

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

- - -

In the Matter of the :  
 Application of Columbus :  
 Southern Power Company :  
 and Ohio Power Company : Case Nos. 11-346-EL-SSO  
 for Authority to Establish: 11-348-EL-SSO  
 a Standard Service Offer :  
 Pursuant to §4928.143, :  
 Ohio Revised Code, in the :  
 Form of an Electric :  
 Security Plan. :

In the Matter of the :  
 Application of Columbus :  
 Southern Power Company :  
 and Ohio Power Company : Case Nos. 11-349-EL-AAM  
 for Approval of Certain : 11-350-EL-AAM  
 Accounting Authority. :

- - -

PROCEEDINGS

before Steven D. Lesser, Commissioner, and Mr.  
 Jonathan J. Tauber, Hearing Examiner, at Ohio  
 University - Chillicothe, Bennett Hall Auditorium,  
 101 University Drive, Chillicothe, Ohio, called at  
 6:01 p.m. on Tuesday, May 1, 2012.

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- - -

1 APPEARANCES:

2 American Electric Power  
3 By Ms. Glori Fitch  
4 1 Riverside Plaza, 29th Floor  
5 Columbus, Ohio 43215-2373

6 On behalf of Columbus Southern Power  
7 Company and Ohio Power Company.

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Tuesday Evening Session,  
May 1, 2012.

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EXAMINER TAUBER: The Public Utilities Commission of Ohio has assigned for public hearing at this time and place, case numbers 11-346 and 11-348-EL-SSO, and 11-349 and 11-350-EL-AAM which are captioned In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company for Authority to Establish a Standard Service Offer Pursuant to Section 4928.142, Revised Code, as well as In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company for Approval of Certain Accounting Authorities.

My name is John Tauber, to my right is Commissioner Steven Lesser, and we are assigned to preside over tonight's hearing.

In addition I'm sure you saw several Commission employees. Humphrey Wireko is in the Commission offices and he was greeting you in front, and Dan Harrington is also running the sign-up sheet, and in the blue shirt, in the back of the room, is Matt Butler with Public Affairs.

So at this time we'll begin with appearances of the parties that are here tonight.

1 We'll start on behalf of the company.

2 MS. FITCH: Hi, I'm Glori Fitch. I'm  
3 counsel for Ohio Power Company.

4 EXAMINER TAUBER: Thank you. And I'd  
5 like to encourage the company to stick around, too,  
6 in case there's any questions after the hearing.

7 Are there any other parties present  
8 tonight?

9 (No response.)

10 EXAMINER TAUBER: Okay. Hearing none,  
11 we'll move on. I'll provide a little bit of  
12 background information on how we got to tonight's  
13 hearing.

14 AEP-Ohio originally filed their  
15 application in January of 2011. A stipulation and  
16 recommendation was filed by several parties in the  
17 proceeding in September of 2011. In December of 2011  
18 the Commission approved a modified version of the  
19 stipulation and recommendation. However, in February  
20 of 2012, the Commission found in its entry that the  
21 stipulation did not benefit ratepayers and it was not  
22 in the public interest and ordered AEP-Ohio to amend  
23 or withdraw the application.

24 So, therefore, on March 30th, 2012, Ohio  
25 Power Company filed this modified application for an

1 electric security plan. Ohio Power Company proposes  
2 this plan for the supply of electric generation  
3 service through May 31st, 2015.

4 The public hearing that is being held  
5 tonight is just one part of the whole process of  
6 what's going on with these proceedings. An  
7 evidentiary hearing is scheduled to commence on  
8 May 14, 2012 and that will be held at the Commission  
9 offices in Columbus, Ohio. There will also be oral  
10 arguments on these proceedings that are currently  
11 scheduled for July 3rd, 2012 and those also will be  
12 held at the Commission offices in Columbus. A  
13 decision should be issued sometime later this summer.

14 The purpose of this evening's public  
15 hearing is to receive comments from the public  
16 regarding the application in this case. This is not  
17 a question and answer session; rather, it's your  
18 opportunity to let the Commission know what you think  
19 about this modified application.

