

Greetings Commissioners. My name is Judy Rosman, and I am a resident of Moreland Hills, Ohio. I am here to ask you to reject First Energy's request for an Electric Security Plan to support the Sammis Coal Plant and the Davis Besse Nuclear Plant.

I am an entrepreneur and have built my own business over the past 10 years. I currently employ 13 people and am proud to run a profitable company. I am also a mother and a happy owner of a solar array which produces approximately 80% of the energy for my home.

First, as a mother who cares about the environment and keeping the planet healthy for my children, I am disgusted that First Energy would ask consumers to subsidize the revenues of its coal burning power plant. Coal burning plants and the process of coal mining produce incredible damage our environment. Far from wanting to subsidize the cost of operating these plants, I would much prefer to see this plant closed. In addition, I have no desire to keep a nuclear plant running. Nuclear plants impose on all of us the risk of a radioactive nuclear accident and dangerous nuclear waste, which nobody can really dispose of cleanly.

Second, as a business owner, I am disgusted that First Energy would ask us to subsidize these plants. I am a believer in the free market, but a free market only works if companies are forced to internalize their external costs and if we subsidize public goods. In order to run the Sammis coal plant and the Davis Besse Nuclear Plant, First Energy, which is a for-profit company, should be required to pay the costs they impose on society, the costs of cleaning up the environmental damage they do and paying for the public health care costs they impose.

I would like to point out that First Energy is a publicly owned, for-profit corporation which generates and sells electricity as a regulated utility. It is owned by shareholders, obtains

capital by issuing shares and when needed, obtains operating funds by borrowing. The Ohio Public Utilities Commission regulates rates to provide a fair rate of return while charging reasonable rates to consumers. First Energy's share price in 2014 rose from about \$32/share in January 2014 to almost \$40/share at year end. It paid a dividend of \$2.20/share for 6 consecutive years, 2008 through 2013, and a dividend of \$1.44/share in 2014. It is a highly profitable enterprise. Some of First Energy's generation facilities are antiquated and rely on old technology. They are inefficient and polluting. The cost to cure these facilities and make them efficient, clean and profitable must be a First Energy expense, not a public bailout. If First Energy needs more funds to modernize, it can and should issue more shares or borrow at today's historically low rates. It does not need my money or yours to artificially pump up their profitability and ultimately be distributed in the form of dividends to its own shareholders. First Energy is using its political power to ask for a special financial deal for its for-profit business which will provide benefits to its shareholders, rather than to the public.

I would also like to point out that First Energy has taken income tax deductions for depreciation on their plants to the tune of millions and millions and millions of dollars. The depreciation deductions should logically have been used for replacement and modernization costs for these facilities. If First Energy cannot produce clean and efficient energy from modernizing its plants through the savings it has enjoyed through income tax deductions for depreciation, then it must simply face the fact that its facilities are outdated and outmoded and will become obsolete as more efficient and less expensive ways of producing electricity come onto the market. Again, this is a publicly traded and profitable enterprise which is seeking a bailout that will ultimately benefit its shareholders, not the public.

That brings me to my last point. As the owner of my own solar array which provides approximately 80% of the power to my home, I can tell you that there are beautiful alternatives these days. I realize that solar alone is not going to meet the full demand for electricity. However, it is feasible, even with today's technology, for solar to provide for a substantial component of energy production in our region, just as it does in Germany where solar is approaching 7% of all electricity generation. Public interest would be better served by providing incentives for solar installation and for other types of renewable energy than for supporting outdated, and environmentally destructive technologies. I can also tell you that what you do as regulators really matters to consumers and to our society. Incentives matter and regulation matters. It took me 2 ½ years to get my solar panels approved because my Town Council put up such a fuss, citing aesthetic concerns. But the public support for our project was amazing. Within three weeks I had over 130 signatures on my petition to allow homeowners to install solar systems in the best possible place on a home to provide energy. In our little township, we had nearly 40 people show up to our town hall meeting in support of allowing solar. Many of them wore bright yellow shirts that said "Solar is Beautiful." If you have ever tried to get people to show up at any public meeting, you know that most people simply will not take the time. So the fact that so many people showed up in our little tiny township shows that this is important to people. People do NOT want to pay more for dirty energy they do not need. People want our regulators to make it easier, not harder, for people to move to clean sources of energy which are environmentally friendly. You as regulators have the power to NOT let First Energy off the hook for providing dirty energy. If you, as regulators, make it harder, rather than easier, for utility companies to maintain dirty, outmoded and

environmentally dangerous energy plants, then you are naturally providing incentives for new technologies to develop and become attractive to consumers.

