

Senate Bill 155 Proponent Testimony**Patrick O'Loughlin, President and CEO****June 15, 2017**

Chairman Beagle and members of the Senate Public Utilities Committee, thank you for the opportunity to testify before you in support of Senate Bill 155. 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 SB 155 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 cooperative 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. The OVEC units are competitive in PJM's energy market providing needed base load supply. Market revenues currently cover all variable operating costs and contribute significantly to the fixed costs, which are largely a result of substantial environmental investments.

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 SB 155 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 SB 155 and will be happy to answer any questions that you may have.