20 As tonight's hearing is being transcribed  
21 by the court reporter to my left, it's important that  
22 you speak clearly so she can accurately reflect your  
23 comments on the record for the Commission's  
24 consideration. If you have a prepared written  
25 statement, it will be very helpful if you can provide

1 that for her as well.

2 Before you give your comments, I'll ask  
3 you to state your name and address, and I'll also ask  
4 you to take an oath or affirmation that what you're  
5 about to say is the truth. Your testimony will be  
6 considered part of the official record in this case,  
7 so it will be reviewed by the Commission before they  
8 make their final decision on this application.

9 Additionally, as your testimony will  
10 become part of the official record in these  
11 proceedings, the parties to this case and I will be  
12 permitted to ask you questions about your statement.

13 As we begin calling witnesses, if you  
14 decide you no longer wish to testify, you can simply  
15 pass and we'll move on to the next witness.

16 We want to make sure that everybody who  
17 wishes to make a statement tonight is able to do so,  
18 so please be respectful of others waiting to give  
19 their testimony and keep your statements to a  
20 reasonable length of time if possible.

21 So seeing that there's nothing else,  
22 let's begin with witnesses and we'll start with Jim  
23 Gillette. If you can please come up to the podium.  
24 Please raise your right hand.

25 (Witness sworn.)

1 EXAMINER TAUBER: Please state your name  
2 and address for the record.

3 MR. GILLETTE: My name is Jim Gillette  
4 and my address is 923 Township Road 111, Ironton,  
5 Ohio.

6 EXAMINER TAUBER: You may go ahead.

7 - - -

8 JIM GILLETTE  
9 being first duly sworn, as prescribed by law, was  
10 examined and testified as follows:

11 DIRECT TESTIMONY

12 MR. GILLETTE: I want to first thank you  
13 for this opportunity to give the public to speak and  
14 I would like to allow me to add my support for the  
15 growing number of communities, organizations,  
16 residents of Ohio and customers of AEP speaking out  
17 in favor of AEP-Ohio modified electricity security  
18 plan.

19 I am an Ohio resident who has currently  
20 been offered the opportunity to purchase my future  
21 power from an alternate company and have chosen AEP  
22 as my current and future provider of power.

23 I am a member of IBEW Local 317 located  
24 in Huntington, West Virginia. We are the men and  
25 women who have built and maintained the power plants



1 and the power grid for more than 50 years. AEP has  
2 provided jobs to local journeymen and provided a  
3 means to provide training to local apprentices to  
4 meet the demands for our future electrical needs for  
5 generation -- for generations to come.

6 As a consumer and a resident of Ohio, AEP  
7 of Ohio provides me with power at a reasonable and  
8 acceptable rate as well as customer service unequalled  
9 to other utilities or service providers.

10 I want to thank AEP for employing a local  
11 workforce and providing jobs in an economic  
12 atmosphere where decent-paying jobs are in high  
13 demand. A hasty transition will threaten our ability  
14 to train new workers and develop their skills needed  
15 for our future.

16 AEP has proposed clean coal technology at  
17 Gavin, Louisa, and Kyger Creek powerhouses, and solar  
18 projects in Noble County which would employ thousands  
19 of Ohio workers in an area where jobs are badly  
20 needed. Without our support, these projects may not  
21 happen.

22 AEP has been a strong community partner.  
23 We need to allow the company the opportunity to  
24 implement its plan to remain a provider of power and  
25 continue its positive effect as one of Ohio's premier

1 employers and service providers.

2 One other thing, as I left the house  
3 tonight, I got my power bill from January, February,  
4 and March, and we have three individuals in our  
5 household, our average utility bill was 120. The  
6 cell phone that we also have is through a company and  
7 for three individuals on that cell phone plan is  
8 \$180.

9 I think that AEP provides a lot of jobs  
10 and coal, which is in our area, to mine the coal,  
11 transport the coal, generate the power, maintain the  
12 transmission lines and get it to us, the consumer.  
13 We should be having a public hearing for cell phones  
14 and stuff like that. I have a cell phone and, like I  
15 say, the bill is a lot more. So I think it is -- I  
16 think their rates are reasonable.

