

Dear Ohio Senate Energy Committee Members,

I am in full support of the repeal of HB6 but we must also repeal of the bailout for the Ohio Valley Electric Corporation (OVEC) coal plants--Kyger Creek in Ohio and Clifty Creek in Indiana.

The OVEC coal bailout was only added to HB6 after three of Ohio's electric utilities--AEP, Duke, Dayton Power & Light--opposed FirstEnergy and Energy Harbor getting a bailout for the Davis Besse and Perry nuclear plants. It was only after the legislature provided AEP, Duke, and Dayton Power & Light a bailout for the OVEC that those companies changed their position to one of support for the exceedingly corrupt HB6.

The plants would be profitable if power prices were to increase significantly. Instead, the plants have lost money every single year and been a financial drain and environmental burden on Ohioans. AEP, Duke, and Dayton Power & Light have been losing money on their ownership share of these plants for years and that is projected to continue.

HB6 expanded the bailout of the OVEC coal plants to require FirstEnergy customers to pay for the bailout starting in 2020. All the money collected from FirstEnergy customers is handed over to AEP, Duke, and Dayton Power & Light to further subsidize the bailouts for those companies. OVEC contract holders renegotiated in 2011 extending a new contract out to 2040 without seeking approval from the PUCO. The owners made a bad deal, and are trying now to offload that bad contract onto its customers.

PUCO carried out an audit of the OVEC bailout in 2020. The independent auditor confirmed the OVEC bailout has not just been a bad investment to date but also that with increased capital investment, those costs will go up even more. Additionally, the auditor found the OVEC coal plants were being run at times where the costs would be even higher for customers; customers would save money if the plants just weren't being run. HB6 also limited PUCO's ability to protect customers from the OVEC bailout by allowing AEP, Duke, and Dayton Power & Light to recover all "prudent" costs without defining what costs are "prudent."

History of OVEC

While OVEC was initially developed in response to national security concerns during the 1950s, OVEC's contract with the Department of Energy ended in 2003. It was after this time that OVEC signed contracts with Ohio's AEP, Duke, Dayton Power & Light and a host of other power providers that extended the life of the power plants through 2040. The OVEC units no longer provided power for uranium enrichment facilities, which had begun the decommissioning process.

The solution: SB117

Ohioans should not be on the hook for AEP, Duke, and Dayton Power & Light's bad bet on the OVEC plants.

Ohioans shouldn't be paying more each month to bail out two dirty, inefficient, expensive 1950s coal plants for the next decade. These plants should be retired, not bailed out. SB117 is the first step in that process.

SB117 must be passed so the PUCO will regain its authority to protect customers from the continued excessive OVEC bailout costs, and so the OVEC owners--AEP, Duke, DP&L--can take responsibility for the power plants that they own and that do not benefit Ohioans.

SB117 must be passed so FirstEnergy customers will no longer be on the hook for the OVEC plants--a cost they weren't paying before HB6 was signed into law.

SB117 must be passed to limit utility influence and money--money collected from customers--in the legislature. The OVEC bailout in HB6 was a handout to AEP, Duke, and Dayton Power & Light to get their support for the corrupt HB6. Ohioans should dictate what goes into legislation, not big companies like AEP, Duke, and Dayton Power & Light

Sincerely,
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