90s, we didn't

1 care. I mean, the power company was pretty -- it was  
2 pretty futile, and they wanted to expand on electric.  
3 Now, they want people to conserve and I -- I started  
4 looking. And, I'm sorry, I didn't get all through  
5 it. The new rate is on the PU -- the AEP website  
6 along with -- a spreadsheet along with -- on the PUCO  
7 website. Draw it down. Bring it down. Plug your  
8 figures into the spreadsheet to see how it's going to  
9 effect.

10 I did it on several residential bills.  
11 I'm surprised. I'm surprised. I'm not really upset.  
12 I've done it on some GS-2 customers. I'm not upset.  
13 They have got a lot of plan out there. They have got  
14 a lot of capital they have got to cover. I mean,  
15 generation plants are not cheap.

16 But anyway what I would like to offer is  
17 look at this spreadsheet in your own effort. Look at  
18 it and look at -- you have got all the capabilities  
19 of seeing where you stand in the new rate. The old  
20 rate, the rate between January and March, was  
21 atrocious. It was -- I never seen a rate. And it  
22 blew up in AEP's face.

23 So I would challenge look at the rates  
24 and write to the PUCO if you have any problems.

25 Thank you.

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EXAMINER SEE: Thank you, Mr. Lynn.

That's everyone I had signed up that wanted to offer testimony. Is there anyone here that has not signed up that has not offered testimony that would like an opportunity to do so?

If not, thank you all very much. We appreciate you sharing your time and your talents.

(Thereupon, the hearing was adjourned at 8:18 p.m.)

- - -

CERTIFICATE

I do hereby certify that the foregoing is  
a true and correct transcript of the proceedings  
taken by me in this matter on Monday, April 30, 2012,  
and carefully compared with my original stenographic  
notes.

Karen Sue Gibson, Registered  
Merit Reporter.

(KSG-5518)

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**Case No(s). 11-0346-EL-SSO, 11-0348-EL-SSO, 11-0349-EL-AAM, 11-0350-EL-AAM**

Summary: Transcript of Application of Columbus Southern Power Company and Ohio Power Company hearing held on 04/30/12 electronically filed by Mrs. Jennifer Duffer on behalf of Armstrong & Okey, Inc. and Gibson, Karen Sue Mrs.