17 EXAMINER TAUBER: Thank you.

18 COMMISSIONER LESSER: Mr. Gillette.

19 MR. GILLETTE: Oh, sorry. I answer  
20 questions now, don't I.

21 COMMISSIONER LESSER: You said that  
22 you've chosen AEP to be your supplier. You mean  
23 you're staying on the standard AEP plan or that you  
24 chose them as a retail provider?

25 MR. GILLETTE: It's kind of confusing. I

1 got the letter last week. My wife told me that we  
2 had the opportunity to choose purchasing power  
3 through another third party or whatever, and I told  
4 her that we will stay with AEP.

5 I don't know how that all works. I don't  
6 know if -- if I choose the other provider and I live  
7 in a rural area and my power goes out, who comes out  
8 and maintains those lines? Is it the other provider?  
9 I don't think so. It's AEP.

10 And, to me, your local jobs is worth a  
11 lot. I mean this economy is stagnant. We have a  
12 company here that provides work for local people.  
13 And in my area also, Buckeye Rural Electric or  
14 whatever, if you compare their rates to AEP's, I  
15 think AEP's is reasonable.

16 COMMISSIONER LESSER: Thank you.

17 EXAMINER TAUBER: I apologize if I  
18 mispronounce any names. Shane Wolfe. Please raise  
19 your right hand.

20 - - -

21 SHANE WOLFE

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

24 DIRECT TESTIMONY

25 MR. WOLFE: Shane Wolfe. Huntington,

1 West Virginia. 4457 Pleasant View Road, Huntington,  
2 West Virginia. I'd like to thank you all for the  
3 opportunity to speak on behalf of AEP-Ohio modified  
4 electrical security plan. My name is Shane Wolfe,  
5 and, however, I am not a resident of Ohio, but my  
6 parents and sister are.

7 I am in support of AEP for several  
8 reasons. One of them and, to me, is that AEP has  
9 provided work for me in several powerhouses where a  
10 man can earn a good, honest living and support a  
11 family. My family knows how important AEP is and  
12 they will continue to support them as well.

13 I have been an electrician for 15 years  
14 now and have worked side-by-side with other crafts  
15 and have seen what AEP as an employer and partner in  
16 our communities can do for them also. In my opinion  
17 we need to support AEP and allow them the opportunity  
18 to go ahead with its plan to remain as a provider for  
19 electricity and its services.

20 EXAMINER TAUBER: Thank you.

21 Chester Collins.

22 MR. COLLINS: Chester Collins.

23 EXAMINER TAUBER: Please raise your right  
24 hand.

25 (Witness sworn.)

1 EXAMINER TAUBER: Go ahead.

2 - - -

3 CHESTER COLLINS

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

6 DIRECT TESTIMONY

7 MR. COLLINS: Chester Collins. 482  
8 Laurel Street, Chillicothe. I'm here to protest the  
9 \$7 increase. If AEP has 100,000 customers, I know  
10 they do, that's a \$700,000 increase in revenue in one  
11 month for their company. Add another zero on that  
12 for ten months, you got \$7 million more revenue for  
13 that company to operate on.

14 And when you think \$7 is not very much,  
15 but you take \$7 million out of everybody's back  
16 pocket, somebody is going to suffer; the seniors and  
17 the low-paying income people. And that's why I'm  
18 objecting to the increase. It's revenue that they're  
19 going to get at the end of the contract.

20 EXAMINER TAUBER: Thank you.

21 COMMISSIONER LESSER: Thank you.

22 EXAMINER TAUBER: Daniel Fetty.

23 - - -

24 DANIEL FETTY

25 being first duly sworn, as prescribed by law, was

1 examined and testified as follows:

2 DIRECT TESTIMONY

3 MR. FETTY: Daniel Fetty. 4249 Oak  
4 Street, New Boston, Ohio. I'm here tonight from the  
5 Village of New Boston, representing three factions of  
6 those people.

7 Looking at the AEP and the Public  
8 Utilities Commission's website, it says in the last  
9 three years that AEP has had an increase of 8 percent  
10 in 2009, 7 percent in 2010, and 8 percent again in  
11 2011.

