Office of the Ohio Consumers' Counsel

December 23, 2025

Ms. Tanowa Troupe, Secretary
Public Utilities Commission of Ohio
180 East Broad Street, 11th Floor
Columbus, Ohio 43215

RE: *In the Matter of the Legacy Generation Resource Rider Audits Required by R.C. 4928.148 for Duke Energy Ohio Inc., The Dayton Power and Light Company dba AES Ohio, and Ohio Power Company dba AEP Ohio*, Case No. 24-153-EL-RDR

Dear Ms. Troupe:

I have enclosed OCC Ex. 1A for filing. This is a revised public version of OCC witness Devi Glick's testimony (without attached exhibits).

There are no substantive changes to her actual testimony from the version that OCC filed in the docket on November 4, 2025. However, the enclosed version contains fewer redactions as compared to the November 4th version.

This revised version of Ms. Glick's testimony conforms to the parties' Joint Stipulation filed on December 4, 2025. In the Joint Stipulation, the parties agreed that some of the audit report information that was previously redacted could be unredacted because the information is publicly available. The revised audit reports (containing fewer redactions) were also filed on December 4, 2025.

Thank you.

Very truly yours,

/s/ John Finnigan

John Finnigan (0018689)
Assistant Consumers' Counsel

cc: All Parties of Record and Administrative Law Judges (with attachment)

EXHIBIT NO. 1A

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Legacy Generation Resource Rider Audits Required by R.C. 4928.148 for Duke Energy Ohio Inc., the Dayton Power and Light Company dba AES Ohio, and Ohio Power Company dba AEP Ohio.	))))))	Case No. 24-153-EL-RDR

PUBLIC VERSION

DIRECT TESTIMONY
OF
DEVI GLICK

On Behalf of the
Office of the Ohio Consumers' Counsel
65 E. State Street, Suite 700
Columbus, Ohio 43215

November 4, 2025

UPDATED PUBLIC VERSION FILED DECEMBER 23, 2025

TABLE OF CONTENTS

PAGE

LIST OF ATTACHMENTS:

Attachment DG-1: Resume of Devi Glick

Attachment DG-2C: Confidential Discovery Responses – OVEC Bills

Attachment DG-3: Public Discovery Responses – PJM market revenues

Attachment DG-3C: Confidential Discovery Responses – PJM market revenues

Attachment DG-4C: Confidential Discovery Responses – OVEC and IKEC Board and Operating Committee meeting minutes

Attachment DG-5: Public Discovery Responses – Unit commitment and dispatch decision-making

Attachment DG-5C: Confidential Discovery Responses – Unit commitment and dispatch decision-making

Attachment DG-6: Public Discovery Responses – Environmental regulations and capital expenditures

Attachment DG-6C: Confidential Discovery Response – Environmental regulations and capital expenditures

Attachment DG-7: Public Discovery Responses – Economic plant analysis

I. INTRODUCTION AND PURPOSE OF TESTIMONY

Q1. PLEASE STATE YOUR NAME AND OCCUPATION.

A1. My name is Devi Glick. I am a Senior Principal at Synapse Energy Economics, Inc. My business address is 485 Massachusetts Avenue, Suite 3, Cambridge, Massachusetts 02139.

Q2. PLEASE DESCRIBE SYNAPSE ENERGY ECONOMICS.

A2. Synapse is a research and consulting firm specializing in energy and environmental issues, including electric generation, transmission and distribution system reliability, ratemaking and rate design, electric industry restructuring and market power, electricity market prices, stranded costs, efficiency, renewable energy, environmental quality, and nuclear power.

Synapse's clients include state consumer advocates, public utilities commission staff, attorneys general, environmental organizations, federal government agencies, and utilities.

Q3. PLEASE SUMMARIZE YOUR WORK EXPERIENCE AND EDUCATIONAL BACKGROUND.

A3. At Synapse, I conduct economic analysis and write testimony and publications that focus on a variety of issues related to electric utilities. These issues include power plant economics, electric system dispatch, integrated resource planning, economics of environmental compliance technologies and strategies, and valuation of distributed energy resources. I have submitted expert testimony before state utility regulators in over 60 litigated proceedings across 20 states. In the course of my work, I develop in-house electricity system models and perform analysis using industry-standard electricity system models. I am proficient in the use of spreadsheet analysis tools, as well as optimization and electric dispatch models. I have directly run EnCompass and PLEXOS and have reviewed inputs and outputs for several other models.

Before joining Synapse, I worked at Rocky Mountain Institute (now RMI), focusing on a wide range of energy and electricity issues. I have a master's degree in public policy and a master's degree in environmental science from the University of Michigan, as well as a bachelor's degree in environmental studies from Middlebury College. I have more than 13 years of professional experience as a consultant, researcher, and analyst. A copy of my current resume is attached as Exhibit DG-1.

Q4. DO YOU HAVE ANY EXPERIENCE WITH THE PJM AND MIDCONTINENT INDEPENDENT SYSTEM OPERATOR ("MISO") ELECTRICITY MARKETS?

A4. Yes, I have evaluated how utilities commit and operate their power plants in the PJM and MISO electricity markets across multiple states, including Ohio, Indiana, Michigan, Minnesota, and Wisconsin, for expert testimony and expert reports. I provide a list of proceedings where I have given testimony with my resume as DG-1.

Q5. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS CASE?

A5. I am testifying on behalf of the Office of the Ohio Consumers' Counsel ("OCC").

Q6. HAVE YOU TESTIFIED BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO ("PUCO")?

A6. Yes. I provided testimony to the PUCO on October 10, 2023, in Case No. 21-0477. I also provided testimony to the PUCO on September 12, 2023, in Case No. 20-165-EL-RDR, on December 29, 2021, in Case Nos. 18-1004-EL-RDR et al. and on October 26, 2021, in Case No. 20-167-EL-RDR.

Q7. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A7. In my testimony for this proceeding, I review the costs charged from January 1, 2021, through December 31, 2023 ("the audit period") to the Ohio Power Company ("AEP Ohio"), Duke Energy Ohio, and AES Ohio (collectively "the Companies") by the Ohio Valley Electric Corporation ("OVEC") under the Amended and Restated Inter-Company Power Agreement ("OVEC Agreement"). I review the revenue each of the three Companies received for selling the power provided by the generation assets under OVEC's management into the PJM market, and the resulting costs and revenues passed on to their consumers through the Legacy Generation Rider (referred to as the "Coal Subsidy Rider" by OCC). Next, I summarize each Company's projections of how much it would charge consumers during the audit period and compare those projections to other contemporary analysis assessing the long-term cost of remaining in the OVEC Agreement, and to the costs the Companies actually paid. I review the prudence of OVEC's unit commitment practices, and the Companies' oversight of operational decisions made at the OVEC units during the audit period. Finally, I discuss the planning and capital investment decisions the Companies recently made in environmental upgrades at the plants and explain how those costs are passed on to consumers during the audit period through the demand charge of the rider.

Q8. HOW IS YOUR TESTIMONY STRUCTURED?

A8. In Section 2, I summarize my findings and recommendations for the PUCO. In Section 3, I provide background on the OVEC plants and the contract that governs the plants' operations.

In Section 4, I briefly explain the background of the Coal Subsidy Rider, and the associated Ohio House Bill 6 ("H.B. 6") that codified it. I will discuss the recent repeal of H.B. 6 and its implications for future cost recovery of OVEC costs. I provide a summary of the prior riders that each Company used to collect the OVEC costs before the enactment of H.B. 6, all of which were approved as a financial hedge, and the analysis that each Company performed at the time it requested the prior riders. I will summarize other projections completed by OVEC owners that cover the performance of the OVEC plants during the audit period.

In Section 5, I evaluate the costs paid by each of the Companies' consumers during the audit period. I discuss how the Companies have paid unreasonable charges significantly above the market value of energy and capacity in PJM to OVEC and now seek to pass these excess costs on to their consumers.

In Section 6, I summarize OVEC's unit commitment practices. I discuss my concerns with OVEC's general practice of uneconomically committing the OVEC plants into the market and outline best practices for reviewing the operational practices of power plants to assess the prudence of variable costs incurred. I present evidence of OVEC's uneconomic operational practices that are driving the substantial economic losses at the units.

In Section 7, I discuss OVEC's recent capital investments in environmental compliance measures at its power plants and explain how those costs are passed on to consumers through the current docket.

Q9. WHAT DOCUMENTS DID YOU USE FOR YOUR ANALYSIS, FINDINGS, AND OBSERVATIONS?

A9. My analysis relies primarily upon the following information: (1) the three audit reports ("Audit Reports") produced in this proceeding by London Economic International ("LEI") for AEP Ohio,[1] Duke Energy Ohio,[2] and AES Ohio;[3] (2) the three audits performed by LEI for AEP Ohio, Duke Energy Ohio, and AES Ohio in Case No. 21-0477-EL-RDR; (3) the audit reports produced by LEI for Duke Energy Ohio in Case No. 20-0167-EL-RDR and for AEP Ohio in Case No. 18-1004-EL-RDR, and the audit report produced by Vantage Energy Consulting, LLC ("Vantage") for AES Ohio in Case No. 20-165-EL-RDR; (4) OVEC's 2020, 2021 and 2024 annual reports; (5) discovery responses of AEP Ohio, Duke Energy Ohio, and AES Ohio associated with the audit as shown in Table 1 below; (6) information filed with the U.S. Bankruptcy Court for the Northern District of Ohio when FirstEnergy Solutions ("FES") attempted to cancel its obligations under the OVEC Agreement; (7) the Public Versions of my Direct Testimony in Case No. 20-0167-EL-RDR relating to Duke Energy Ohio's Price Stabilization Rider, in Case No. 18-1004-El-RDR relating to AEP Ohio's Power Purchase Agreement Rider, and in 20-165-EL-RDR relating to AES Ohio's Reconciliation

[1] Audit of the Legacy Generation Resource Rider of AEP Ohio Final Report, Prepared for the Public Utilities Commission of Ohio. London Economics International. Dec. 31, 2024 ("AEP 2021–2023 Audit").