So, I ask you to please deny First Energy's request to charge consumers more in order to make its coal and nuclear plants artificially profitable, and I ask you as Commissioners to look for ways to provide incentives for First Energy to move its energy production to clean, environmentally friendly sources of energy.

Thank you for your time.

No FirstEnergy Bailout!

FirstEnergy wants to force us to pay an extra \$3 billion dollars on our electricity bills over the next 15 years. FirstEnergy has asked the Public Utilities Commission of Ohio (PUCO) to pass an Electric Security Plan (ESP) that will subsidize FirstEnergy's overpriced and outdated Sammis coal burning power plant and Davis Besse nuclear power plant. Ohioans already pay enough for electricity. We shouldn't have to bail out a giant power company like FirstEnergy because they've made bad business decisions.

What is FirstEnergy

FirstEnergy is one of the biggest power companies in the country. They're headquartered in Akron. FirstEnergy is the parent company of Cleveland Electric Illuminating Company, Ohio Edison, Toledo Edison, and FirstEnergy Solutions, among others. Every year they bring in about \$15 billion. Despite the massive revenue, FirstEnergy barely gives back to the City of Akron, contributing hardly anything to the tax base.

** Reject First Energy request*
FirstEnergy owns power plants and power lines. In Ohio most of the electricity they make comes from burning coal. Burning coal involves strip mining and thousands of tons of asthma-causing pollution. It is getting more expensive to burn coal because we're running out of cheap coal and we're finally implementing better pollution standards. FirstEnergy owns two nuclear power plants in Ohio. Nuclear power is extremely expensive. FirstEnergy's Davis Besse nuclear power plant has had many dangerous accidents, including a football sized hole in the reactor core in 2002 and a coolant pump leak in 2012.

What is the Public Utilities Commission

The Public Utilities Commission is a government agency responsible for regulating public utilities like electricity, natural gas, and water. The Commission is made up of 5 people appointed by the governor of Ohio. When a utility wants increase prices, they have to ask the PUCO who then is supposed to consider the legal and consumer pros and cons of doing so and make a fair judgement.

FirstEnergy wants our money

FirstEnergy is losing money on their outdated Sammis coal plant and Davis Besse nuclear plant. They're trying to get the PUCO to allow them to tack on an additional charge to all of our electricity bills.

FirstEnergy has proposed an "electric security plan" or ESP to the PUCO. By Ohio law, ESP's are supposed to last for 3 years and save consumers money. FirstEnergy's plan does neither of those. FirstEnergy has proposed a 15-year "power purchase agreement" where they will run Sammis and Davis Besse at full capacity and sell all of the electricity to the wholesale power market – even if they lose money selling it. The money they want us to pay will make up for the money FirstEnergy loses when they sell their power for less than it cost them to make it – they want us to pay for them to lose money! The ESP is written so that even if you switch to a different electric generator you still have to pay to bail out FirstEnergy.

- FirstEnergy is saying this plan will save customers money in the long run – but if that's true, why don't they want to take the risk and realize those cost savings for themselves? They're asking PUCO to force customers to take a risk they're not willing to take themselves.
- FirstEnergy has successfully petitioned the PUCO not to release cost and revenue figures so the public can learn the full story. If this plan really will benefit consumers, then what do they have to hide?
- FirstEnergy is asking the government to enforce a monopoly. Even though customers may want to choose a different supplier, those served by FirstEnergy power lines would still have to pay the surcharge – even though this surcharge is for subsidizing unprofitable plants, not for grid maintenance.

Dave Simons, 2631 Eaton Rd, Cleveland OH 44118, 216 932 2180
DLS932@yahoo.com

Testimony to the Public Utilities Commission of Ohio on FirstEnergy rate
Case No: 14-1297-EL-SSO 1/20/15, Cleveland City Hall

Good evening. Members of the Public Utilities Commission of Ohio and people present at this meeting: Thank you for hearing my comments today. I am a long time Cleveland citizen with electric service from First Energy's Illuminating Company. Today I am speaking for myself, not representing any organization, though I am a member of several organizations in the energy realm.

