

**House Bill 239 Proponent Testimony****Patrick O'Loughlin, President and CEO****Ohio's Electric Cooperatives****May 31, 2017**

Chairman Seitz and members of the House Public Utilities Committee, thank you for the opportunity to testify before you in support of House Bill 239. My name is Pat O'Loughlin and I am President and CEO of Ohio's Electric Cooperatives (i.e. Buckeye Power, Inc. and Ohio Rural Electric Cooperatives, Inc.) Formed in 1959, Buckeye Power is Ohio's generation and transmission cooperative, providing power to Ohio's 25 member-owned, not-for-profit electric cooperatives. Its focus is providing reliable, affordable electricity to member co-ops, who then distribute it to nearly 400,000 homes and businesses in the State of Ohio. We own or have the right to purchase power from a diverse portfolio of base load and peaking electric generating facilities, outfitted with best-in-class environmental controls. Additionally, Buckeye Power, through its subsidiary, Buckeye Power Generating, LLC, is the second-largest owner in Ohio Valley Electric Corporation (OVEC), with an 18% stake.

Maintaining the economic viability of the 11 generating units at Kyger Creek and Clifty Creek Generating Stations – OVEC's power plants – is essential to providing reliable, affordable electricity to Ohioans. Buckeye Power, along with Ohio's investor-owned utilities, and all other OVEC owners, have an agreement to purchase power from OVEC until 2040. Passage of HB 239 will provide OVEC member companies with the long-term economic certainty needed to meet their financial obligations at the two power plants – both of which are scheduled to be operational for many years to come.

Buckeye Power can already recover OVEC costs directly through power purchase agreements with its distribution cooperatives members. However, it is essential that all OVEC owners be afforded a clear and certain path to recover full investment costs. Otherwise, cooperative consumers could be left to cover the costs with higher rates.

Since the early 2000's, OVEC has invested nearly \$2 billion to protect the environment and comply with state and federal environmental regulations. The company has invested in air emission control systems to reduce nitrogen oxide (NOx), sulfur dioxide (SO2), and mercury emissions to comply with the federal Clean Air Act.

Failure to enact HB 239 could result in stranded costs for our consumers and economic distress for the communities surrounding Kyger Creek Generating Station in Gallia County.

I urge passage of HB 239 and will be happy to answer any questions that you may have.