12 In the Village of New Boston, we have  
13 roughly 2,300 people. Our fixed median household  
14 income is \$15,681 which is a very low income for our  
15 village. I'm here to represent these people, the  
16 residents as I am, asking and opposing the increase  
17 to the electric rates.

18 I am also here representing our  
19 businesses in New Boston. I spoke with one fellow  
20 who said his increase went up where he's now paying  
21 \$16,000 a year which puts him roughly at \$200,000.  
22 When the last increase was proposed and backed out,  
23 he had already made up his mind if the rate went  
24 through, he would close his business. This is a  
25 family-owned business that's been there for over 50

1 years. We do not need to lose businesses in New  
2 Boston as we are a small village.

3 And the third faction I'm here  
4 representing is the Village of New Boston. I see the  
5 financial reports each and every month. In the last  
6 three years our electric rate has gone up \$26,000.  
7 Now, we can't survive with high electric rates such  
8 as this. Looking ahead into this current year, we're  
9 looking to spend over \$100,000 in electric costs.

10 So what we have to do as council people  
11 in the Village of New Boston is look how to save  
12 money, and we do not want to cut jobs, we do not want  
13 to cut rates, but reality says we're going to have to  
14 do something.

15 So on behalf of these three factions, the  
16 residents of New Boston, the businesses of New  
17 Boston, and the Village of New Boston, we are in  
18 opposition of any rate increase by AEP. Thank you.

19 COMMISSIONER LESSER: Sir, did you say  
20 you're on the council?

21 MR. FETTY: Yes, sir. I left a village  
22 council meeting tonight to come up here to represent  
23 the village for this meeting.

24 COMMISSIONER LESSER: Well, we appreciate  
25 that. Thank you.

1 MR. FETTY: Thank you.

2 EXAMINER TAUBER: Michael Snyder.

3 MR. SNYDER: I just thought that was a  
4 general sign-up sheet when I came in. I didn't know  
5 it was to address.

6 EXAMINER TAUBER: Thank you.

7 Jack Haessly.

8 (Witness sworn.)

9 EXAMINER TAUBER: Could you provide your  
10 name and address for the record?

11 MR. HAESSLY: I'm sorry. Jack Haessly of  
12 389 Sheets Run Road, Marietta.

13 EXAMINER TAUBER: Could you spell your  
14 last name for the record?

15 MR. HAESSLY: Haessly is spelled  
16 H-a-e-s-s-ly.

17 - - -

18 JACK HAESSLY  
19 being first duly sworn, as prescribed by law, was  
20 examined and testified as follows:

21 DIRECT TESTIMONY

22 MR. HAESSLY: I thank you for this  
23 opportunity and thank you, gentlemen. I've done a  
24 little testimony, a few years ago, in a PUCO hearing  
25 like this over at Marietta, Ohio. A little bit of



1 the same reason you gentlemen might have been there.  
2 We were looking to see some pretty dramatic increases  
3 in electric cost.

4 I'm a business person. I'm a  
5 manufacturer of hardwood lumber. My company is  
6 Haessly Hardwood Lumber Company. We are just north  
7 of Marietta a few miles. I'm here as a  
8 representative of the forest industry here in Ohio.  
9 It has been a huge part of the history and the  
10 success of this great state.

11 My company is old, started by my dad way  
12 back in 1941; 71 years ago. I have served as the  
13 president for the last several decades. I have two  
14 sons; one of them is with me tonight. We employ over  
15 70 people in our business -- businesses. We are very  
16 proud of our heritage. We're very proud to be a  
17 successful business; a business that my dad started  
18 many years ago with a team of horses.

19 We have come through the horse age to the  
20 diesel-powered age and, back in the early '60s, with  
21 the introduction of electricity into our business.  
22 And only through the use of electricity have we been  
23 able to grow our business to where it's at today. So  
24 I'm very appreciative of this great source of power;  
25 clean, powerful, affordable, we hope, and into the

1 future we hope.

