



House Public Utilities Committee  
Written Opponent Testimony  
House Bill 239

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Chairman Seitz, Vice Chair Carfagna, Ranking Member Ashford, and members of the House Public Utilities Committee, my name is Dick Munson and I am with Environmental Defense Fund. Thank you for the opportunity to submit written testimony in opposition to House Bill 239.

Environmental Defense Fund (EDF) is a national organization, with approximately 60,000 members in Ohio, that links science, economics, law and private-sector partnerships to solve our most serious environmental challenges.

Ohio's utilities are back again seeking a subsidy. Call it a tax increase on Ohio consumers.

Beginning in 2014, utilities filed similar subsidy proposals at the Public Utilities Commission of Ohio (PUCO), but regulators granted only part of what the utilities wanted for these aging fossil-fuel plants. Hence, utilities now are coming to the Ohio General Assembly for legislative approval of what amounts to a tax increase on Ohioans. While the financial mechanism being proposed remains much the same, the reason being cited is a bit different - national security. That argument, however, doesn't pass the laugh test."

The latest bailout plea comes from Ohio's utilities that own a share of two old, dirty and uneconomic power plants that are part of the Ohio Valley Electric Corporation (OVEC). Those two generators were built in the early 1950s to supply power to a uranium enrichment facility that helped make nuclear weapons, at the time a matter of national security. Yet the Department of Energy ended the enrichment plant's purchases from these coal plants in 2003, fourteen years ago. In recent years, OVEC has simply tried, without much success, to sell electricity into the market. Still calling those two plants "national security generation resources" is a stretch.

The proposal does eliminate a lot of risk for the utilities. They are asking that "any and all costs" from the two large generators can be charged to Ohio consumers, even if some of those charges the Public Utilities Commission of Ohio (PUCO) might find to be wasteful or imprudent. One of the units soon will need pollution control equipment that could cost \$150 million; wouldn't legislators want the state's

regulator to review the reasonableness of that expenditure?

The H.B. 239 proposal also calls for double dipping by the utilities. In 1999, with S.B. 3, the utilities recovered their “transition costs” for the OVEC plants. Noting that existing windfall, this new legislation would fleece Ohio ratepayers a second time.

One of the generators – Clifty Creek – is located in Indiana, meaning the subsidies would provide jobs and tax revenue to Indiana communities. Put another way, the utilities are asking Ohio consumers to pay for an uneconomic plant that provides economic development benefits to another state.

Since the two power plants are uneconomic, the logical step would be for the utilities to close them down. The power companies, however, claim they can’t get all the owners to agree, so they need a subsidy to keep operating them. Yet those same utilities in 2011 were able to find unanimity in order to try to sell their electricity on the open market until 2040, which has not provided the profits they expected.

This legislative proposal, unfortunately, also presents a piece-meal approach to energy policy. The debate around energy policy in Ohio is multi-faceted, with many critical issues being raised simultaneously that affect greatly what utilities can or cannot do, what ratepayers versus shareholders pay for, the role of competition and what kind of innovation we’re inviting in the state. Wouldn’t it be wise to consider them together in order to offer the state a more comprehensive strategy?