I'm one of those always pressing for a living future for all of Earth's children, what is commonly called sustainability these days. I have particular concern with the almost overwhelming problem of global warming, its devastating impacts now and for as far as we can see, and the solutions to limit global warming that are abundantly available to us as we transition from burning dead dinosaurs to running our modern high tech culture on natural energy flows from sun, wind, and water.

I will outline some of my broader concerns with First Energy's proposal.

First Energy is asking the PUCO to have its subsidiaries Ohio Edison, Toledo Edison, and Cleveland Illuminating Company, buy power from First Energy's old, high cost, inefficient power plants at a premium rate that is substantially more than power available on the PJM wholesale market, where these companies are required to buy power at the least cost. They are required to as part of the deregulation FirstEnergy itself petitioned for, and got. PJM is the effectively run 13 state grid that Ohio is part of. PJM released a report a few months ago saying that this huge grid, one of the largest in the world, could integrate 30% wind power with no reliability or supply problems and cheaper than any other alternative, saving many billions of dollars for their customers. The Electricity

Security Plan that FirstEnergy is proposing is security only for their own bottom line, not for the ratepayer's security of energy supply and cost. There is plenty of cheaper and somewhat cleaner power on the market, emitting less carbon dioxide and operating more efficiently. Thousands of megawatts of new combined cycle natural gas will be put on that market in the next few years. Wind power is cheap now and getting cheaper and non-polluting solar will be cheaper than anything within just a few years, maybe only five years, long before FirstEnergy's bid to subsidize their old dirty coal plants with corporate welfare for 15 years is ended.

Sustainability, the long term well being of our children and their children and on for generations, that we all agree is morally fundamental, is often regarded as three equal and integrated main areas: environment, people, and economy. In reality those intertwined areas are not equal. Health and wellbeing of environment ranks highest, the first thought, not an afterthought or affectation, not merely coequal to the economy. Without care for the wellbeing of Earth the people perish and their ideas of economy vanish like a dream. I would also place the wellbeing of people above economy. Economy is meant to serve human needs, not the other way around. FirstEnergy's Electric Security Plan flunks all three areas of sustainability.

Regarding environment, the Sammis coal fired power plant is running on old dirty technology that pumps huge volumes of pollutants into our common air, that we all breathe, including vast amounts of global warming CO₂; Sammis fuels itself by blowing up the beautiful mountains and streams of West Virginia and Kentucky, and Sammis produces equally vast volumes of toxic coal ash that we are only now beginning to deal with seriously. The Davis-Besse nuclear power plant is regarded as among the most dangerous of nuclear plants in the US, based on its well known history of major lapses in maintenance, including a near meltdown when the reactor head was at the bursting point several years ago, and a containment dome that is crumbling. As the Cleveland Plain Dealer and others reported we missed that meltdown by a whisker.

Regarding people FirstEnergy's ESP forces the continued operation of outmoded energy technologies that damage both peoples health and their economic prospects, and FirstEnergy's ESP shoves off the table newer, more efficient, cleaner, lower carbon technologies, that should, in the normal course of things, replace outmoded ways of generation; newer, better technologies that serve to build Ohio's 21st Century economy. Ohio is already number one in making wind turbine components and big in solar too. Those industries can form the nucleus of a new industrial economy for Ohio, a renaissance, if we are not so stupid as to kill them in their cradle.

Regarding economy, FirstEnergy makes a claim that consumers will earn a net \$2 billion or so over the 15 year term. If that forecast were correct FirstEnergy, as any profit oriented company, would absorb some losses for 3 or 4 years and then recoup a huge profit, without the ESP. If they believed their own figures they would never have proposed this ESP. Instead, we have a better forecast from the Ohio Office of Consumer Counsel that says a net cost to ratepayers of 3 to 4 billion dollars is more likely, that is 3 to 4 billion dollars more that ratepayers have to pay than electric power would cost on the PJM wholesale market; by definition of the ESP the amount people are charged by the rider is the amount over the market price of electricity. Three or four billion dollars is not chump change, as they say. The late Senator Everett Dirksen, or someone, once said: "a billion here, a billion there, pretty soon you are talking about real money." Throwing that much money into keeping these power plants going beyond their design life, beyond their useful life, is throwing money down the rathole. What could we do with that money instead? What would be a better investment? For that much money you could buy almost 2,000 utility scale wind turbines, producing around 5,000 megawatts at peak, that would deliver clean power at a cheap rate for a contracted 20 years and maybe 20 more years in total, using no fuel and producing no pollution. No fuel means no rising fuel costs. As the PJM grid's recent study shows the grid can absorb much more than that much wind power, while remaining reliable, the vagaries of wind notwithstanding. With that investment in wind you get something, you are

moving forward into the 21st Century, instead of spending all that money to keep some old worn out plants going with bubblegum and baling wire. Those plants' capital costs were paid off long ago, so even if they have to close some plants by being outcompeted, there will be no stranded assets that have not already been paid for.