[2] Audit of the Legacy Generation Resource Rider of Duke Energy Ohio Final Report, Prepared for the Public Utilities Commission of Ohio. London Economics International. Dec. 31, 2024 ("Duke 2021–2023 Audit").

[3] Audit of the Legacy Generation Resource Rider of AES Ohio Final Report, Prepared for the Public Utilities Commission of Ohio. London Economics International. Dec. 31, 2024 ("AES 2021–2023 Audit").

Rider; and (8) Public Discovery Responses from Case No. 20-0167-EL-RDR, Case No. 18-1004-El-RDR, and Case No, 20-165-EL-RDR. In addition, I rely on some public information associated with prior proceedings relating to the OVEC plants and, to a limited extent, I rely on certain external, publicly available documents such as State of the Market reports for PJM and MISO. I also rely on my prior knowledge of the OVEC plants from other cases in which I testified or submitted comments regarding OVEC.[4]

Table 1. Discovery responses cited in testimony

Attach.	Category	Duke	AEP	AES
DG-2C	**OVEC Bills - Confidential**	LEI-DR-02-009 CONF Attachment 1	LEI-DR-02-009 CONF Attachment 1	LEI-DR-02-009 CONF Attachment 1
DG-3	**PJM Market Revenue - Public**		LEI-DR-06-003 Attachment 1, LEI-DR-01-012 Attachment 3	LEI DR 01-021 - Attachment 1
DG-3C	**PJM Market Revenue - Confidential**	LEI-DR-06-004 CONF Attachments E.1 – E.3; LEI-DR-01-012 CONF Attachments 3-5		OCC-INT-3.6-003 – CONF Attachments 1-3
DG-4C	**OVEC and IKEC Board and Operating Committee Minutes - Confidential**	OCC-RPD-01-14, Confidential Attachments (multiple); LEI-DR-01-006, Confidential Attachment 1	OCC-RPD-01-14, Confidential Attachments (multiple); LEI-DR-01-006, Confidential Attachments	OCC-RPD-01-14, Confidential Attachments (multiple); LEI-DR-01-011, Confidential Attachment 1

[4] PUCO Case No. 21-0477-EL-RDR, PUCO Case No. 20-165-EL-RDR, PUCO Case No. 20-167-EL-RDR, PUCO Cases Nos. 18-1004-EL-RDR, et al., and Michigan Cases U-21428, U-21596, U-21262, U-21427, U-21261, U-21052, U-20805, U-20804, U-20530, U-20224.

DG-5	**Unit Commitment and dispatch decision-making - Public**	OCC-RPD-01-006, Attachment 2; OCC-RPD-01-0008; OCC-RPD-01-013	OCC-RPD-01-0008; OCC-RPD-01-013	OCC-RPD-01-006, Attachment 2; OCC-RPD-01-0008; OCC-RPD-01-013
DG-5C	**Unit Commitment and dispatch decision-making - Confidential**	OCC-POD-01-0008 SUPP CONF	OCC-RPD-01-006, Confidential Attachment 2; OCC-RPD-01-013, Confidential Attachments 1-7	OCC-RPD-01-013-Confidential Attachments 1-7
DG-6	**Environmental regulations and capex - Public**	LEI-DR-03-002	LEI-DR-03-002	LEI-DR-03-002
DG-6C	**Environmental regulations and capex - Confidential**	LEI-DR-03-002 Confidential Attachments 5&6	LEI-DR-03-002 Confidential Attachment 5&6	LEI-DR-03-002 Confidential Attachment 5&6
DG-7	**Economic analysis - Public**	OCC-RPD-01-0008	OCC-RPD-01-0008	OCC-RPD-01-0008

**Attachment is voluminous and will be provided upon request*

II. FINDINGS AND RECOMMENDATIONS

Q10. PLEASE SUMMARIZE YOUR FINDINGS.

***A10*.** My primary findings are:

1. From January 1, 2021, through December 31, 2023, AEP Ohio, Duke Energy Ohio, and AES Ohio together incurred $205.3 million ($2025) in above-market costs for power from the OVEC plants and passed those costs on to Ohio consumers through the Coal Subsidy Rider.
2. All prior analyses produced by the Company and other OVEC owners, both during this docket and in prior dockets, have projected substantial losses from the OVEC plants both during the audit period and beyond.

3. OVEC uneconomically operated its two power plants, Kyger Creek and Clifty Creek, during the audit period which led to lower market revenues and therefore higher net costs to operate the plants than it would have incurred if it had limited operations to periods when the plants' production costs equaled or were below energy market prices. These additional costs, which it seeks to pass on to consumers, could have been mitigated with more prudent unit commitment practices.
4. OVEC incurred variable energy losses at the Clifty Creek and Kyger Creek during over two-thirds of the audit period. This means that consumers would have been better off if the plants had been offline during the majority of the audit period.

Q11. PLEASE SUMMARIZE YOUR RECOMMENDATIONS.

A11. Based on my findings, I offer the following chief recommendations:

1. The PUCO should disallow the entire $205.3 million ($2025) in above-market energy and capacity charges collected from consumers from 2021–2023 under the Coal Subsidy Rider. These costs should be disallowed on the basis that OVEC and the Companies acted imprudently by not taking action to minimize the above-market costs incurred at the OVEC plants.
2. The PUCO should find that the OVEC plants were uneconomically committed and thus incurred excess variable costs during the audit period.
3. The PUCO should require OVEC and the Companies to provide documentation of the daily unit commitment decisions used for the OVEC

plants whenever they are committed with a must-run status, before cost recovery is allowed.

4. The PUCO should put the Companies on notice that it will also disallow collection in future cases for OVEC costs incurred as a result of imprudent unit commitment decisions that are not in the best interest of retail consumers.

5. The PUCO should put the Companies on notice that it will disallow in future dockets any environmental capital costs for the OVEC plants incurred without robust forward-going analysis to justify the investment over retirement and replacement with alternatives.

III. AEP OHIO, DUKE ENERGY OHIO, AND AES OHIO PURCHASE POWER FROM OVEC UNDER THE OVEC AGREEMENT

Q12. WHAT IS OVEC AND HOW IS IT RELATED TO THE CONSUMERS OF AEP OHIO, DUKE ENERGY OHIO, AND AES OHIO?

A12. OVEC is jointly owned by twelve utilities in Ohio, Indiana, Michigan, Kentucky, West Virginia, and Virginia. OVEC operates two 1950s-era coal-fired power plants— (1) Kyger Creek, a five-unit, 1,086 MW plant in Gallia County, Ohio, and (2) Clifty Creek, a six-unit, 1,303 MW plant, in Jefferson County, Indiana. The OVEC plants were originally built to provide power for the Piketon uranium enrichment facility, but the facility ceased doing uranium enrichment and OVEC ceased selling power to the U.S. Department of Energy for the Piketon plant effective September 30, 2003.[5]

Today, the plants provide their output to the twelve owners under the OVEC Agreement. AEP Ohio has a 19.93 percent ownership share,[6] Duke Energy Ohio has a 9.00 percent ownership share,[7] and AES Ohio has a 4.90 percent ownership share of OVEC (AES Ohio is described in OVEC documents as The Dayton Power and Light Company).[8] The OVEC Agreement was originally signed on July 10, 1953, and then amended on August 11, 2011, to extend the operation of the plants and the owners' commitment to take the power produced by the plants.[9] It governs each sponsoring company's rights and duties as to the power produced by the OVEC plants. OVEC bills the sponsoring companies for their shares of energy, capacity, and ancillary services under the OVEC Agreement. Each sponsoring company's power is sold into the PJM market at PJM market prices, and each sponsoring company receives the resulting revenues.

In Ohio, for the current audit period, the legislature approved a rider through H.B. 6 called the Legacy Generation Rider (referred to as the "Coal Subsidy Rider" by OCC).[10] Through this rider, each of the Companies flow to their consumers the

[5] Ohio Valley Electric Corporation, Annual Report – 2024 (p. 1).

[6] AEP Response to LEI-DR-02-009 Confidential Attachment 1 (*here forth known as* "OVEC Bills").

[7] Duke Response to LEI-DR-02-009 Confidential Attachment 1 (*here forth known as* "OVEC Bills").

[8] AES Response to LEI-DR-06-007 Attachment 1 Confidential (*here forth known as* "OVEC Bills").

[9] Ohio Valley Electric Corporation, Annual Report – 2024 at 1.

[10] House Bill 6, Sec. 4928.148. (A), effective October 22, 2019. Available at https://search-prod.lis.state.oh.us/solarapi/v1/general_assembly_133/bills/hb6/EN/06/hb6_06_EN?format=pdf.

net impact of their contractual entitlements associated with OVEC (i.e., the positive or negative difference between the OVEC costs billed to each Company under the OVEC Agreement and OVEC revenues received from the PJM market). During the majority of the audit period between 2021 and 2023, consumers of these three utilities received only charges under the rider, consumers received no credits during this time – with the exception of several months in 2022.[11] H.B. 6 was repealed earlier this year (2025), and along with it the Coal Subsidy Rider. This means that Duke, AEP and AES do not have a mechanism to pass the OVEC costs on to their Ohio consumers beyond the August 14, 2025, effective date of H.B. 15.

Q13. DO YOU HAVE ANY PRIOR EXPERIENCE WITH THE OVEC PLANTS?

A13. Yes. I filed testimony before the PUCO on the prudency of OVEC's costs paid by AEP Ohio, Duke Energy Ohio, and AES Ohio's consumers and the long-term cost-effectiveness of the OVEC plants in Case Nos. 18-1004-EL-RDR et al.,[12] Case No. 20-167-EL-RDR,[13] Case No. 20-165-EL-RDR,[14] and Case No. 21-477-EL-RDR.[15]

---

[11] I will discuss the full analysis supporting this statement in Section 5.

[12] Direct Testimony of Devi Glick, PUCO Case Nos. 18-1004-EL-RDR, et al.

