



**Before
The Ohio Senate
Public Utilities Committee**

Testimony on Senate Bill 128

**Presented
by
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**On Behalf of the
Office of the Ohio Consumers' Counsel**

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Hello Chair Beagle, Vice-Chair LaRose, Ranking Minority Member Williams, and members of the Committee. Thank you for this opportunity to testify. And I thank the bill sponsors for the opportunity for a dialogue on these issues.

I am the Ohio Consumers' Counsel, the representative of Ohio residential utility consumers, including the electric consumers affected by Senate Bill 128 (Bill). I respectfully recommend that you protect millions of Ohio electric consumers from paying higher electric bills, by not enacting the Bill. The Bill would result in at least two million Ohioans subsidizing nuclear power plants owned by FirstEnergy and others. (Bill lines 139-162)

The electric utilities' dependence on government subsidies paid by Ohio families and businesses since 2000 – billions of dollars to date – needs to end. Under the Ohio legislature's 1999 vision for benefits from power plant deregulation, Ohioans should not pay more than the market price of electricity on their electric bills. For consumer protection, it is important to preserve both power plant competition and the utilities' competitive "standard offers" that consumers can choose for their monthly electric service. Researchers at Ohio State and Cleveland State recently found that Ohioans saved nearly \$12 billion by choosing the utilities' standard offers during 2011 to 2015.

The U.S. Department of Energy (US DOE) recently announced it is seeking an expedited national solution regarding financial support for operations of nuclear and coal power plants. Public comments on the proposal were due yesterday at the Federal Energy Regulatory Commission (FERC) in Docket RM18-1-000. Federal policymakers would do well for consumers to support competitive markets and not subsidies for power plant competition, as we recommended in our comments to FERC.

But in any event this federal forum for the US DOE initiative is where the issue of subsidizing uneconomic power plants should be heard. The Ohio General Assembly should defer to federal and regional forums for this issue and not enact this Bill and any related bills for subsidizing nuclear power plants (i.e., H.B. 178 or H.B. 381). And the US DOE initiative is another reason to not enact the coal power plant subsidy bills, H.B. 239 and S.B. 155, as I testified in this Committee on October 12th. Whether or not there is new federal support for the operations of coal and nuclear plants, Ohioans should not be asked to pay on a single-state basis for what is, if anything, a regional or national issue for these uneconomic power

plants. And the General Assembly should not risk making Ohioans pay a subsidy at the state level when Ohioans and other state consumers may be asked to pay a subsidy for the same purpose at the regional or national level.

Further, the “caps” (Bill lines 295-310) on charges to consumers do not justify enacting the Bill. In actuality, the caps do not limit the total amount that utilities could make customers pay, because any uncollected amounts that would exceed the cap can be deferred and collected later from customers. In essence, the utilities could use the caps as a pay-me-now *and* pay-me-later approach to charging consumers. By our calculations, the bill could result in FirstEnergy residential consumers, on average, paying as much as \$57 per year for up to 16 years (or up to \$912 total).

If anything, regulatory processes that favor utilities, including electric security plans, should be reformed to bring more balance to consumers. (Electric security plans should be eliminated as proposed in House Bill 247.) But the Bill would create another regulatory process (for subsidies) favorable to utilities, with severely limited timelines and opportunities for stakeholder review of utility proposals for multi-million dollar subsidies of nuclear power plants. (Bill lines 176-195)

In any event, the fundamental reason the Bill should be rejected is that hardworking Ohioans should be allowed to keep their money instead of paying subsidies to utilities for power plants that are supposed to be competing in the market. The recently introduced H.B. 381 suffers from this same flaw. While H.B. 381 reduces the duration of the subsidy and lowers the cost cap, it is still a bill that would make residential consumers subsidize

nuclear power plants and pay more than the market price of electricity. That is a bad idea for Ohio consumers.

The better approach to electricity pricing is House Bill 247, which would give Ohioans the benefit of competitive pricing from power plants without paying subsidies to utilities. And H.B. 247 would enable utility refunds to consumers (presently denied) when the Supreme Court of Ohio or other authorities invalidate PUCO-authorized rates.

In conclusion, please do not enact this legislation that would increase Ohioans' electric bills. Already, Ohioans are paying higher residential electric rates than consumers in 33 states.¹ Instead, let's make lower electric generation bills the "new normal" for Ohio families and businesses. That would fulfill the vision for power plant competition in the General Assembly's 1999 deregulation law, where subsidies were to end and the electric utility "shall be fully on its own in the competitive market." (O.R.C. 4928.38)

Again, I thank the Committee and the Bill sponsors for this opportunity to discuss utility consumer issues that affect millions of Ohioans.

¹ U.S. Energy Information Administration, Table 5.6.B Average Retail Price of Electricity to Ultimate Customers – Residential for end of year 2016.