

**House Bill 15 Interested Party Testimony**  
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**Buckeye Power, Inc. and Ohio Rural Electric Cooperatives, Inc.**  
**February 26, 2025**

Chairman Holmes, Vice Chair Klopfenstein, Ranking Member Glassburn, and members of the House Energy Committee, thank you for the opportunity to provide interested party testimony on House Bill (HB 15). My name is Craig Grooms, and I am President and CEO of Buckeye Power, Inc. (Buckeye) and Ohio Rural Electric Cooperatives, Inc. (OREC) collectively d/b/a Ohio's Electric Cooperatives (OEC).

OREC is the statewide trade association for Ohio's 24 member-owned, not-for-profit electric cooperatives. These 24 electric cooperatives provide electric distribution service to over 400,000 homes and businesses in the State of Ohio, many in rural areas. Each of Ohio's electric cooperatives are owned by the members they serve and, thus, operate for the benefit of their members, not shareholders. Each of Ohio's electric cooperatives are self-regulated through their respective boards, which are elected by their member-consumers.

Buckeye is a generation and transmission cooperative that produces, procures, and provides at wholesale all the electric capacity and energy required by Ohio's 24 electric cooperatives plus the Ohio load of a Michigan-based electric cooperative. Buckeye, throughout its history, has endeavored to meet all of its members' generation needs through assets it owns or is entitled to output. Buckeye owns or has the right to the output of approximately 2,455 MW of generating capacity, including from coal and natural gas fueled power plants, and some renewables, almost all of which are located in Ohio.

Buckeye is largely dependent on the four main investor-owned transmission owners in the State of Ohio for transmission services (the delivery of electric supply from generation resources to the distribution systems of Buckeye's member cooperatives). Transmission rates for all of the transmission owners in the State of Ohio have sky rocketed in recent years—causing Buckeye's rates for transmission to more than triple in the last decade alone. Transmission rates are approved by the Federal Energy Regulatory Commission and include recovery for transmission investments made by transmission owners and approved through PJM Interconnection, LLC's transmission planning processes.

While Buckeye supports incentivizing new generation to be built in Ohio, the tangible personal property tax changes in House Bill 15 act as a cash transfer to existing merchant generators, without providing targeted incentivizes for new generation. At the same time, the legislation increases taxes on utility-owned distribution and transmission assets, which will increase transmission and distribution rates paid for by consumers including for wholesale transmission customers like Buckeye. Because transmission rates are cost-based, every dollar of tax increases paid by the transmission owners under House Bill 15 will be passed on to consumers through rates. Buckeye anticipates the tax adjustments proposed in House Bill 15 will significantly increase its members' transmission costs with no corresponding decrease in taxes paid on cooperative-owned generation, as the generation tax decreases in HB 15 are only targeted at generation owned by for-profit companies, whereas the corresponding increase in transmission and distribution taxes apply to all consumers.

Buckeye supports the legislature's goal to build new generation in the State of Ohio to address the shortfalls in generation supply that PJM is projecting to occur as early as 2026. Buckeye believes the tangible personal property tax provisions contained in Senate Bill 2 provide better incentives for new generation to be built in Ohio, including generation built by electric cooperatives. By targeting tangible personal property tax only on *new* production equipment, the language in Senate Bill 2 does not reduce the needed tangible personal property tax revenues local communities rely on from taxes on existing generation resources and also does not increase transmission and distribution costs paid by consumers.

Regarding the need for generation in Ohio, HB 15 also proposes the elimination of the Legacy Generation Rider for investor-owned utilities as it pertains to their ownership of the OVEC facilities. While this provision will not directly impact Ohio's electric coops, it is important to note that we continue to rely on the capacity and energy provided by the two OVEC power plants as an important hedge against volatile market pricing. We expect these assets to provide significant value going forward as the demand for generation capacity continues to increase. Additionally, it is important to note that OVEC is more than just two power plants—it also includes a substantial 345kV system that provides vital transmission service and reliability to Ohio consumers.

Thank you for the opportunity to comment on this important legislation. I would be happy to answer any questions from the committee.