[13] Direct Testimony of Devi Glick, PUCO Case No. 20-167-EL-RDR.

[14] Direct Testimony of Devi Glick, PUCO Case No. 20-165-EL-RDR.

[15] Direct Testimony of Devi Glick, PUCO Case No. 21-477-EL-RDR.

I also filed testimony before the Michigan Public Service Commission assessing the prudence of power supply costs incurred by Indiana Michigan Power, a subsidiary of AEP. Indiana Michigan Power obtains power from the OVEC plants for its consumers in Indiana and Michigan. Table 2 below lists all the cases in which I have filed testimony on the prudency of the OVEC plants and agreement:

Table 2. Prior and current OVEC dockets with testimony filed/to be filed by Devi Glick

Case #	Date of Testimony	On Behalf of
Ohio		
24-0153-EL-RDR (current docket)	November 4, 2025	Ohio Consumers' Counsel
21-477-EL-RDR	October 10, 2023	Citizens Utility Board of Ohio, Union of Concerned Scientists
20-165-EL-RDR	September 12, 2023	Ohio Consumers' Counsel
18-1004-EL-RDR, et al.	December 29, 2021	Ohio Consumers' Counsel
20-167-EL-RDR	October 26, 2021	Ohio Consumers' Counsel
Michigan		
U-21428	October 17, 2025	Attorney General of Michigan, Citizens Utility Board of Michigan, Sierra Club
U-21596	March 4, 2025	Attorney General of Michigan, Citizens Utility Board of Michigan, Sierra Club
U-21262	October 16, 2024	Attorney General of Michigan, Citizens Utility Board of Michigan, Sierra Club
U-21427	March 4, 2024	Sierra Club and Citizens Utility Board of Michigan
U-20805	April 27, 2023	Attorney General of Michigan
U-21261	March 23, 2023	Sierra Club
U-21052	March 9, 2022	Sierra Club
U-20530	August 21, 2021	Attorney General of Michigan
U-20804	March 12, 2021	Sierra Club
U-20224	October 23, 2020	Sierra Club

Q14. BASED ON YOUR EXPERIENCE WITH OVEC IN THE CURRENT CASE AND THESE OTHER DOCKETS, ARE THESE PLANTS PROVIDING VALUE TO CONSUMERS?

A14. No. These plants are dirty, old, inefficient, and costly to maintain and operate. They are also increasingly uncompetitive in the market, due in large part to the entry and abundance of new renewable generation and gas facilities that are coming online. As a result, OVEC's costs for energy and capacity are significantly higher than market prices for energy and capacity. These high costs are all passed on to the consumers of the twelve entities (including utilities) that have an ownership share in OVEC.

The Michigan Public Service Commission ("Michigan PSC") agreed with my assessment that consumers are being charged above-market prices for power from OVEC. In Case Nos. U-20804, U-21052, U-21261 and U-21427 dockets in which AEP subsidiary Indiana Michigan Power Company ("I&M") filed its power supply cost recovery plans, the Michigan PSC issued a warning that it would disallow OVEC costs above market prices in the Company's subsequent power cost reconciliation dockets.[16] The Michigan PSC followed through on this warning:

- In Case No. U-20530, the Michigan PSC disallowed $1.347 million in above-market power costs for OVEC for the calendar year 2020.
- In Case No. U-20805, the Michigan PSC disallowed $1.03 million in above-market power costs for OVEC for the calendar year 2021.
- In Case No. U- 21262, the Michigan PSC disallowed $2.25 million in above-market power costs for OVEC for the calendar year 2023.

[16] The Administrative Law judge similarly recommended a Section 7 warning in the Notice of Proposal for Decision in U-21569, the most recent power supply recovery plan docket.

- In Case No. U-21428, the Michigan Attorney General is recommending a disallowance of $2.0 million in above-market power costs for OVEC for the calendar year 2024. This case is ongoing.

After several years of disallowances in Michigan, I&M sought, and received approval from the Indiana Utility Regulatory Commission in Cause No. 45164-RA 5 to transfer Michigan's jurisdictional share of OVEC to Indiana.[17] As of June 1, 2025 – the beginning of the 2025/2026 PJM Delivery Year – I&M's Indiana customers are entirely responsible for I&M's share of OVEC costs and losses.

I&M is responsible for 7.85 percent of OVEC's power costs. That power is shared between Indiana and Michigan, and Michigan's share represents about 1 percent of OVEC. That means that if the Michigan PSC's disallowance was scaled to all of OVEC, that would amount to a disallowance of between $100 million and $200 million in each of the three Michigan PSC reconciliation dockets discussed above.

Q15. FOR WHAT PORTION OF OVEC IS EACH OF THE THREE COMPANIES RESPONSIBLE?

A15. Each of the three Companies' ownership shares of OVEC are equivalent to the share of the power and energy to which it is entitled. The share, called a Power Participation Ratio ("PPR"), is 19.93 percent for AEP Ohio, 9.00 percent for

[17] IURC Order of the Commission, Cause No. 45164 RA 5. July 23, 2025.

Duke Energy Ohio, and 4.90 percent for AES Ohio. This means that AEP Ohio, Duke Energy Ohio, and AES Ohio are responsible for 19.93 percent, 9.00 percent, and 4.90 percent respectively of OVEC's fixed and variable costs while also being entitled to the same percent share of OVEC's revenues from the PJM markets.[18]

While AEP Ohio, Duke Energy Ohio, and AES Ohio are all obligated to pay OVEC for the costs billed under the OVEC Agreement, consumers are not obligated to cover these costs under the OVEC Agreement itself. It is only through the Coal Subsidy Rider that consumers became obligated to subsidize the OVEC costs incurred by the three Companies.

Q16. DID THE BANKRUPTCY OF FIRSTENERGY SOLUTIONS IMPACT THE COMPANIES' ENTITLEMENTS DURING THE AUDIT PERIOD?

A16. No. During FES's bankruptcy proceeding (dating back to September 2018) FES's 4.85 percent share of energy and capacity was allocated to each other sponsoring company based on each Company's proportional ownership of the OVEC plants. This ended when FES's bankruptcy was settled in May 31, 2020 – prior to the current audit period.[19]

---

[18] Ohio Valley Electric Corporation, Annual Report – 2021 (p. 1).

[19] AEP 2020 Audit, Pg. 15; AES 2020 Audit, Pg. 15; Duke 2020 Audit, Pg. 15.

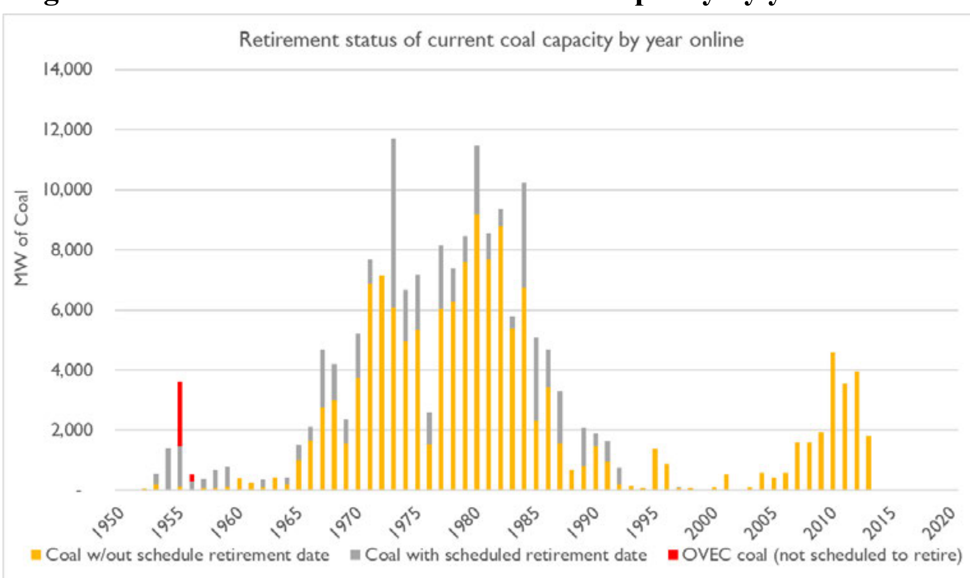
Q17. HOW LONG IS EACH COMPANY UNDER CONTRACT WITH OVEC UNDER THE OVEC AGREEMENT?

A17. The Companies are under contract with the OVEC plants under the OVEC Agreement through 2040.[20] The Clifty Creek and Kyger Creek Plants will each be 85 years old by then.

Q18. IS THIS TIMELINE CONSISTENT WITH INDUSTRY-WIDE COAL GENERATION TRENDS?

A18. No. As shown in Figure 1, Clifty Creek and Kyger Creek are the oldest utility-owned coal-fired power plants in the United States (over 20 MW in size) without a scheduled retirement date.

Figure 1. Retirement status of current coal capacity by year online



Source: U.S. Energy Information Administration ("EIA"), form 860, supplemented by public information on updated unit retirement dates.

[20] Ohio Valley Electric Corporation, Annual Report – 2024 (p. 9).

IV. THE COAL SUBSIDY RIDER PASSED THE NET COSTS ASSOCIATED WITH THE OVEC PLANTS ON TO THE COMPANIES' CONSUMERS

Q19. HOW DID EACH COMPANY COLLECT OVEC COSTS FROM ITS CONSUMERS?

A19. In 2019, the Ohio legislature approved H.B. 6. This bill replaced the prior uncodified Coal Subsidy Riders each utility was using to collect OVEC costs with a codified version (the Legacy Generation Rider). The codified version of the Coal Subsidy Rider was effective January 1, 2020, and extended the collection of OVEC costs by the sponsoring companies through 2030.[21] Under the codified rider, each of the three Companies provides its consumers with the net costs or net revenues associated with its respective ownership share of the OVEC plants. This means that if OVEC's costs exceed market revenues in a given year, the consumers for each of these three Companies pay the difference. As discussed above, H.B. 6 was repealed earlier this year by H.B. 15, and the Companies ceased making charges under the Coal Subsidy Rider as of August 14, 2025.[22]

Q20. HOW DID THE COMPANIES COLLECT THE OVEC COSTS PRIOR TO THE PASSAGE OF H.B.6 AND THE ENACTMENT OF THE CODIFIED VERSION OF THE COAL SUBSIDY RIDER?