2 I am concerned somewhat, or I wouldn't be  
3 here tonight, with the future of our industry. We  
4 have, as an industry, suffered greatly over the past  
5 three years with this economy going down, down, and  
6 down. It is safe to say we have lost 35 to 40  
7 percent of businesses such as the one I'm  
8 representing. And one of the things that we can't  
9 control are our costs, and our cost is becoming a  
10 serious problem as we look at the possibilities of  
11 some of our costs going up dramatically.

12 What I seen back in January compared to a  
13 similar period of time on an electric transmission  
14 billing was 125 percent increase. I was very pleased  
15 that the PUCO, I believe, stepped in and said hold  
16 it, we've got to look into this further. This should  
17 never have happened in the first place. This should  
18 never have been allowed to happen in the first place.

19 We want all companies to be successful.  
20 Without making a profit, you can't be successful,  
21 including the power companies. They're very dear to  
22 us, but they must understand that we, as customers,  
23 can only afford so much. Residents can only afford  
24 so much. And listening to the gentleman here a  
25 little earlier make a comment, people on fixed

1 incomes and to endure these pretty powerful increases  
2 of cost is quite serious. I look at it that way as  
3 well, but I'm looking at the future of a business  
4 that I want to see carry into the future.

5 We're dealing with very serious economic  
6 times in my industry. We have made a great  
7 contribution to this country and to this great state  
8 evidenced by this great and successful paper company  
9 right here in Chillicothe, I believe known as  
10 Glatfelter. That's a company that is very much  
11 needed by my industry and we don't want them to be  
12 impacted any more than we do our businesses that  
13 serve them.

14 I would hope that good commonsense could  
15 be put in place as we look at some of these dramatic  
16 increases. One, are they really needed in the amount  
17 that's being asked? For me to charge 125 percent  
18 more for my products, I would be eating these  
19 products because I certainly would not sell them.  
20 But if I'm in a position to pass it on because I'll  
21 force people to take it, that's different.

22 We got to have a little bit of conscience  
23 in this society we live in. We must all survive or  
24 we might not all survive. Governor James Rhodes said  
25 several decades ago, "Profit is not a dirty word."

1 We all must have profit. But if our expenses keep  
2 increasing to the point that profitability is not to  
3 be there, then businesses across this state and  
4 across this country will decline and go out of  
5 business. When that happens, where will the power  
6 companies be at that point? Who do you sell  
7 electricity to if there's not a need for it, if  
8 there's not a market for it?

9 I would only ask that consideration be  
10 given to everybody within the state that's going to  
11 be affected by these rates, from the residents to the  
12 commercial to the industrial sectors, and we come out  
13 of this with a reasonable agreement of some sort that  
14 doesn't damage and hurt hardly anyone.

15 We cannot stand, in a down economy, these  
16 dramatic increases. If I was a power company, I  
17 would be a little bit embarrassed to even impose a  
18 125 percent increase and even more than that.

19 You've heard enough of me. I appreciate  
20 this opportunity. I would hope that the PUCO would  
21 really give this a hard look, and look at what can be  
22 affordable by the people and the businesses in this  
23 great state of Ohio. Thank you, gentlemen.

24 EXAMINER TAUBER: Thank you.

25 Laura Curliss.

1 MR. CURLISS: I also thought it was a  
2 sign-in sheet.

3 EXAMINER TAUBER: John McWhorter.

4 - - -

5 JOHN MCWHORTER

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

8 DIRECT TESTIMONY

9 MR. MCWHORTER: John McWhorter. 1428  
10 Pope Hollow, Grayson, Kentucky. My name is John  
11 McWhorter. I'm an assistant business manager with  
12 the Boilermakers Local 105 out of Piketon, Ohio. I  
13 live in Grayson, Kentucky. I drive up to Piketon  
14 every day to work. AEP has afforded me a good  
15 living. I've worked -- at the power plants we've  
16 worked for years maintaining the power plants,  
17 building and maintaining these boilers, coal-fired  
18 boilers.

19 The EPA is coming down with regulations.  
20 We just had four units at Beverly shut down because  
21 they're coal-fired. We replaced them with two brand  
22 new gas burners up here at Dresden. You know, it  
23 supplied 1,500 jobs for construction workers for  
24 probably three to four years and we just finished and  
25 they just brought them on line.

