



Senate Public Utilities Committee
Written Opponent Testimony
Senate Bill 155

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Chairman Beagle, Vice Chair LaRose, and Ranking Member Williams and members of the Senate Public Utilities Committee, my name is John Finnigan and I am with Environmental Defense Fund. Thank you for the opportunity to submit written testimony in opposition to the latest version of Senate Bill 155.

Environmental Defense Fund (EDF) is a national organization, with approximately 60,000 members in Ohio, that links science, economics, law and private-sector partnerships to solve our most serious environmental challenges.

Ohio's electric utilities are back at the bailout trough, seeking subsidies for their old, inefficient coal plants. The bailout would force customers to pay higher electricity prices for these plants, which are losing money in the competitive wholesale market. To add insult to injury, Ohioans have already bailed out these plants once, so the utilities would get more money for the same uneconomic assets.

Lawmakers are reviewing two pieces of legislation – House Bill 239 and companion Senate Bill 155. The bills would subsidize two coal-fired plants that a group of utilities – including FirstEnergy, Duke, and AEP – own and operate jointly, the Ohio Valley Electric Corporation (OVEC) plants.

OVEC was formed in 1952 by investor-owned utilities providing electric services in the Ohio River Valley. Originally, the Clifty Creek Generating Station (in Indiana) and the Kyger Creek Generating Station (in Cheshire, Ohio) were built to meet the substantial power requirements for uranium enrichment facilities, then under construction by the Atomic Energy Commission in the area.

The uranium enrichment plant has been shut down, so there is no longer any need for the OVEC plants, which are over 60 years old and losing money. Rather than closing the plants, the utilities want to shift the losses to their customers – customers who have already paid for these uneconomic plants.

When Ohio deregulated its electricity in 1999, the utilities successfully argued that they built their power plants because they had a duty to serve all customers and, with deregulation, they could not

collect the plants' remaining costs. So the utilities were allowed to collect "transition charges" from their customers, based on the power plants' remaining cost minus their new market value. This was a one-time calculation, and the utilities were allowed to collect these transition charges for ten years. All the Ohio utilities were fully paid for their OVEC investments under this law, but the OVEC bailout bills would force customers to pay for the same plants twice.

Bailing out old, dirty coal plants is a bad deal for Ohioans. Asking customers for double payments is a doubly bad deal.