A20. Prior to 2020, each of the three Companies received approval from the PUCO to collect the net costs associated with the OVEC plants through separate riders, as shown in Table 3 below. For AEP Ohio it was called the "Power Purchase

---

[21] House Bill 6, Sec. 4928.148. (A), effective Oct. 22, 2019. Available at https://search-prod.lis.state.oh.us/solarapi/v1/general_assembly_133/bills/hb6/EN/06/hb6_06_EN?format=pdf.

[22] *See,* 40th Revised Tariff Sheet of AEP Ohio; Dayton Power and Light Company Eighteenth Revised Sheet No. D40; Duke Energy Ohio Sheet No. 128.13.

Agreement Rider," for Duke Energy Ohio it was called the "Price Stabilization Rider," and for AES Ohio it was called the "Reconciliation Rider." In each of the prior dockets, the Companies justified approval of these charges as a financial hedge.[23]

Between 2018 and 2019, the Companies passed along $112 million in net losses to their Ohio consumers. Consumers received zero benefits or value in exchange for those costs.

[23] Opinion and Order Filed March 31, 2016. Case No. 14-1693-EL-RDR. Pg. 23; Opinion and Order Filed October 20, 2017. Case No. 16-0395-EL-SSO. Pg. 21; Opinion and Order Filed Dec. 19, 2018. Case No. 17-1263-El-SSO.

Table 3. Prior OVEC riders approved for the Companies

Company	**AEP Ohio**	**Duke Energy Ohio**	**AES Ohio**
Name of prior rider	Power Purchase Agreement Rider	Price Stabilization Rider	Reconciliation Rider
Docket prior rider was approved	13-2385-EL-SSO / 14-1693-EL-RDR (amended in 16-1852-EL-SSO)	17-1263-EL-SSO	16-0395-EL-SSO
Rider length before H.B. 6 passage	2016–2024	2018–2025	2017–2022
Projected rider performance (per company analysis)	110 million in credits 2015-2024[1]	$77 million in losses 2018-2025[3]	$49 million in losses 2017-2022[5]
Timeframe for prior audit	2018–2019	2019	November 2018-2019
Actual rider performance during audit period	$74.5 million in net losses[2]	$24.6 million in net losses[4]	$12.9 million in net losses[6,7]
MWh	4,750,122[8]	1,062,624[4]	691,559[6]
Net losses /MWh[9]	$15.68/MWh	$23.15/MWh	$21.55/MWh
PPR	19.93%	9.00%	4.90%

Sources: 1 Application for Rehearing of Ohio Power Company, Filed May 2, 2016. Case No. 14-1693-EL-RDR; 2 Direct Testimony of Devi Glick, Case Nos. 18-1004-EL-RDR et al., Pg. 6; 3 Direct Testimony of Judah Rose, Case No. 17-1263-EL-SSO (ESP IV) (July 10, 2018); 4 Direct Testimony of Devi Glick, Case No. 20-167-EL-RDR, Pg. 6; 5 Direct Testimony of Jeffrey Malinak, Case No. 16-0395-EL-SSO; 6 Direct Testimony of Devi Glick, Case No. 20-165-EL-RDR, Pg. 6;7 Actual rider performance value stated in 20-165-EL-RDR is $14.9 million in $2023. Value here of $12.9 million is stated in nominal dollars; 8 Estimated based on OVEC 2020 Annual Report MWh and PPR; 9 Calculated based on Actual rider performance and MWh.

Q21. ***DID THE COMPANIES CONDUCT FINANCIAL ANALYSIS AS PART OF THEIR APPLICATIONS FOR EACH PRIOR COAL SUBSIDY RIDER FILING?***

A21. Yes, as shown in Table 3 above, each Company conducted financial analysis on the projected forward-going economics of the OVEC plants. Duke Energy Ohio and AES Ohio both projected substantial losses from the OVEC riders—only AEP Ohio projected net gains.

In Case No. 16-1693-EL-RDR, AEP Ohio substantially over-projected the net benefits that the OVEC plants would deliver to consumers. After normalizing for weather, AEP Ohio projected that its ownership of the OVEC plants would result in \$110 million in credits to consumers over the period 2015–2024.[24] As shown above, instead of earning credits, AEP Ohio actually incurred substantial charges in each year. In 2018 and 2019 alone, the Company incurred \$74.5 million in net losses at the OVEC plants.[25]

In Case No. 17-1263-EL-SSO, Duke Energy Ohio filed testimony from Judah Rose with analysis on the projected forward-looking performance of the OVEC plants. Specifically, Mr. Rose projected that OVEC's projected energy and demand charges would exceed forecasted market revenues by \$77 million on a net present value basis over the analysis period (2018–2025).[26] Nonetheless, he

[24] Application for Rehearing of Ohio Power Company, Filed May 2, 2016. Case No. 14-1693-EL-RDR.

[25] Direct Testimony of Devi Glick, Case Nos. 18-1004-EL-RDR et al.

[26] Direct Testimony of Judah Rose, Case No. 17-1263-EL-SSO (ESP IV) (July 10, 2018).

justified the rider, stating that the units have "operating leverage" and that the contract has hedge value because it has lower volatility than relying on the market.[27] Duke Energy Ohio charged consumers $24.6 million for net losses from the OVEC plants in 2019 alone.[28]

In Case No. 16-0395-EL-SSO, AES Ohio Witness Jeffrey Malinak[29,30] conducted analysis on the projected costs to AES consumers of the OVEC plants over the next five years (2017–2021). Mr. Malinak projected consumers would be charged around $7 to $9 million per year to recover AES Ohio's costs for the OVEC facilities.[31] The Company claimed that without the Coal Subsidy Rider, as well as several other non-bypassable charges, the Company's credit rating would drop to a "junk" category.[32] Mr. Malinak went on to say that reduction of rider charges or elimination of the riders "could jeopardize DP&L's ability to provide safe and reliable service to its customer and modernize its distribution grid."[33] The OVEC plants were projected by Mr. Malinak to cost consumers approximately $49

---

[27] *Id.*

[28] Direct Testimony of Devi Glick, Case No. 20-167-EL-RDR.

[29] Direct Testimony of AES Company Witness Malinak in Case No.16-395-EL-SSO.

[30] In Case No. 20-165-EL-RDR, the Confidential version of the Direct Testimony of AES Company Witness Malinak from Case No. 16-395-EL-SSO was provided by AES as a Confidential Attachment in Response to OCC RDP-04-23. During the hearing for 20-165-EL-RDR, AES Company Lawyers designated as public all values from Mr. Malinak's testimony that I sited in my direct testimony relating to the projected cost/value of the Reconciliation Rider.

[31] Direct Testimony of AES Company Witness Malinak in Case No.16-395-EL-SSO, Pg. 6.

[32] *Id. at* 5.

[33] *Id. at* 8.

million over six years.[34] Actual losses for the OVEC plants between November 2018 and the end of December 2019 were $14.9 million.[35]

Q22. DID THE PRIOR COAL SUBSIDY RIDERS ACT AS HEDGES TO MITIGATE SPIKES IN MARKET PRICES DURING THE AUDIT PERIOD?

A22. No. But this is not surprising because, as discussed above, two of the three Companies projected that the riders would incur net costs at the time they submitted their applications. The losses the Companies incurred continued a pattern of exceptionally high prices paid under the OVEC Agreement (relative to the market value) since at least 2015. As shown in Table 4, OVEC's average cost per MWh across all owners has regularly been substantially above the market value of its energy and capacity combined. As a result, the OVEC plants and the associated riders did not act as a hedge against market price spikes during the audit period in those cases.

[34] *Id*, Exhibit RJM-1.

[35] Direct Testimony of Devi Glick, Case No. 20-165-EL-RDR.

Table 4. OVEC power costs and revenues under the OVEC Agreement vs. market prices

	MWh Electricity	Total OVEC Charges billed ($Million)	OVEC ($/MWh)	Energy and capacity market value ($/MWh)	Total above-market costs ($Million)
2015	8,681,829	$559.10	$64.40	$44.61	($171.85)
2016	9,946,877	$571.70	$58.66	$38.50	($200.55)
2017	11,940,259	$636.30	$54.27	$37.85	($196.00)
2018	12,146,856	$644.10	$54.29	$44.28	($121.56)
2019	11,238,298	$640.80	$57.04	$35.91	($237.45)
2020	9,033,056	$605.30	$67.00	$31.76	($318.41)
2021	3,404,543	$260.36	$76.47	$52.85	($80.43)
2022	3,737,438	$280.14	$74.96	$82.43	$27.95
2023	3,241,412	$273.82	$84.48	$37.33	($152.82)
Total	**$73,370,568**	**$4,471.62**	**$60.95**	**$41.70**	**($1,451.12)**

Note: 2015-2020 based on AEP costs from PUCO Case Nos. 18-1004-EL-RDR et al. 2021-2023 based on OVEC bills; AES Response to OCC 3rd Set -- INT 3.6 003 -- Attachment 1 -- Confidential through Attachment 3 -- Confidential; Confidential AES Audit, Figure 16, Column B; Duke Response to LEI-DR-06-004 CONF Attachments E.1, E.2, and E.3; AEP Response to LEI-DR-06-003 Attachment 1.
Source: Billed costs from OVEC annual reports; PJM locational marginal pricing from PJM data miner 2 available at https://dataminer2.pjm.com/feed/da_hrl_lmps; hourly load data downloaded from U.S. Clean Air Markets Database; and capacity prices from PJM State of the Market Reports.

V. DURING THE AUDIT PERIOD, AEP OHIO, DUKE ENERGY OHIO, AND AES OHIO PASSED ON TO THEIR CONSUMERS UNREASONABLE CHARGES FOR OVEC POWER

Q23. HOW DO THE COMPANIES SERVE THEIR LOAD, AND WHICH ASSOCIATED COSTS ARE AT ISSUE IN THIS CASE?

