

Testimony of Pete Gerken, Lucas County Commissioner in Opposition to SB 128
Senate Public Utilities Commission
June 8, 2017

Good afternoon, Chairman Beagle, Vice Chairman LaRose, Ranking Minority Member Williams and members of the Senate Public Utilities Committee. My name is Pete Gerken. I am a Lucas County Commissioner, where I have been serving since 2005. Prior to my service as a county commissioner, I served on the Toledo City Council, where I chaired the Environment, Utilities and Public Service Committee. I am also serving the Executive Committee of the Lucas County Improvement Corporation and the Board of the University of Toledo Urban Affairs Center.

SB 128 is yet another attempt by FirstEnergy to try to manipulate electric price structures in their favor. For years the company has made efforts to leave consumers without electric choice and drive competitors of the local market. If FirstEnergy would have their way, new sources of power generation would not be allowed to exist in Ohio. This ideology would have stopped billions of investment in our county in its tracks.

To date, there has been more than \$800 million in direct investment from this one natural gas-fueled power plant alone, with another plant announced for development. This private investment has taken place without special fees from the government or rate hikes for electric customers. On the contrary, the new, efficient locally produced power will serve to lower rather than increase regional utility rates.

Over the past few years we've had a boost of over 900 construction jobs and another 450 indirect jobs in Lucas County. In total the plant has generated more than 1,500 new jobs across Ohio. This is a substantial economic impact that frankly has not received enough recognition as this ill-conceived HB 178 has been deliberated.

My county alone is looking at an economic impact of \$362 million from just one plant and that does not even include millions of tax revenues generated that go to support our local schools and governments here. To be more specific, the Oregon Clean Energy project will buy about \$1.1 million in water and sewer service annual from the city and pay about \$1 million in property taxes annually. The Oregon School District will receive, in total \$17.5 million in payments from the plant.

Recently, we learned that our county would be the location of another \$900 million dollar natural gas-fueled plant. In fact, just last week the Oregon City Council approved an agreement with the City of Toledo and Clean Energy Future LLC to provide cooling water for the second plant, as well as provide emergency interconnection between the two water systems. The projected annual revenue for Toledo's Department of Utilities of the deal struck is in excess of \$1.4 million, and is being completely covered by Clean Energy Future LLC. Sewer revenue, income tax revenue and additional taxes for the schools are just some of the benefits associated with these projects. It's a win-win.

However, and as testimony has already been given by several Independent Power Producers, market manipulations such as SB 128 will put all of this economic development in jeopardy. While these companies are acting in good faith providing real jobs, tax revenues, and economic stimulus FirstEnergy

is seeking to shift financial risk of their power generation to captive electric customers through special fees, as provided in this ill-conceived legislation.

Recall that Ohio's deregulated market in which power is competitively priced on the open market, established in Senate Bill 3 was once heralded by FirstEnergy, where they ironically testified to this very committee in 2011 stating that "competitive markets work" and that "measures that...subsidize one electric generation over another are throw-backs to monopoly regulation". This "competitive market" is in fact working and thankfully generating billions in direct investment to our community while creating thousands of jobs and millions in tax revenues.

I respectfully ask that you reject the special fees and market manipulation as described in SB 128.

I thank you for your time.