

**Ohio House Public Utilities Committee****Marc Armstrong, Director of Government Affairs****Ohio's Electric Cooperatives****February 22, 2023**

Chairman Stein, Vice Chair Robb Blasdel, Ranking Member Weinstein and members of the House Public Utilities Committee, thank you for the opportunity to appear before you. My name is Marc Armstrong, and I am the Director of Government Affairs at Ohio's Electric Cooperatives. Formed in 1941, Ohio's Electric Cooperatives is a statewide membership association supporting 25 member-owned, not-for-profit electric distribution cooperatives. Their focus is providing reliable, affordable electricity to nearly 400,000 homes and businesses in the State of Ohio. In all, co-ops serve approximately one million Ohioans in parts of 77 of Ohio's 88 counties.

The history of Ohio co-ops goes back to the 1930s. While much of the State of Ohio had become electrified by this time, many rural, less-populated areas of the state remained in the dark. This changed when President Franklin Roosevelt signed the Rural Electrification Act in 1935. The new law allowed farmers access to low-interest capital for the construction and creation of electric distribution cooperatives. The very first electric pole financed by the new REA was installed in Piqua, Ohio on November 14, 1935.

Formed in 1959, Buckeye Power is the generation and transmission cooperative that provides power to Ohio's 25 member-owned electric cooperatives. Its focus is providing reliable, affordable electricity to member co-ops. Buckeye owns or has the right to purchase power from a diverse portfolio of base load and peaking electric generating facilities, outfitted with best-in-class environmental controls.

Unlike investor-owned utilities, Ohio's Electric Cooperatives and Buckeye Power remain vertically integrated with a long-term power purchase agreement in place. Additionally, as Ohio co-ops provide at-cost electricity, they do not have ratemaking cases before the Public Utilities Commission of Ohio. Co-op business is, instead, overseen by a board of locally elected directors.

I'd like to highlight for you a few more things that make electric cooperatives unique in the electric distribution world:

## A. Electric co-ops are guided by the seven cooperative principles:

### 1. **Open and Voluntary Membership**

Membership in a cooperative is open to all people who can reasonably use its services and stand willing to accept the responsibilities of membership.

### 2. **Democratic Member Control**

Cooperatives are democratic organizations controlled by their members, who actively participate in setting policies and making decisions. Trustees are elected among the membership and are accountable to them.

### 3. **Members' Economic Participation**

Members contribute equitably to, and democratically control, the capital of their cooperative. Members allocate surpluses to allow for business operations.

### 4. **Autonomy and Independence**

Cooperatives are autonomous, self-help organizations controlled by their members.

### 5. **Education, Training, and Information**

Education and training for members, trustees, CEOs, and employees help them effectively contribute to the development of their cooperatives.

### 6. **Cooperation Among Cooperatives**

By working together through local, national, regional, and international structures, cooperatives improve services, bolster local economies, and deal more effectively with social and community needs.

### 7. **Concern for Community**

Cooperatives work for the sustainable development of their communities through policies supported by the membership.

## B. Capital credits retirement

Electricity is provided to co-op members at-cost. The monies collected through monthly electric bills pay for operating costs, maintaining infrastructure, and construction of new lines. Excess revenues, or margins, are returned to members as capital credits at the end of the year. **In 2021, Ohio cooperatives returned over \$39 million in capital credits to their members.**

### C. Operation Round-Up

Most co-ops offer their members an opportunity to “round-up” their bill to the nearest dollar. A member-guided board of trustees directs dollars back into the local community. **Over \$15 million in Operation Round-up grants have been given to deserving community projects since 1995.**

### D. Workforce and safety training

Promoting safety while developing a strong workforce is the top priority. **Central Ohio Lineworker Training (COLT)** in Mt. Gilead, Ohio is a one-of-a-kind kind training facility in the county with permanently mounted, energized workstations, live underground distributions systems, and 19 climbing poles under its roof. The 16-acre complex also has an outdoor training area with 50 wood pole structures. Three full-time instructors provide elite classroom and hand-on training to nearly 200 apprentice and journeyman lineworkers each year.

### E. All-of-the above approach

Ohio’s Electric Cooperatives and Buckeye Power, Inc. believe in an all-of-the-above approach to electric power generation. Our generation portfolio consists of a diverse mix of coal, natural gas, solar, biogas, methane gas, and hydropower allowing for reliable, affordable, environmentally responsible power delivery to our member cooperatives.

Thank you for allowing me the opportunity to share a little bit about Ohio’s electric cooperatives with you. I’m happy to answer any questions that you might have.