A23. AEP Ohio, Duke Energy Ohio, and AES Ohio serve consumers who choose to buy their power from them as the provider of last resort. Each Company buys power for these consumers through a competitively bid descending clock auction to obtain the lowest reasonable prices. This is known as the Standard Service Offer ("SSO") price.

Under the Coal Subsidy Rider, OVEC sells its output into the PJM market, and the difference between OVEC's costs and the market price flowed through to consumers as either a credit or charge. The Companies' share of the OVEC output was not directly used to supply any of their customers.

Q24. WHAT DOES IT MEAN THAT AEP OHIO, DUKE ENERGY OHIO, AND AES OHIO WERE PAYING ABOVE-MARKET COSTS FOR OVEC'S POWER AND PASSING THOSE COSTS ON TO CONSUMERS?

A24. It means that OVEC's costs were substantially higher than PJM market prices for the same energy, capacity, and ancillary services during the audit period. When OVEC sold its output into the PJM market, the difference between OVEC's costs and the PJM market prices were charged or credited to each of the Company's consumers.

Q25. WHAT COSTS RELATED TO THE OVEC PLANTS DID THE COMPANIES COLLECT FROM CONSUMERS DURING THE AUDIT PERIOD?

A25. During the audit period (January 2021 – December 2023), each Company's share of the above-market costs incurred by the OVEC plants (in $2025) was $122.5 million for AEP Ohio, $63.7 million for Duke Energy Ohio, and $19.1 million for AES Ohio. Combined, the OVEC plants incurred above-market cost to Ohio consumers for 2021–2023 was $205.3 million ($2025). Through this filing, the Companies are asking the PUCO to force its consumers to subsidize each of the Company's costs for owning the OVEC plants. AEP Ohio, Duke Energy Ohio, and AES Ohio's parent companies (and the parent companies' shareholders) otherwise would have paid the $205.3 million in above-market costs.[36]

Table 5. Confidential net revenues / losses during the audit period (2021-2023)

Company	AEP Ohio	Duke Energy Ohio	AES Ohio
2020 LGR audit			
Net revenues / losses	$69.0 million in net losses	$31.9 million in net losses	$17.0 million in net losses
MWh	1,831,721	827,167	450,349
Net losses /MWh	$37.65/MWh	$38.58/MWh	$37.76/MWh
2021-2023 LGR audit			
Net revenues / losses	$122.5 million in net losses	$63.7 million in net losses	$19.1 million in net losses
MWh	6,117,084	2,762,357	1,503,952
Net losses /MWh	$20.02/MWh	$23.07/MWh	$12.69/MWh

Q26. HOW DID YOU CALCULATE THE ABOVE-MARKET COSTS THAT EACH COMPANY COLLECTED FROM CONSUMERS DURING THE AUDIT PERIOD?

A26. To evaluate how much in above-market costs each Company collected during the audit period, I compared the total cost billed to each of the OVEC-sponsoring

[36] The audits report the revenues and costs in nominal dollars while I report them in $2025. Net costs for the audit period of 2021–2023 in nominal $ as reported on Table 16 of the audits are $113.3 million for AEP Ohio, $58.3 million or Duke Energy Ohio, and $17.8 million for AES Ohio. The net charges to ratepayers after accounting for reversal of prior month estimate and actuals, as shown in Table 12, is $113.4 million for AEP Ohio, $50.8 million for Duke Energy Ohio, and $17.2 million for AES Ohio.

companies to the value of the energy and capacity provided by OVEC as sold into the PJM market.

More specifically, AEP Ohio, Duke Energy Ohio and AES Ohio provided the monthly billing from OVEC for 2021–2023 which includes MWh sold, energy, demand, and transmission charges, along with PJM expenses and fees.[37] Each Company also provided energy market revenue and capacity market revenue for the power that OVEC sold into the PJM market.[38] I assumed the cost of the OVEC contract was equivalent to the monthly billing from OVEC. I assumed the value of the OVEC Agreement would be equal to the sum of the energy, ancillary services, and capacity value. The difference represents the costs passed onto Ohio consumers.

Q27. HOW MUCH IN ABOVE-MARKET OVEC COSTS WERE OHIO CONSUMERS CHARGED DURING THE AUDIT PERIOD?

A27. Table 6 below summarizes the billed charges, total revenues, and net costs/revenues for the OVEC units for each of the three Companies.

OVEC charged AEP Ohio [redacted] for 6,117,084 MWh during the audit period, for an average cost of [redacted] per MWh ($2025).[39] In contrast, the value of

[37] AEP OVEC Bills; Duke OVEC Bills; AES OVEC Bills.

[38] AES Response to OCC 3rd Set -- INT 3.6 003 -- Attachment 1 -- Confidential through Attachment 3 -- Confidential; Confidential AES 2024 Audit, Figure 16, Column B; Duke Response to LEI-DR-06-004 CONF Attachments E.1, E.2, and E.3; AEP Response to LEI-DR-06-003 Attachment 1.

[39] OVEC Bills.

the market revenue that OVEC obtained for the energy and capacity it sold into the PJM market was only [redacted], or around [redacted][40] This amounts to a loss of $122.5 million for AEP Ohio consumers, or $20.02/MWh ($2025).

For Duke Energy Ohio, OVEC charged the Company [redacted] million for 2,762,357 MWh during the audit period, for an average cost of [redacted]/MWh ($2025).[41] In contrast, the value of the market revenue that OVEC obtained for the energy and capacity it sold into the PJM market was only [redacted], or around [redacted].[42] This amounts to a loss of $63.7 million for Duke Energy Ohio consumers, or $23.07/MWh ($2025).

For AES Ohio, OVEC charged the Company [redacted] million for 1,503,952 MWh during the audit period, for an average cost of [redacted] ($2025).[43] In contrast, the value of the market revenue that OVEC obtained for the energy and capacity it sold into the PJM market was only [redacted], or around [redacted] ($2025).[44] This amounts to a loss of $19.1 million for AES Ohio consumers, or $12.69/MWh ($2025).

---

[40] AEP Response to LEI-DR-06-003 Attachment 1.

[41] OVEC Bills.

[42] Duke Response to LEI-DR-06-004 CONF Attachments E.1, E.2, and E.3.

[43] OVEC Bills.

[44] AES Response to OCC 3rd Set – INT 3.6 003 – Attachment 1 – Confidential through Attachment 3 – Confidential; Confidential AES 2024 Audit, Figure 16, Column B.

Table 6. Confidential summary of costs and revenues for the OVEC plants ($2025)

	MWh	Billed Charges		Revenues		Net Costs	
		$ Million	**$/MWh**	**$Million**	**$/MWh**	**$ Million**	**$/MWh**
AEP	6,117,084	[redacted]	[redacted]	[redacted]	[redacted]	($122.5)	($20.02)
Duke	2,762,357	[redacted]	[redacted]	[redacted]	[redacted]	($63.7)	($23.07)
AES	1,503,952	[redacted]	[redacted]	[redacted]	[redacted]	($19.1)	($12.69)
Total	**10,383,393**	[redacted]	[redacted]	[redacted]	[redacted]	**($205.3)**	**$19.77**

In total, that means that during the audit period, the Companies collected $205.3 million ($2025) in above-market costs while providing consumers no additional value. During nearly every month in 2021 and 2023, the Companies' consumers were paying substantial additional costs under the Coal Subsidy Rider.

Q28. HOW DO THE COSTS YOU CALCULATED COMPARE TO THE COSTS THE AUDITOR CALCULATED IN THE THREE AUDITS?

A28. The $/MWh losses I calculated are very close to the ones LEI calculated for all three utilities. Specifically, the auditor found net losses for AEP Ohio were [redacted] and were [redacted] and [redacted] for Duke Energy Ohio and AES Ohio respectively (nominal dollars).[45] This is very close to my finding of around [redacted] ($2025) in losses for each Company during the audit period.

[45] AEP Audit, Pg. 36; Duke Audit, Pg.37; AES Audit, Pg. 37.

The small differences between my calculations and LEI's result stem from differences in our mandate. LEI was conducting an accounting audit, and as such relied on accounting month data for some of its calculations. My analysis focused on net costs incurred and revenues earned each month, regardless of when they are recorded on the Company's books. Therefore, I relied entirely on actual or risk month data for all my calculations.

Q29. DO YOU EXPECT THAT THE COAL SUBSIDY RIDER WILL PROVIDE VALUE TO THE COMPANIES' CONSUMERS IN 2024–2025?

A29. No. My analysis, outlined above, demonstrates that, to date, the Companies have all passed on substantial costs to their consumers through the prior uncodified and codified Coal Subsidy Riders. There was no year when the rider produced an annual credit for consumers. And despite current high market prices, the cost of the OVEC plants are expected to continue to exceed their market value for the 2024–2025 period. For this reason, consumers in Ohio will benefit from the ending of the Coal Subsidy Rider, which went into effect after the current audit period, on August 14, 2025.

Additionally, in each of the three audits in this docket, the auditor found the following:

1. Based on the OVEC costs billed and the revenues earned in the market, the OVEC plants cost more than they earn during the majority of the months in the audit period (with the exception of a few months in 2022).[46]
2. LEI's analysis indicates that a new combined cycle gas turbine ("CCGT") in 2024 had an estimated levelized cost of energy ("LCOE") of $47.6/MWh for PJM West and $63.1/MWh for PJM East. The reported cost of the OVEC plants, at $70.08/MWh during the audit period, is higher than the levelized cost of building a new CCGT in PJM. The LCOE analysis implies that the OVEC plants are not competitive with a new CCGT based on full cycle costs.[47]

[redacted].[48]

[46] AEP Audit, Pg. 36; Duke Audit, Pg.37; AES Audit, Pg. 37.

[47] Duke Audit, Pg. 24-25; AEP Audit, Pg. 25; AES Audit, Pg. 25.