I think the Office of Consumers Counsel is being conservative in their projection of cost to the ratepayers. The true cost could reach \$5 billion or more.

Davis-Besse Nuclear Station ran vastly over budget estimates when it was built and vastly over its maintenance budgets ever since. Some wag has said, truthfully, that nuclear power is the most expensive way to boil water that has ever been invented. Davis-Besse is near the end of its 40 year design life and is wearing out. They will ask for a 20 year extension of license in 2017. What do you think the maintenance costs for the next 22 years will be? That plant alone could run into billions in maintenance, since much equipment will have to be replaced. Davis-Besse has already gone through two reactor heads, and similar huge expenses are surely in the cards over the next 22 years. The next big ticket item is the steam generator they now want to replace. There is also the issue of reliability. Davis-Besse is often offline for maintenance, sometimes for several months at a time. Under FirstEnergy's ESP ratepayers are on the hook for all of that, no matter how much it costs. Several nuclear plants have been shut down recently because they could not economically compete. So there is no shame or hardship if Davis-Besse closes too, removing a deadly threat from all of Cleveland, which is downwind of Davis-Besse.

Similarly, the 55 year old Sammis coal plant is already well beyond its expected useful life and will require vast maintenance costs just to keep going for 15 more years, not to mention maybe having to install more pollution controls during that time, as regulations change.

Ohio is required to reduce carbon from power plants by about 28% to meet the EPA's Clean Power Plan. If FirstEnergy's ESP and those from AEP and Duke are approved, and if they later come back with more old coal plants to subsidize with ratepayer dollars, as this precedent will invite, it will become very difficult and

expensive to meet that goal. Competing clean power will be disallowed with all favor going to these dirty old failing plants. Experts have shown that if Ohio continued to fulfill Senate Bill 221, as originally agreed to unanimously by both parties in 2008, we would be most of the way to meeting a 28% reduction in carbon output. Under FirstEnergy's ESP Ohio will be hamstrung to outmoded technologies while the rest of America and the world will move forward confidently into the new environmentally responsible economy of the 21st Century. We will become a has been, falling apart old economy that can't compete, a pariah of pollution. Businesses and industries will avoid places that are determinedly backward technically. They will go to forward thinking, problem solving cities and states that use our American ingenuity to go beyond and resolve the Earth abusing mistakes of the past. Therefore, Ohio's economy will be massively damaged in the near and far term if FirstEnergy and AEP and Duke get their greedy way. And the economic benefits of deregulation will be gone.

We also have a moral responsibility to the rest of America and the world, beyond Ohio. If we allow a precedent to be set here that treats coal power preferentially, we will not only damage ourselves immediately, and going forward as more coal plants are brought into such a plan, we may set a precedent used in other states, compounding the harm done. Positive economic moves to gain clean power will be stymied here and in other states, possibly until it is too late to repair our suffering world. Thereby harming our children's lives and wellbeing beyond anything that has ever been done before. This is also a terrible example for China, which must do even more than us to wean itself from coal's harm.

More locally we have a moral responsibility to Clevelanders and many others who prefer to buy renewable power in the deregulated market. All ratepayers will be required to subsidize FirstEnergy's dirty power, even when they have deliberately chosen clean power from wind and other renewables. Both Cleveland and Cincinnati have aggregated and negotiated with First Energy Solutions to provide 100% clean renewable power to their citizens, at lower rates than they were paying before! To all of them this ESP is a slap in the face, offensive to their moral sensibilities in choosing clean power. If this ESP goes into

effect the citizens of Cleveland, who now buy 100% clean power that is not from the plants in the ESP, will have an added rider charge to subsidize old dirty power plants for their better off suburban neighbors.

