



Perry Oman, Muirfield Energy, Board Member
Greg Bechert, Scioto Energy, Board Member
Huck Hayes, Alternative Energy Source, Board Member
Chris Greulich, North Shore Energy, Board Member
Dennis Giancola, H.P. Technologies, Board Member

Proponent Testimony
Perry Oman, Muirfield Energy
Board Member, The Energy Professionals of Ohio

House Bill 247

House Public Utilities Committee
December 5, 2017

Chairman Cupp, Vice Chairman Carfagna, Ranking Member Ashford, thank you for the opportunity to testify today regarding House Bill 247. The Energy Professionals of Ohio supports House Bill 247 and strongly urges this committee to advance it as soon as possible.

My name is Perry Oman. I am the president of Muirfield Energy and I am a founding member and sit on the Board of the EPO. I began my career in the Energy Industry working at EF Hutton Commodities in 1984, subsequently I have held senior management positions at Equitable Resources, Amerada Hess and Direct Energy. In 2009 I started Muirfield Energy, which now advises 6,000 Commercial and Industrial customers over 12 states (4,000 in Ohio). We employ 23 people, 13 in Ohio.

The Energy Professionals of Ohio, or EPO, is a statewide group of licensed professionals who assist customers in the evaluation and selection of energy products that match their goals and risk appetite. We work with customers of all sizes to review and analyze offers from dozens of suppliers active in Ohio. About two thirds of all commercial and industrial energy is purchased through a consultant.

Price is important to all customers, but we help customers dive deeper and review the terms and conditions in contracts to ensure that the level of risk a customer is comfortable with is what they are actually purchasing. In addition to assisting customers with energy products, we also consult with customers and help them manage their energy usage overall. Ohio's market is maturing rapidly with new products and opportunities. Our job is to stay abreast of this so we can be effective advocates for our customers.

Because of our unique position in the marketplace we have one of the best views regarding what is working and what is not working for customers. One thing that is not working for customers is the Electric Security Plan (ESP) contained in Ohio Revised Code Section 4928.143. When this section was created in 2008 along with Senate Bill 221 it was envisioned as a backstop, or regulated safety valve should market rates skyrocket. This foreseen skyrocketing never happened and prices have remained low and stable. A key provision in the ESP statute limited its use only when the ESP is "more favorable in the aggregate as compared to the expected results that would otherwise apply" in a market rate offer.

Because the ESP allows for more regulatory flexibility, and because the PUCO has interpreted “in the aggregate” to include “benefits” beyond just price, it has become a toxic dumping ground for the investor owned utilities replete with additional above market charges for distribution modernization plans, subsidies for OVEC, and a host of other non-bypassable riders that have questionable aims.

The result? Since 2009, AEP has been successful in passing along charges that have resulted in distribution charges increase from a mere 30% of the overall utility bill to 50% or greater. Put another way, non-bypassable charges in AEP-Ohio’s territories have increased by 53%. Only someone in my position would be able to see this because brokers and consultants like me are the only ones who work on behalf of customers of all sizes in various utility territories.

While one can only speculate as to why this has happened to AEP-Ohio customers one fact is certain - AEP’s affiliate still owns generation in Ohio and the company itself still owns a share of OVEC (which this committee has heard about ad nauseum). These power plants are losing money. Compare the distribution rate shock leveled upon AEP-Ohio customers to another distribution utility in Ohio, Duke Energy Ohio (Duke). Duke has seen its non-bypassable rates stay nearly flat for the same time period. Duke does not own any generation in Ohio. Non-bypassable rates developed in ESP’s are hurting Ohio’s economy.

Customer’s deserve to receive the benefit of their choices. The markets in Ohio do work and will continue to work if left alone. The ESP, while well intentioned, is impeding Ohio businesses and citizens from saving the dollars they should. Passing HB 247 will allow Ohio’s citizens to keep more money in their pockets and provide Ohio businesses more dollars to invest.

Thank you for the opportunity. I’m happy to address any question the committee may have.