[48] AEP Response to OCC-RPD-01-014, Confidential Attachment 1, OVEC Minutes Special Meeting 12-18-23.

Q30. WHAT DO YOU CONCLUDE WITH RESPECT TO THE COAL SUBSIDY RIDER?

A30. Based on the Companies' own data, I find that, during the audit period alone, the Ohio consumers were billed $205.3 million ($2025) more than the market price for the same amount of energy and capacity services through the Coal Subsidy Rider.[49]

The PUCO should disallow this entire amount because the OVEC plants were not operated prudently or in the best interest of consumers.

OVEC uneconomically and imprudently operated the Clifty Creek and Kyger Creek Power Plants during the Audit period and the Companies now seek to pass the resulting excess costs on to their Consumers.

A. OVEC operates its two power plants, Clifty Creek and Kyger Creek, uneconomically and imprudently and incurs additional losses relative to market energy prices.

Q31. HOW OFTEN DID OVEC OPERATE ITS PLANTS DURING THE AUDIT PERIOD?

A31. OVEC operated the Clifty Creek and Kyger Creek plants between 97.7 and 100 percent of the time during the audit period. The plants operated at capacity factors of between 44 percent and 56 percent during this time.[50] This despite both units

[49] OVEC bills; AES Response to OCC 3rd Set -- INT 3.6 003 -- Attachment 1 -- Confidential through Attachment 3 -- Confidential; Confidential AES Audit, Figure 16, Column B; Duke Response to LEI-DR-06-004 CONF Attachments E.1, E.2, and E.3; AEP Response to LEI-DR-06-003 Attachment 1.

[50] EIA CAMPD database; EIA form 923; PJM data miner; EIA form 923.

incurring substantial revenue losses relative to the market. In fact, during the audit period, at least one unit was online at the Clifty Creek and Kyger Creek plants 100 percent of the time.[51] This shows that OVEC is not taking prudent action to limit incurring negative energy margins at its plants and instead is operating its plants even when it projects that doing so will incur negative margins. This is imprudent and not in the best interest of consumers.

Q32. IS THERE ADDITIONAL EVIDENCE THAT OVEC OPERATED ITS PLANTS UNECONOMICALLY DURING MANY HOURS OF THE YEAR DURING THE AUDIT PERIOD?

A32. Yes. During the audit period, OVEC's variable costs exceeded market locational marginal prices over [redacted].[52] The units performed relatively well in 2021 and especially 2022 due to high market prices that resulted from the war in Ukraine. But as market price returned to normal levels in 2023, the plants' performance fell again. Additionally, for [redacted] months during the audit period—all but one of which were in 2023—the variable costs incurred by the OVEC plants exceeded the revenues the plants earned in the energy market.[53] This means that, overall, consumers would have been better off if the plants had not operated at all during [redacted].

[51] EIA CAMPD database; EIA form 923; PJM data miner.

[52] EIA CAMPD database; EIA form 923; PJM data miner; OVEC Bills.

[53] OVEC bills; AES Response to OCC 3rd Set-INT 3.6 003-Confidential Attachments 1-3; Confidential AES Audit, Figure 16, Column B; Duke Response to LEI-DR-06-004 CONF Attachments E.1, E.2, and E.3; AEP Response to LEI-DR-06-003 Attachment 1.

This contributed around [redacted] to the total of [redacted] in above-market costs across the two plants for AEP Ohio, Duke Energy Ohio, and AES Ohio's consumers during the audit period.

Coal plants such as Clifty Creek and Kyger Creek require high capital costs to stay online, and therefore they need large positive energy margins (or sufficient capacity payments) to cover these fixed costs. When a plant loses money on a variable operating basis, that means that not only is it not covering its fuel and variable operations and maintenance (O&M) costs, but it is also carrying no net revenues to offset significant fixed O&M and capital costs.

Q33. HOW DID THE OVEC UNITS INCUR SIGNIFICANT LOSSES IF THEY WERE OPERATING WITHIN THE COMPETITIVE PJM ENERGY MARKET?

A33. Generators operating within the PJM energy market generally commit their available units as either economic or must-run. For units committed economically, the market operator, PJM, has the responsibility for unit commitment and dispatch decisions. Those decisions first prioritize reliability for the system as a whole, and then PJM selects plants to commit and dispatch based on short-term economics to ensure consumers are served by the lowest-cost resources available to the system. A plant committed as "economic" will operate only if it is the least-cost option available to the market (i.e., has a lower average commitment period cost than other resources available at the time). Because units operated by the market (i.e., using economic commitment) follow short-term economic signals, they tend to cycle off when market prices are low and therefore do not generally incur significant operational losses.

While economic commitment and dispatch tend to be the norm for dispatchable power plants, for units such as OVEC's coal-fired power plants with long start-up and shut-down times, utilities sometimes instead elect to maintain control of unit commitment decisions and utilize a must-run commitment status. For these units, the utility determines independently when to commit a unit.

A unit designated as must-run will operate with a power output no less than its minimum operating level.[54] The unit receives market revenue (and incurs variable operational costs) but does not set the market price of energy. If the market price of energy falls below its operational cost, a must-run unit will not turn off and can incur losses. Absent oversight from the PUCO, these losses can be passed on to consumers.

In the case of the OVEC units, they stayed online for nearly all of the audit period, despite incurring significant net revenue losses. This is because OVEC's

[54] Minimum operating level is an output threshold often determined operationally, and below which a generator is either less stable or operates inefficiently. Once the unit commitment decision is made, the level of generation output (above the minimum) is generally left to the market. The operating level is based upon the marginal running cost assumptions provided by the owner in the form of offers or bids to PJM.

operating procedures dictate that, as a default, the plants must be self-committed into the market with a must-run status whenever they are available.[55] OVEC requires unanimous consent of the Operating Committee to switch from the must-run commitment status. That means the OVEC units are bid into the market without regard for economics, and whether they are earning or losing money. OVEC used no daily analysis to drive its unit commitment decisions during the audit period, as discussed below.

Q34. DID OVEC ECONOMICALLY COMMIT THE UNITS DURING THE AUDIT PERIOD?

A34. No, OVEC did not economically commit the units during the audit period. Duke Energy Witness John Swez sent an email to the Operating Committee in January 2021 advocating for OVEC to use analysis of its expected margin to decide between must-run and economic commitment at the units. In his message, he highlighted months in the prior year where economic commitment would have benefited the Company.[56] The issue was mentioned briefly in the Operating Committee Meeting Minutes for May 12, 2021, but there is no evidence that a switch was ever executed.[57] And all three sponsoring Companies indicated in

[55] AEP Response to OCC-RPD-01-006, Confidential Attachment 2; AEP Response to OCC-RPD-01-0008; AES Response to OCC-RPD-01-006, Confidential Attachment 2; AES Response to OCC-RPD-01-0008; Duke Response to OCC-RPD-01-006, Confidential Attachment 2; Duke Response to OCC-RPD-01-0008.

[56] AEP Response to OCC-RPD-01-013, Confidential Attachments 1-7; AES Response to OCC-RPD-01-013, Confidential Attachments 1-7.

[57] AEP Response to LEI-DR-01-011, Confidential Attachment 1; Duke Response to LEI-DR-01-006, Confidential Attachment 1.

discovery that they did not perform any economic analysis to inform OVEC's unit commitment decision.[58]

Q35. WHAT COULD DRIVE A POWER PLANT OPERATOR SUCH AS OVEC TO UNECONOMICALLY SELF-COMMIT ITS UNITS?

A35. There are many factors that could drive a power plant operator to uneconomically self-commit its units, but four main ones are: (1) a failure to evaluate the economics of daily unit commitment decisions; (2) a failure to follow the results of daily unit commitment analysis; (3) an incomplete accounting of variable unit costs in unit dispatch bids; and (4) existence of minimum-take provisions in fuel contracts that "lock in" costs that would otherwise be variable. In the case of OVEC in 2021–2023, the plants' unit commitment decisions were not driven by any forward-looking economic analysis. OVEC did, however adjust OVEC's offer price during the audit period by increasing the offer to conserve coal in parts of 2021–2022.[59]

Q36. DOES OVEC HAVE AN ECONOMIC INCENTIVE TO AVOID RUNNING ITS PLANTS IN UNECONOMIC CONDITIONS?

A36. No. The OVEC Agreement assigns plant operating costs and PJM revenues to OVEC's sponsoring companies, effectively holding OVEC's revenues harmless during uneconomic generation. This dynamic allowed OVEC to maintain a net

---

[58] AEP Response to OCC-RPD-01-0008; AES Response to OCC-RPD-01-0008; Duke Response to OCC-RPD-01-0008.

[59] AEP Response to LEI-DR-01-011, Confidential Attachment 1.

income in 2021–2023 even while the OVEC plants' variable costs exceeded locational marginal prices during many hours. And while the OVEC sponsoring companies such as AEP Ohio, AES Ohio, and Duke Energy Ohio are obligated to pay the OVEC bills, their consumers should not be obligated to pay the net revenues losses incurred due to imprudent commitment practices. In the absence of action by the PUCO to disallow recovery of the imprudent costs, OVEC owners have no incentive to demand that the OVEC units change their practices and operate more economically. The resulting costs will continue to be passed on to Ohio consumers.

OVEC is not unique in the practice of operating its plants uneconomically and ultimately passing those costs on to consumers. The MISO Independent Market Monitor ("IMM") has been conducting a review of coal-fired resource operations and profitability in its annual State of the Market Report for several years now.[60] In the most recent 2024 report, the report found that, among regulated utilities, around 15 percent of their annual starts between 2019–2024 were unprofitable. This means that it was uneconomic to start up and operate the unit. In contrast, among merchant generators (which are private companies that do not have captive consumers as a safety net) between 2019 and 2022 zero percent of annual starts were unprofitable, and in 2023 and 2024 that number increased slightly to 2

[60] 2024 State of the Market Report for the MISO Electricity Markets, Prepared by Potomac Economics. June 2025. Pg. 45. Available at https://cdn.misoenergy.org/20250626%20Markets%20Committee%20of%20the%20BOD%20Item%2004%20State%20of%20the%20Market%20Report703831.pdf.

percent and then 10 percent.[61] This data shows that when generators do not have captive consumers to cover their losses, the operators tend to make fundamentally different, prudent and more profitable, operational decisions.

