Proposed Ohio ‘clean energy’ bill could disproportionately harm some small businesses

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Berea Manufacturing owner Mike Pandoli sits in his office
BEREA, Ohio —

If passed, a controversial energy bill under debate by Ohio...
lawmakers could cause a small Cleveland-area welding shop’s electric bill — and possibly those of other businesses like it — to more than double.

Berea Manufacturing, which employs eight people in an industrial park

not
far from Baldwin Wallace University, under House Bill 6 could see its monthly electric bill go up from around $800 a month to around $1,800 a month, according to an analysis from experts contacted by cleveland.com.
"As a small business owner, it's infuriating," said Berea Manufacturing Owner Mike Pandoli. "This guy's company is an example of probably the sort of"
company that's not really considered in this bill," said John Seryak, an engineer for the Ohio Manufacturers Association, which opposes HB 6.

Because of how HB 6 is written, other similar small companies could be disproportionately
Impacted if they, like Berea Manufacturing:

- Are an industrial business with multiple electric meters, despite being just one company and
- Have relatively low electricity use

Here’s why.

HB 6, which lawmakers designed to bail
two financially troubled Ohio nuclear plants owned by FirstEnergy Solutions, a bankrupt former FirstEnergy subsidiary, would assess varying charges on each electric customer in the state to help subsidize “clean energy” generators. The new charges
are expected to raise $150 million for the two nuclear plants, in Ottawa and Lake counties.

The bill would offset the new charges by eliminating existing charges that fund renewable energy and energy efficiency projects.
For a small-to-medium-sized industrial customer, the new charge would be a flat $250 per month, compared to the old charge, which was tied to how much...
The bill’s sponsors say the elimination of the old charge for the average business would more than make up for the proposed new one, resulting in an overall reduction in power bills.
But because it uses much less power than an average industrial business, Berea Manufacturing in March paid just around $15 on the old charges that
would go away. But what seems to make the bill especially bad for Berea Manufacturing is that as written, that $250 “per-customer” charge could be interpreted by utilities to apply once per electric meter, even
in the event that each meter is owned by the same business at the same address, according to Kim Bojko, a Columbus attorney who has done legal work for the Ohio Manufacturers Association.

“It increases
costs to manufacturers who have multiple meters,” she said. Even though it’s just one business, Berea Manufacturing has four different electric meters, a byproduct of his company’s gradual expansion to where it now occupying side-by-side.
If the new charge applies per meter, and if the company is deemed an industrial customer, Berea Manufacturing’s energy bill would be charged the $250 fee four times, or $1,000. Removing the $15 fee four times, or $1,000.
old charges that would be eliminated, the company’s new monthly bills would go up by $985, compared to the March bill, which was $800 total.

“We are a single customer, but really we’re getting soaked because
we'll get four charges,” said Pandoli, the company’s owner.

Staff for House Speaker Larry Householder, who's made HB6 a priority, are researching Berea
Manufacturing’s issue but haven’t yet finished their work, a spokeswoman said.

Rep. Jamie Callendar, a Lake County Republican who’s sponsoring HB6, said while he’s unsure of the specifics of Berea Manufacturing’s situation, his intent for
legislation is that no one in Ohio's bills would go up as a result.

"If there is somebody who slipped through the cracks somehow, we're going to find a way to address it, because one of
the core tenets of this bill is we are reducing costs to the consumers," he said.

Officials with the Ohio Manufacturers Association say they’re studying how many companies would fall into the same boat as Berea.
Manufacturing.

But they say the scenario illustrated by the company hasn’t gotten enough consideration by House members, who are expected to unveil a new version of HB6 today and possibly approve it next week. They say
it's not unusual for an older industrial customer to have multiple electric meters, due to expansions or the gradual addition of equipment.

"The big rate hike for small customers may exist for many smaller, one-shift
operations like Mr. Pandoli's, where their previous charges were based on electric consumption... but under HB 6 will simply be applied to the meter," said Seryak, the Ohio Manufacturers Association engineer. "This rate structure will disadvantage
small manufacturers and other small businesses."

In an interview in his office on Wednesday, Pandoli said he recently learned a different $7 utility
“customer charge” was assessed once for each of his company’s electrical meters. After following coverage of HB6 in the media, he said it dawned on him that the proposed new $250 charge also could be assessed.
Electricity is his company’s second-largest expense, and he said a $12,000 annual increase in his fixed costs would harm his company’s ability to remain competitive.

“It’s not a legitimate overhead for me.”
"It generates nothing for me," he said. It angered him further to read, as reported by cleveland.com, about the millions FirstEnergy and its allies have spent lobbying Ohio politicians to bail out the nuclear plants in
recent years, and on making campaign contributions to key Ohio politicians, including backing Householder’s successful bid to become speaker of the Ohio House of Representatives, as well as Gov. Mike DeWine. So he contacted a cleveland.com
reporter, the Ohio Manufacturers Association (of which Berea Manufacturing is not a member) and his state legislators.

"We have to fight for every
single order we get,” Pandoli said. “We have to compete with multiple sources, including foreign governments because we’ve got some contracts out there where the parts used to be welded in China... And then we have
to contend with things that are totally out of our control, like our state legislators, legislating a bailout for a corporation, using my money.”

While Pandoli is angry about the implications for his company, there is
an argument in support of HB 6. Its backers include the nuclear industry, unions and local elected officials near the plants, one in Ottawa County the other in Lake County. The plants together employ about 1,400
people and provide about 14% of Ohio's electricity. Supporters argue the plants provide reliable electricity and don't contribute to global warming by emitting carbon dioxide, and allowing them to close would harm Ohio's economy and electricity-
generation marketplace.
Key state leaders, including DeWine and Senate President Larry Obhof have said they support keeping nuclear energy as a part of Ohio’s energy portfolio.

But critics of HB6 say it unfairly props up
financially insolvent corporation — FirstEnergy Solutions, the plants’ owner, currently is going through bankruptcy — and charges Ohioans to do so, under the guise of promoting clean energy. Opponents include manufacturing groups, the oil and gas
industry, environmentalists and consumer groups, including the AARP.

An earlier version of this story incorrectly stated the first name of Berea Manufacturing's owner.
His name is Mike Pandoli, not Tom Pandoli.