1           The clean coal technology is what's  
2 driving the cost up in electricity right now. The  
3 EPA cannot get a regulation set for AEP and Duke  
4 Energy to come up with a fit to make it affordable,  
5 you know, a good fit for the customer to afford the  
6 electricity.

7           The rate increase, you know, from what  
8 we've seen is not substantial for the amount of  
9 money, the billions, you know, I've heard millions  
10 tossed around here, they're talking billions of  
11 dollars in retrofit to make the coal-fired units.  
12 And, you know, they've got solar, they're working on  
13 solar which is clean coal. We're speaking out in  
14 support of this rate increase.

15           EXAMINER TAUBER: Thank you.

16           Steve Maupin.

17                                 - - -

18                                 STEVE MAUPIN

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

21                                 DIRECT TESTIMONY

22           MR. MAUPIN: My name is Steve Maupin. I  
23 live in --

24           EXAMINER TAUBER: Would you provide your  
25 address?

1                   MR. MAUPIN: Address is 4035 Catherine  
2 Avenue, Norwood, Ohio.

3                   I am a member of the Boilermakers Local  
4 105. I would like to thank you for the opportunity  
5 to speak here tonight. We are the men and women who  
6 have built and maintained the power plants and the  
7 power grid for more than 50 years.

8                   Fair retail electric competition is a  
9 critical issue for construction workers. AEP-Ohio  
10 must have a reasonable time to move to competitive  
11 marketing so we can continue to keep the plants and  
12 the electric grid operating and providing jobs for  
13 our members.

14                  The building and construction trade  
15 unions have worked for years to develop their skills  
16 and knowledge. A hasty transition will threaten our  
17 ability to train new workers. Let me explain that:  
18 If I can't keep -- if we can't keep our membership  
19 up-to-date and sharp, then we lose our competitive  
20 edge. It costs more to repair, maintain, and the  
21 price goes up.

22                  If you think the changes -- the clean or  
23 renewable energy is going to replace AEP and the  
24 coal-burners, it's not. The windmills and the solar  
25 panels, the price of that will come back to get you

1 because you're going to have to replace them more.  
 2 It's just cheaper, it's better, more jobs, more  
 3 opportunities for young people to raise their  
 4 families.

5 Myself, I don't have the option to go to  
 6 AEP. I have, where I live, Duke Energy is our  
 7 supplier and I've had multiple opportunities to  
 8 switch to FirstEnergy and different ones, and I  
 9 refuse until the day I get a chance to go to AEP.  
 10 That is where I'm going to go as soon as the  
 11 opportunity is there because of the loyalty they have  
 12 had to the community, to the people of Ohio.

13 It's just -- I drive by plants all the  
 14 time where Dayton Power and Light, Duke Energy  
 15 outsources jobs from Oklahoma, Louisiana. They bring  
 16 in contractors from out of the state. Where AEP  
 17 works with a contractor right out of Cincinnati,  
 18 Ohio; Enerfab. They -- they walk the walk and talk  
 19 the talk. They absolutely try and help the people of  
 20 Ohio. A headquarters in Columbus; multiple jobs  
 21 there and it's essential.

22 I feel these businesses' grief, but if  
 23 you don't have customers to buy your products, you're  
 24 going to close the doors anyway. So thanks again.

25 EXAMINER TAUBER: Thank you.



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Jerry White.

- - -

JERRY WHITE

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

DIRECT TESTIMONY

MR. WHITE: I live in Lancaster, Ohio.

EXAMINER TAUBER: Would you provide your  
name and address for the record.

MR. WHITE: Jerry White. 1195 East  
Chestnut Street, Lancaster, Ohio 43130. Why I came  
down here today is, you know, I'm a low-income  
family, you know where I live. I don't make a lot of  
money because I lost my job.

I was working at a factory about four  
years. I had to have surgery back in 2010. I had a  
cyst about the size of a football in my spleen which  
had to be removed and, while I was in the hospital,  
also my appendix burst, so I was in the hospital for  
11 days. My job fired me because of the surgery and  
now I'm working for the Lancaster Eagle Gazette in  
Lancaster, delivering newspapers. I also work for a  
cleaning company.