FirstEnergy has in this case and in many more ways shown that it is unfit to do business in the 21st century. Had they the wit to see the opportunities before them, and the courage to act, they could remake their business model to serve as a manager and provider of widely distributed power, as is now happening in Germany, where some utilities are adapting and profiting from change, and some are not. We need utilities capable of more complexity and capable of running a smart grid. In places we already have such utilities. NRG is moving aggressively into the new model. So is SMUD, the Sacramento Municipal Utility District in California. So is Southern California Edison and Pacific Gas and Electric, required to by California, all of them among the biggest players; and there are many more. Right here in Ohio even the tiny municipal utility in Oberlin is managing this transition to clean energy, at a profit. Amory Lovins tells us, in "Reimagining Fire", that this whole process can happen at a huge profit to business as we move to 80 or 90% clean power by 2050. California and New York will both be at 50% renewable electricity by 2030, fifteen years from now. Why can't Ohio? Are we too obtuse?

FirstEnergy has chosen to use huge political contributions to obstruct and try to destroy the move to clean energy, first by promoting the defeat of Senate Bill 221, our universally agreed to renewable energy and energy efficiency standard since 2008; by promoting the crippling of wind power in Ohio with unrealistic setbacks, and now by asking for this ESP, and by dissing the EPA Clean Power Plan.

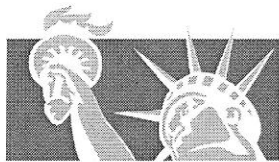
This ESP is not about the survival of FirstEnergy. Even if all their generating stations were retired, a very unlikely outcome for quite a while to come, they would still be a live company. The distribution side is bigger than the generation side, and as we build out the smart grid it will become bigger yet. That alone would be enough to prosper. If FirstEnergy's management is not bright enough to

seize this glorious opportunity for profound change, as others of their peers have, there is no reason anyone should bail them out. They should take their lumps as any other corporation that has not adapted to changing times does, in our economic system. Change is a constant in our high speed, high tech new world, and has been since the start of the industrial revolution. There are no buggy makers anymore, except among the Amish, as we changed over to powered mobility. The typewriter makers, once a big industry, have all faded away as computers replaced them. Solar and wind will both soon be cheaper than old fossil fueled power plants, but if FirstEnergy's ESP is approved solar and wind won't be able to compete, with Ohioan's compelled to pay any price for old dirty technologies. If FirstEnergy does not get that we are moving beyond old generating technologies to a much better future energy economy, and not only will not take a leadership role, but actively obstructs change for the better, not only should they not get this ESP rider, they deserve to fade away. Since they are not going fade away it falls to the regulators to put them in their place. This is a social and moral obligation in a civilized society that wants to fulfill the universally accepted requirement to pay it forward, for the sake of all existing and yet to be human generations.

Commissioners, please reject FirstEnergy and AEP and Duke's stupidly backward, economically destructive proposals to prop up failing technologies.

Thank you all for your kind attention and goodnight.

Dave Simons



PUBLICCITIZEN

1600 20th Street, NW • Washington, D.C. 20009 • 202/588-1000 • www.citizen.org

In addition to being a bad deal for Ohio electric consumers, giving Ohio's utilities' a bailout for power plants that are no longer economically feasible is bad public policy and it poorly positions Ohio to meet imminent federal carbon reduction goals.

At the same time, the company's premise that the above-market agreement is necessary to provide electric reliability and price stability to customers is blatantly false. Reliability is the purview of, in this case, PJM and not determined by generators. If PJM determines that the plants in question need to stay online for reliability purposes, then PJM designates the plants as "must run" and offers a cost-based contract to continue operating. Regarding price stability, an expert retained by the Ohio Consumers' Counsel has concluded that ratepayers will be on the hook for an estimated \$3 billion over the course of 15 year contract. Meanwhile, FirstEnergy's prediction that customers will benefit eventually from the agreement is highly uncertain and based on assumption that apparently have not been made available to the public. Moreover, even if the plants in question did become profitable, it seems unlikely that those revenues would be used to rebate ratepayers instead of returned to FirstEnergy's shareholders.

Further, FirstEnergy and other utilities seeking bailouts argue that these pricing schemes are necessary to protect customers against volatile, market-based prices. They won't. Energy efficiency is what keeps costs down for Ohio ratepayers. In addition to lowering customers' bills, energy efficiency applies downward pressure on prices. Low-cost energy efficiency keeps capacity charges, which make up 10 to 15 percent of a customer's electric bill,ⁱⁱⁱ lower than they otherwise would be because they clear the auction before higher-cost resources like FirstEnergy's ageing coal and nuclear plants – this offsets the cost and therefore lowers the overall price of power. In fact, according to the utility's own filings, Ohio's energy efficiency standard has saved consumers more than \$1 billion.^{iv} Promoting more cost effective energy efficiency, not subsidizing uneconomical power plants is what protects consumers from market volatility.