Q37. DID LEI ISSUE ANY FINDINGS OR RECOMMENDATIONS REGARDING OVEC'S USE OF A MUST-RUN COMMITMENT STATUS DURING THE AUDIT PERIOD?

A37. Yes. Focusing specifically on 2023, LEI found that the plants were frequently out of the money, and that it would have cost consumers less in terms of energy market losses had the OVEC plants operated fewer hours. LEI acknowledged John Swez of Duke Energy Ohio's January 2021 email recommendation to the Operating Board to implement a different unit commitment strategy, indicating that the Operating Board ultimately didn't implement the strategy due to an oversupply in coal inventory and future oversupply concerns. LEI performed high-level analysis on the Company's concerns and concluded that despite the potential liquidated damages, storage costs, or losses on resale that OVEC could incur from a coal oversupply, OVEC might have incurred lower losses by using economic commitment and paying the coal oversupply costs.[62]

Q38. DID THE COAL OVERSUPPLY JUSTIFY THE USE OF MUST-RUN COMMITMENT STATUS AT THE PLANTS?

A38. No. Even with a coal oversupply, units can be economically bid into the market or evaluated using price-based analysis. A decrement can be calculated and applied

---

[61] *Id.*

[62] AEP 2021-2023 Audit at 11-12; AES 2021–2023 Audit at 11-12; Duke Energy 2021–2023 Audit at 11-12.

to the bid to account for the avoided cost of oversupply management. Simply operating the plants as must-run because there is an oversupply without any analysis is not an acceptable solution to a coal oversupply problem.

LEI also found that OVEC maintained coal inventories that substantially exceeded inventory targets. LEI recommended that each utility use its role on the Operating Committee to encourage OVEC to reduce its target inventory to lower levels. LEI went on to state that "Lower target inventories could lead to fewer instances of excessive coal inventories and less need to operate the plants to reduce coal inventories."[63] This suggests that OVEC's coal supply practices were imprudent.

Q39. DID THE COMPANIES AND OVEC OPERATE THE OVEC PLANTS USING LEAST-COST PRINCIPLES?

A39. No. OVEC's and the Companies' continuous use of must-run commitment status at the OVEC plants during the audit period, their failure to properly manage its coal supply, and their failure to perform a daily financial review to determine whether to use economic commitment status were not consistent with a least-cost approach and directly resulted in their Ohio consumers paying above-market charges.

[63] AEP 2021–2023 Audit at 14; AES 2021–2023 Audit at 14; Duke Energy 2021–2023 Audit at 14.

B. Each individual Company has limited control over the operations and management of the OVEC plants, despite their position on the OVEC Operating committee and on the Board of Directors

Q40. HOW ARE THE OVEC UNITS OPERATED AND MANAGED?

A40. According to the Amended and Restated OVEC Agreement in effect in 2020,[64] management of the OVEC units is governed by the 15-person Board of Directors, which delegates operational decisions to a separate Operating Committee.

Q41. WHAT ROLE DO THE COMPANIES HAVE IN OPERATING THE OVEC UNITS?

Q41. Each of the three Companies is a sponsoring company of OVEC, and as such has one member on the Board of Directors and is allowed to appoint one member to OVEC's Operating Committee. Each of the Companies can make requests and recommendations to the Operating Committee to change unit operations but "unanimous approval of the Operating Committee" is required to change the commitment status of the OVEC units.[65]

This arrangement is concerning both for how little power each of the individual Companies *claims* to have, and for how much influence each Company actually has but generally fails to exercise. First, if each Company really has so little power and influence, then it means they are all asking to pass the considerable costs associated with the OVEC plants onto their consumers but have only limited

[64] The OVEC Agreement was subsequently updated on Oct. 7, 2019, and effective Nov. 15, 2019.

[65] *See, for example,* Case 21-0477-EL-RDR, AEP Response to CUB-INT-02-015; AES Response to CUB-INT-02-015; Duke Response to CUB-INT-02-015 Confidential.

authority to control operational and planning decisions that drive those costs. Second, while it is true that each Company cannot act unilaterally, together, these three Ohio utilities control over one-third of the ownership shares in OVEC. Each Company has a seat on the OVEC and Indiana-Kentucky Electric Cooperative (IKEC)[66] Board of Directors and OVEC Operating Committee. Each Company had an obligation to exercise its power to prevent imprudent operational and planning decisions that cause unnecessary costs to be passed on to consumers.

Q42. IN THE PRESENT AUDITS, DID THE AUDITOR ISSUE ANY RECOMMENDATIONS REGARDING EACH UTILITY'S ROLE AS A MEMBER OF THE OPERATING COMMITTEE?

A42. Yes. LEI specifically recommended that each utility use its role on the OVEC Operating Committee to "establish the ongoing flexibility to allow committing the plants on an economic basis rather than as "must run" as part of the OVEC Operating Procedures.[67] The auditor also raised this concern in prior audits.

[66] IKEC is a wholly owned subsidiary of OVEC that operates the power plants.

[67] AEP 2021–2023 Audit at 13; AES 2021–2023 Audit at 13; Duke Energy 2021–2023 Audit at 13.

C. The PUCO should request that OVEC conduct a daily unit commitment analysis, consistent with industry best practices; the auditor should review this analysis in all future OVEC Rider dockets

Q43. WHAT TYPE OF ANALYSIS SHOULD BE USED TO EVALUATE THE CHARGES PASSED ON TO CUSTOMERS THROUGH THE COAL SUBSIDY RIDER DOCKET?

A43. As part of the audit review for 2024–2025 OVEC costs, the PUCO should require that the Companies demonstrate that the OVEC power plants were operated prudently and economically and in the best interest of consumers. This would require that OVEC either economically commit the units into the market on a daily basis or, at a minimum, conduct a daily unit commitment economic analysis.

Q44. BASED ON YOUR REVIEW, DID OVEC USE ANY DAILY ECONOMIC ANALYSIS TO INFORM ITS UNIT COMMITMENT PROCESS AND OPERATIONS OF ITS PLANTS DURING THE AUDIT PERIOD?

A44. No. The OVEC units (except Clifty Creek Unit 6 during summer ozone non-attainment periods) were self-scheduled into the PJM market with a must-run status at all times except when impacted by a planned, forced, or maintenance outage.[68] The term "self-schedule" has the same meaning as "must-run."

AEP Ohio and AES Ohio specifically conduct no such economic analysis for their shares of the OVEC units. Duke Energy Ohio conducts a daily unit commitment analysis called a Daily Profit and Loss Report and includes its share of the OVEC

[68] AEP Response to OCC-RPD-01-0008; AES Response to OCC-RPD-01-0008; Duke Response to OCC-RPD-01-0008.

units in this report.[69] As discussed above, John Swez of Duke Energy Ohio sent an email to OVEC management in January 2021 encouraging them to use the price-based analysis for the OVEC plants. In the correspondence, he provided an example of the type of analysis Duke Energy Ohio uses to inform its daily unit commitment decisions.[70]

Q45. DOES OVEC HAVE THE INFORMATION IT NEEDS TO EVALUATE THE ECONOMICS OF ITS DAILY UNIT COMMITMENT DECISIONS?

A45. Yes. Duke Energy Ohio already conducts this type of daily analysis for the OVEC plants, demonstrating that it is possible.[71] Additionally, operators know day-ahead market prices with certainty for the next day and can project them with a sufficient level of accuracy for the purposes of unit commitment. Fuel and variable O&M costs are also known with relative certainty a few days out, and start-up costs are known and should not fluctuate significantly over the course of the week. This means that at the time the utility makes a decision to self-commit a unit in the day-ahead market (i.e., to either bring the unit online, keep it online, take it offline, or keep it offline) it has the information needed to make a prudent decision. That decision should maximize projected net revenues/minimize projected net losses to consumers over a several-day period.

---

[69] AEP Response to OCC-RPD-01-013, Confidential Attachments 1-7; AES Response to OCC-RPD-01-013, Confidential Attachments 1-7.

[70] *Id.*

[71] *Id*.

Q46. WHAT STANDARD INDUSTRY PRACTICES DO REGULATED UTILITIES UNDERTAKE TO ENSURE THEIR POWER PLANTS ARE ECONOMICALLY COMMITTED INTO THE MARKET?

A46. If a utility is going to self-commit a power plant outside of the market, it should rely on a robust, price-based forward-looking analysis process to replace the market's economic process.[72] AEP Ohio[73] and Duke Energy Ohio[74] use such a daily unit commitment analysis to decide whether and how to commit the other power plants they own into the market.[75]

As part of this process, AEP Ohio and Duke Energy Ohio review the forecasted energy market prices and projected variable operation costs for the next week (or another similar, multi-day time period) to project net operational revenues (or losses) for each unit for each individual day over the forecast period. If a unit is projected to be profitable, then consumers expect to see savings from operating the unit related to the acquisition of market-supplied power. If the unit is projected to lose money, then consumers would expect to see savings from the acquisition of market-supplied power.

[72] The best practice for a utility is to economically commit its power plants into the market and allow the market to decide when to operate the plant based on economics.

[73] *See*, for example, the Rebuttal Testimony of Jason Stegall in Case No. U-20530.

[74] *See*, for example, the Direct Testimony of John Swez in IURC Case No. 38707 FAC123 S1.

[75] I have found utilities can ignore the result of their own analysis and "uneconomically self-commit" their power plants even with robust daily unit commitment analysis. A robust process with Commission oversight will dramatically decrease how much this occurs.