Right now, you know, with me trying to  
pay my bills it's really been difficult for me to try

1 to keep my bills paid. Like my utility bill right  
2 now, like for the summer is like \$258, almost \$300.  
3 My electric bill, since I'm on the PIPP program was  
4 like \$81. That's just on PIPP alone.

5 So with me trying to survive, it's really  
6 been really difficult, and trying to get groceries to  
7 eat on and also feed my family, it's really been  
8 difficult. So I hope that, you know, you do take us  
9 into deep consideration not to raise the bill up, you  
10 know, under House Bill 221, that you guys take us  
11 into deep consideration.

12 Because I read all the stuff on the  
13 internet under you guys's organization and I'm pretty  
14 familiar with it, so I hope you take us into deep  
15 consideration because, you know, adding \$6.24 per  
16 1,000 kilowatt usage, that's going to raise my bill  
17 up to at least \$113 or more. So I hope you guys take  
18 us into deep consideration. Thank you.

19 EXAMINER TAUBER: Thank you.

20 That concludes everybody who has signed  
21 up to testify. Is there anybody else who would like  
22 to testify this evening?

23 Come on up.

24 MR. NICHOLS: Kent Nichols. 12726  
25 Township Road 71A, Roseville.

1 EXAMINER TAUBER: Would you please raise  
2 your right hand.

3 - - -

4 KENT NICHOLS  
5 being first duly sworn, as prescribed by law, was  
6 examined and testified as follows:

7 DIRECT TESTIMONY

8 MR. NICHOLS: My name is Kent Nichols.  
9 I'm the district manager for the Burr Oak Regional  
10 Water District. We're located in Athens County.  
11 We're a nonprofit rural public water system. We  
12 provide approximately 35,000 residents, several  
13 schools, eight villages, numerous businesses, a state  
14 park, with a safe, dependable water supply at a  
15 reasonable rate.

16 We're in a very economically depressed  
17 area if people are familiar with Athens, Morgan,  
18 Hocking and Perry Counties. AEP rates directly  
19 affect all of our district customers. Since we're a  
20 nonprofit, any increased operating cost can only be  
21 addressed by increasing our water rates.

22 The size of the AEP rate increase we saw  
23 the first of the year, we could not have covered it  
24 at our present operating budget which, for 2012, is  
25 \$430,000. We increased it from 360,000 in 2011

1 because we received a letter from AEP which stated we  
2 could expect a 23 percent increase. So we increased  
3 the operating budget to take care of the increase.

4 What happened, the first of the year,  
5 some of our sites saw a 300 to 400 percent increase  
6 in the rates. A portion of the rate increase was  
7 rescinded, but a fairly significant rate increase  
8 remains. I'm going to give you an example of these  
9 rates and these -- we have AEP Retail as a generation  
10 provider, so these are just for the distribution,  
11 transportation costs to AEP Ohio.

12 Before the rate increase, we had 1.73  
13 cents per kilowatt hour for one site. After the rate  
14 increase, it went to 5.39 cents per kilowatt hour.  
15 After you rescinded the increase, it went back to 2  
16 cents -- 2.41 cents per kilowatt hour.

17 On another site it was 1.88 cents per  
18 kilowatt hour before. It then increased to 5.33  
19 cents. Then, after you rescinded it, it returned to  
20 2.17. And my concern is it seems that we already  
21 have a fairly significant increase so, you know, my  
22 concern is how much more of an increase are we going  
23 to have to work with here.

24 We recognize that AEP, like all  
25 businesses, has to make a profit to continue to

1     operate. We are a nonprofit. We put all of our own  
2     money back into our system. We're not allowed to  
3     make a profit. But we recognize that for you to  
4     expand and to operate, you have to make a profit.  
5     But we feel like it's -- it's exorbitant. We oppose  
6     an increase of that size.

7                 You know, we hope that the Public  
8     Utilities Commission understands the effect these  
9     rate increases have on the businesses and which  
10    always relates to the possibility of lost jobs, you  
11    know, and most importantly the impact it has on many  
12    people that are already struggling to pay their  
13    bills.

