

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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

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**DIRECT TESTIMONY OF CLYDE SEIDLE ON BEHALF OF THE CITY OF  
HILLIARD, OHIO**

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Respectfully Submitted,




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1 **I. INTRODUCTION**

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

3 A. My name is Clyde R. Seidle, Jr., and my business address is 3800 Municipal Way,  
4 Hilliard, Ohio 43026.

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

6 A. I currently serve as the Director of Public Service and a City Engineer for  
7 Hilliard. In my role as the Director of Public Service, I manage and have  
8 *considerable understanding of municipal services both provided to, and provided*  
9 *by Hilliard, and more specifically, the electricity services procured by Hilliard*  
10 *from Columbus Southern Power ("AEP").*

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

12 A. I graduated with a degree in civil engineering from the Ohio State University in  
13 1982.

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

15 A. I have 30 years of professional experience in bridge and highway design, as well  
16 as construction and engineering management. Prior to becoming the Director of  
17 Public Service for the City of Hilliard, I was a Principal/Director of Engineering  
18 with Moody Nolan, Inc. I also served as Chief Deputy County Engineer for  
19 Delaware County, as well as planning and design engineer for the City of  
20 Columbus. I am a registered professional engineer in the State of Ohio since  
21 September 1981.

22 **Q. Briefly describe some attributes of Hilliard.**

1 A. Hilliard is one of Central Ohio's fastest growing cities both residentially and  
2 commercially. Hilliard's infrastructure is sound and continues to achieve  
3 significant advances. Hilliard is currently constructing a significant roadway  
4 construction project dubbed the "Triangle Project," wherein Hilliard has  
5 completely re-engineered the intersections of Cemetery Road, Main Street and  
6 Scioto Darby Road. This infrastructure improvement will further enhance  
7 Hilliard's profile and should bring tremendous opportunity for economic  
8 development to Hilliard and that particular area within Hilliard.

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

10 A. Currently, Hilliard utilizes electric service from AEP to illuminate municipal  
11 traffic signals, a number of proprietary street lights, as well as to power certain  
12 municipal buildings and facilities. On an annual basis, Hilliard expends in excess  
13 of Five Hundred Thousand Dollars (\$500,000.00) on electric service with just the  
14 first two aforementioned electric uses. Furthermore, almost all of Hilliard's  
15 residential customers rely upon AEP for electric service. Similar to residents in  
16 many Ohio cities and metropolitan areas, Hilliard residential customers are  
17 currently dealing with high unemployment rates and low wages. Hilliard has a  
18 duty to represent these residents and ensure that they receive readily available and  
19 dependable electric services, attainable at reasonable prices in this economically  
20 challenging environment. In addition to the impact on Hilliard and on residential  
21 customers, Hilliard is also concerned about the impact of these proceedings on its  
22 commercial citizens. Any proposed cost increases and service modifications will

1 have an economic development and job retention impact on a local economy that  
2 cannot afford to lose jobs or opportunities for future growth.

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

4 A. The purpose of my testimony is to discuss the Standard Services Offer ("SSO")  
5 submitted by both AEP and the Ohio Power Company (collectively the  
6 "Companies") and the anticipated impact of the SSO on Hilliard, its residents and  
7 its businesses.

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

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

11 **II. PROPOSED RATE RESTRUCTURING**

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

14 A. My understanding is that the rate restructuring for electricity generation proposed  
15 by the Companies in its SSO application will result in rate increases that will be  
16 shouldered by Hilliard and its taxpayers. In reviewing page 1 of Exhibit DMR-1,  
17 Hilliard's rates for electricity generation will increase in the following amounts  
18 based upon Customer Class:

- 19 • GS1: 18.1% total increase over the life of the SSO;
- 20 • GS2: 17.8% total increase over the life of the SSO;
- 21 • GS3: 1.2% total increase over the life of the SSO; and
- 22 • SL: 13.1% total increase over the life of the SSO.

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

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

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

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

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

Hilliard is also concerned about being subjected to the Rate Security Rider (28), as this rider should not be assessed to non-industrial customers. Finally, Hilliard is concerned about being subjected to the Environmental Investment Carrying Cost Rider (13) as this rider is non-bypassable. Again, there is uncertainty as to how these riders will impact Hilliard's payments to AEP as well as its residential and commercial citizens' payments to AEP. The unanticipated costs associated with these riders not only runs contrary to the traditional necessity of governmental budgeting for the procurement of services, but they could severely impact and impede economic development within Hilliard for the same reasons that generation rate increases will impact economic development – all costs flow downhill to Hilliard's taxpayers.

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

**Q: Do you have concerns with Hilliard's dealings/interaction with AEP?**

A: Yes. It was challenging dealing with AEP during pre-construction planning during the Triangle Project. The Triangle Project necessitated involvement from AEP and the relocation of utilities to serve the area. On a few occasions, AEP refused to financially contribute to obvious ramifications on landowners for its relocation. If AEP is committed to supporting jobs and economic development, AEP must act as a partner to Hilliard in such projects as opposed to an adversary / inhibitor to the furtherance of these projects.

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

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

1 A: Yes. If AEP is serious about the development of alternative energy mechanisms,  
2 AEP could assist Hilliard in Hilliard's initiative to convert all of its street lights to  
3 LED street lights. As the Companies are proposing a 13.1% increase on street  
4 light rates over the life of the SSO, it would be equitable for AEP to assist Hilliard  
5 in this endeavor.

6 **VI. ECONOMIC DEVELOPMENT OPPORTUNITIES**

7 **Q: The Companies have stated in the testimony of Mr. Joseph Hamrock that**  
8 **their primary objective of this SSO is to stabilize rates and support the**  
9 **economic development of the state of Ohio. (Hamrock Testimony, p. 17, lines**  
10 **9-11). Mr. Hamrock states in the same testimony that the Companies are**  
11 **committed to assisting Ohio with economic development opportunities, and**  
12 **that successful economic development requires a collaborative effort amongst**  
13 **local leaders and business developers across the state. (Hamrock Testimony,**  
14 **p. 40, lines 9-15). What is your reaction to this?**

15 A: I appreciate Mr. Hamrock's statements and am hopeful that the Companies are  
16 genuine in their desire to work with local governments in pursuing economic  
17 development opportunities. I have concerns that the Companies have not been as  
18 active as they once were in assisting in economic development endeavors. The  
19 Companies have, in the past, been partners with Hilliard in community outreach  
20 to assist in economic development within the region. This commitment to local  
21 governments in economic development endeavors must be renewed by AEP,  
22 especially since economic development is, according to Mr. Hamrock, the core  
23 policy consideration behind this SSO.

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

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

16   **Q:   Thank you Mr. Seidle. Does this conclude your testimony?**

17   **A:**   Yes.



**CERTIFICATE OF SERVICE**

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



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