The data presented in these forecasts represent the market price information and the unit cost data available to the plant owners at the time they are making unit commitment decisions. This market price data is readily available through PJM and widely used by plant operators. While it is true that market prices and other market inputs are constantly changing, there is a knowable set of information on unit costs and market prices at the time commitment decisions are made and submitted to PJM. Regardless of whether prices may continue to change, OVEC and the Companies can and should save the full set of information it has at the time of its decisions to allow the PUCO to assess the prudence of the unit commitment decisions.

Q47. HOW EXACTLY SHOULD OVEC HAVE BEEN USING THE RESULTS OF PRICE-BASED ANALYSIS TO INFORM ITS UNIT COMMITMENT DECISIONS?

A47. OVEC should either (a) commit its units as economic and let the market decide when to operate the units, or (b) make unit commitment decisions based on the results of its price-based analysis and document any deviations from its quantitative analysis. Specifically, OVEC should have elected to self-commit its units as must-run on a forward-looking basis only if it expects to make positive energy market margins over a reasonable near-term period (incorporating consideration of start-up and shut-down costs). OVEC should have committed its units as "economic" when the units were expected not to run, or to operate at a loss if they did run. This is the standard practice followed by AEP Ohio and Duke Energy Ohio for the plants that they directly own, as described in the testimony of

Mr. Stegall and Mr. Swez in prior dockets, which I discussed earlier.[76] The Companies' and OVEC's failure to follow this standard industry practice resulted in imprudent plant operations. As a result, the Companies incurred above-market variable costs which they are now asking to collect from consumers in the current docket.

Q48. SHOULD A UTILITY BE CONSIDERED TO HAVE MADE AN IMPRUDENT DECISION EVERY TIME IT DOESN'T MAXIMIZE ACTUAL REVENUES TO CONSUMERS?

A48. Not necessarily. Utilities are expected to use accurate cost and pricing information and to make prudent decisions based on that information, but they are not expected to always be right. If market prices deviate significantly from what the utility reasonably projected, the utility's self-commitment decisions may not actually maximize net revenues. To be prudent, the utility's decision to self-commit its units must have been projected to maximize net revenues at the time the utility made the must-run commitment decision.

On the other hand, utilities should also monitor the accuracy of their projections. If the utility finds it is consistently wrong in its projections, that information itself should provide feedback to improve the utility's approach and be used to drive changes to the utility's commitment process.

[76] Rebuttal Testimony of Jason Stegall in Case No. U-20530; Direct Testimony of John Swez in IURC Case No. 38707 FAC123 S1.

Q49. HOW DO COMMISSIONS REVIEW THE PRUDENCE OF UTILITY OPERATIONAL PRACTICES IN OTHER JURISDICTIONS?

A49. In Michigan, the Michigan PSC uses a two-step process: at the beginning of the yearly cycle, the utility files a Power Supply Cost Recovery ("PSCR") Plan; at the end of the yearly cycle, there is a reconciliation docket to reconcile the differences between projected power and fuel costs and actual power and fuel costs.

In Indiana, the Indiana Utility Regulatory Commission uses a Fuel Adjustment Clause ("FAC") process that trues up the difference between fuel costs the utility projected and costs that actually materialized every three months.

Both Michigan's PSCR and Indiana's FAC dockets constitute a prudency review of a utility's fuel and power supply practices where the commission determines whether a utility acted reasonably to procure energy for consumers at the lowest cost. Such a prudence review should include an evaluation of a utility's operational practices at its power plants and the associated fuel costs incurred. To allow such a review, utilities must conduct and retain daily unit commitment decision-making analysis, submit that analysis for review, and document any deviations between the economic commitment status recommended by analysis and the utility's actual commitment decision. When the utility ignores the results of its own unit commitment analysis, uneconomically self-commits a plant, and then incurs (predictable) losses relative to the market without justification, the commission can issue a disallowance for imprudently incurred fuel costs. This level of oversight more carefully aligns operational practices with economics.

Q50. DID THE COMPANIES AND OVEC OPERATE THE PLANTS USING LEAST-COST SUPPLY PRINCIPLES?

A50. No. As discussed above, OVEC's and the Companies' use of must-run commitment status at the OVEC plants for the majority of the audit period, and their failure to perform a daily financial review to determine whether to use economic commitment status was not consistent with a least-cost approach and resulted in above-market charges to consumers.

Therefore, the PUCO should disallow any monthly energy charges in excess of energy market revenues from the OVEC plants during the audit period. The imprudence and failure to act in the consumers' best interest is evident from the [redacted] during the audit period when the OVEC plants incurred variable net losses relative to the market, which were avoidable by following prudent market commitment practices. The Companies have the burden of proof to show that the commitment practices were reasonable. The Companies failed to meet this burden of proof because they didn't perform daily economic analysis to determine whether the units should be committed as must-run or economic.

VI. ENVIRONMENTAL UPGRADE COSTS INCURRED

Q51. DID THE OVEC PLANTS INCUR ANY ENVIRONMENTAL UPGRADE COSTS DURING THE AUDIT PERIOD THAT THE COMPANIES ARE ASKING TO PASS ON TO CONSUMERS IN THIS DOCKET?

A51. Yes, [redacted] (1) a dry flay ash system at Kyger Creek; (2) closed loop boiler slag systems at Kyger Creek and Clifty Creek; and (3) low-volume wastewater ponds at both Kyger Creek and Clifty Creek.[77]

These upgrades were to comply with the U.S. Environmental Protection Agency 2020 effluent limitation guidelines ("ELG"). In accordance with the final rule, OVEC expects to have the projects fully operational by December 31, 2025. This will modify how it manages both bottom ash transport wastewater and flue-gas desulfurization ("FDG") wastewater at the Clifty Creek and Kyger Creek plants.[78] [redacted]

[77] AEP Response to LEI-DR-03-002 Confidential Attachment 5; AES Response to LEI-DR-03-002 Confidential Attachment 5; Duke Response to LEI-DR-03-002 Confidential Attachment 5.

[78] OVEC 2024 Annual Report at 3.

[redacted].[79] [redacted][80] This means that around $100 million in costs associated with compliance with the revised CCR and ELG rules were included in the Rider during the audit period as part of the demand charge.

Q52. WHAT ROLE DO THE COMPANIES PLAY IN MAKING DECISIONS REGARDING CAPITAL EXPENDITURES SUCH AS THOSE REQUIRED TO COMPLY WITH ENVIRONMENTAL REGULATIONS?

A52. Each of the Companies has a seat on OVEC's Board of Directors.[81] OVEC's management makes decisions on capital expenditures with oversight and approval of annual capital expenditure budgets by OVEC's Board of Directors.[82] Capital expenditures, including environmental capital expenditures, are passed on to consumers through the OVEC demand charges.

[79] AEP Response to LEI-DR-03-002 Confidential Attachment 6; AES Response to LEI-DR-03-002 Confidential Attachment 6; Duke Response to LEI-DR-03-002 Confidential Attachment 6.

[80] AEP Response to OCC-RPD-01-014, Confidential Attachments; AES Response to OCC-RPD-01-014, Confidential Attachments; Duke Response to OCC-RPD-01-014, Confidential Attachments.

[81] OVEC 2024 Annual Report at 44.

[82] AEP 2021–2023 Audit at 12-13, 96-97; AES 2021–2023 Audit at 12-13, 96-97; Duke 2021–2023 Audit at 12-13, 96-97.

Q53. DO YOU HAVE ANY CONCERNS WITH THESE ENVIRONMENTAL CONTROL COSTS BEING PASSED ON TO OHIO CONSUMERS THROUGH THE COAL SUBSIDY RIDER?

A53. Yes, I do. First, neither OVEC nor the Companies completed any analysis to demonstrate that investing in additional environmental upgrades at these plants is economic relative to retiring the plants (the Company's produced no economic analysis justifying the environmental projects when asked to).[83]

Second, as my analysis in Section 5 shows, the charges billed by OVEC to AEP Ohio, Duke Energy Ohio, and AES Ohio substantially exceed the revenues received in the PJM market for both plant's energy and capacity. The demand charges billed by OVEC include all fixed and capital costs, including the costs for environmental upgrades. OVEC's demand charges have historically exceeded the capacity market revenues that the Companies earn for their shares of the OVEC plants. This means that each time the Companies incur costs at the OVEC plants, those costs are passed on to consumers through demand charges that exceed the revenue the Companies can recover in the market.

Q54. WHAT DO YOU RECOMMEND REGARDING THESE ELG AND CCR PROJECT COSTS?

A54. I recommend that the PUCO disallows the inclusion of these costs from the Coal Subsidy Rider on the basis that the Companies have not provided any economic

[83] AEP Response to LEI-DR-03-002; AES Response to LEI-DR-03-002; Duke Response to LEI-DR-03-002.

analysis to demonstrate that investing in additional capital upgrades at the plants was the most economic option relative to retirement and replacement of the plants with alternatives. As a result, the Companies failed to meet their burden of proof to show that these costs were prudent and in the best interest of consumers.

Q55. DOES THIS CONCLUDE YOUR TESTIMONY?

A55. Yes.

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing Direct Testimony of Devi Glick, Updated Public Version on Behalf of the Office of the Ohio Consumers' Counsel was served via electronic transmission to the persons listed below on this 23rd day of December 2025.

/s/ John Finnigan
John Finnigan
Assistant Consumers' Counsel

The PUCO's e-filing system will electronically serve notice of the filing of this document on the following parties:

SERVICE LIST

thomas.lindgren@ohioago.gov
julian.johnson@ohioago.gov
bojko@carpenterlipps.com
easley@carpenterlipps.com

Administrative Law Judges:
jesse.davis@puco.ohio.gov
nicholas.walstra@puco.ohio.gov

rocco.dascenzo@duke-energy.com
jeanne.kingery@duke-energy.com
larisa.vaysman@duke-energy.com
elyse.akhbari@duke-energy.com
megan.luby@duke-energy.com
christopher.hollon@aes.com
jsharkey@ficlaw.com
mwatt@ficlaw.com
stnourse@aep.com
mjschuler@aep.com
jklaus@aep.com
trent@hubaydougherty.com
knordstrom@theoec.org
ctavenor@theoec.org