14                We just -- we recognize that you probably  
15    have to have some type of an increase, we just -- we  
16    can't understand why it would be 300 to 400 percent.  
17    So, you know, if anybody wants to see the bills, I  
18    got them here with me. I appreciate the opportunity  
19    to speak.

20                EXAMINER TAUBER: Thank you.

21                COMMISSIONER LESSER: Thank you.

22                MR. NICHOLS: Thank you.

23                EXAMINER TAUBER: Is there anybody else  
24    that would like to testify this evening who has not  
25    signed up to do so?

1                   You already testified, so you only get  
2 one opportunity.

3                   Is there anybody else who would like to  
4 testify?

5                   FROM THE FLOOR: Are you taking any  
6 questions?

7                   EXAMINER TAUBER: The company will have  
8 representatives available after the hearing and we  
9 also have staff representatives if you have any  
10 issues related to other issues besides tonight's  
11 application.

12                   Seeing nothing else, this hearing shall  
13 be adjourned.

14                   FROM THE FLOOR: Wait.

15                   EXAMINER TAUBER: I apologize. Come on  
16 up.

17                   COMMISSIONER LESSER: I thought you were  
18 just trying to be the first out of the room.

19                   MR. HORST: Yeah, I was trying to be the  
20 first out of the room.

21                   - - -

22                   TOM HORST

23 being first duly sworn, as prescribed by law, was  
24 examined and testified as follows:

25                   DIRECT TESTIMONY

1 MR. HORST: Tom Horst. 1328 Northwoods  
2 Drive, Hillsboro, Ohio. I represent 42,000  
3 individuals that live in Highland County. I'm one of  
4 the county commissioners.

5 Our county was hit hard back in 2008 with  
6 the downturn of the economy. We went as high as  
7 19 percent in our unemployment. At the present time  
8 it lays at 11 percent. Way above the national  
9 average; above the average for the state of Ohio.

10 The increase that was laid on us and our  
11 people in Highland County at the first of the year  
12 just about crippled us. We had individuals that were  
13 going to close their businesses and they would have  
14 closed their businesses if it hadn't been for the  
15 idea of the PUCO having AEP roll back their increase  
16 at that time.

17 Now, we understand that AEP, as was said  
18 before, needs to make a profit. They can't operate  
19 if they don't make money and be able to pay the guys  
20 that built the boilers that seem to be here tonight  
21 and the things that keep it going. On the other  
22 side, we can't afford an increase that goes in in an  
23 increment so large that it cripples our whole  
24 economy.

25 What we're running into is that with the

1 increase that we have, I feel, and most the people I  
2 talk to in Highland County feel, it needs to be put  
3 in, if it's going to have to happen, and it's going  
4 to happen, in smaller increments over a longer period  
5 of time.

6           You know, we're trying to make up,  
7 according from the original thing that started in  
8 January, they were trying to make up ten years of  
9 frozen assets in a two- or three-year period. You  
10 know, none of us in here can make up ten years of  
11 what we used to make in three years. It's not going  
12 to happen.

13           What we need is a longer period of time  
14 for AEP to look at what they need to do and the PUCO  
15 to get with them and stretch out this payback that we  
16 have to have. Let's get that done and go from there.  
17 Okay. Thank you.

18           EXAMINER TAUBER: Thank you.

19           Is there anybody else who would like the  
20 opportunity to testify this evening who has not  
21 already testified?

22           Seeing none, we are adjourned. Thank you  
23 all for coming.

24           (The hearing concluded at 6:40 p.m.)

25           - - -



CERTIFICATE

I do hereby certify that the foregoing is a true and correct transcript of the proceedings taken by me in this matter on Tuesday, May 1, 2012, and carefully compared with my original stenographic notes.

---

Carolyn M. Burke, Registered  
Professional Reporter, and  
Notary Public in and for the  
State of Ohio.

My commission expires July 17, 2013.

- - -

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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 the Application of Columbus Southern Power Company and Ohio Power Company hearing held on 05/01/12 electronically filed by Mrs. Jennifer Duffer on behalf of Armstrong & Okey, Inc. and Burke, Carolyn M. Mrs.