FirstEnergy is arguing that higher electricity prices are justified to ensure sufficient generation capacity, and yet this same company argued to eliminate the states renewable and efficiency energy standards which would add to Ohio's generation capacity and actually reduce costs. The fact is, utilities, including FirstEnergy are essentially asking regulators to only consider their old and expensive assets rather than any potential competing power assets or energy efficiency to keep the lights on.

Ohio consumers should not be asked to prop up aging power plants under the threat of reliability issues. There are better ways. Restore the state's energy standards and consider other resources to deliver clean and cost effective power to ratepayers.

For example, this past spring, the Minnesota Public Utilities Commission ordered the state's largest utility to pursue a power-purchase agreement with a solar developer to meet its projected



1600 20th Street, NW • Washington, D.C. 20009 • 202/588-1000 • www.citizen.org

generation shortfall after concluding the project was in the best interest of ratepayers.^v The proposed distributed solar project beat out three separate natural gas proposals based strictly on cost comparison. This deal represents a win for consumers and the environment.

And is exactly the type of proposal Ohioans would get behind. Based on recent polling conducted by the Public Policy Partners an overwhelming percentage of Ohio electricity customers favor clean renewable energy sources and do not support paying more to keep aging dirty plants operating.^{vi}

Furthermore, over the next couple of years the U.S. Environmental Protection Agency's will be finalizing carbon reduction goals for power plants. The current proposal sets a 28 percent emissions reduction targets for Ohio by 2030. This is a critical step in U.S. climate action at a time when the world's top climate scientists are urgently warning the global community to radically reduce our dependency on fossil fuels. This is a time for forward thinking action, not a time to lock Ohioans into subsidizing dirty energy.

We urge the Commission to ensure that prices paid by consumers are fair and equitable. And we strongly recommend that efforts to put consumers on the hook for aging and uneconomical fossil fuel and nuclear plants be rejected.

Thank you for your time and consideration.

ⁱ <http://www.citizen.org/documents/USdereg.pdf>

ⁱⁱ Davis-Besse is an 882 MW reactor. At an industry standard 90% average annual capacity factor and a power price \$26/MWh above the market price, the reactor's electricity would cost ratepayers \$182 million more per year. We use the following formula: Generating Capacity (MW) x 8760 hrs./yr. x Capacity Factor (%) x Price Difference (\$/MWh) = Cost Difference (\$).

ⁱⁱⁱ <http://www.energyprofessionals.com/energy-industry/2314/capacity-charges-drive-future-price-increases/>

^{iv} <http://www.dispatch.com/content/stories/business/2014/04/24/advocates-of-efficiency-law-in-ohio-tally-savings.html>

^v <http://www.startribune.com/business/238322571.html>

^{vi} <http://action.sierraclub.org/site/DocServer/OhioResults.pdf?docID=16201>



1600 20th Street, NW • Washington, D.C. 20009 • 202/588-1000 • www.citizen.org

January 20, 2015

Public Comment before the Public Utility Commission of Ohio RE: FirstEnergy's Electric Security Plan

My name is Allison Fisher. I'm the outreach director for Public Citizen's Energy and Climate Program. Public Citizen is a national nonprofit consumer advocacy organization. We have 12,000 members and supporters in Ohio, many of whom reside in FirstEnergy's service territories. I thank you for the opportunity to provide comments on the utility's proposed Electric Security Plan on behalf of Public Citizen and our Ohio members.

Public Citizen's interest in these proceedings is to ensure FirstEnergy's application adequately protects consumers while promoting cost-effective clean and efficient energy in Ohio. To this end, Public Citizen urges the Commission to reject FirstEnergy's request to charge ratepayers above market prices for electricity generated by their uncompetitive power generators.

By and large, deregulating energy and creating competitive power markets has not delivered the benefits to consumers its proponents promised. Public Citizen research shows that electricity prices in deregulated states have consistently been higher than those states that remained regulated.ⁱ However, in this case, the market is actually doing what it is supposed to do – push out uncompetitive and inefficient generators. And now utilities, like FirstEnergy, that favor the benefits of the market, but want none of the risk are trying to change the rules by asking regulators to guarantee that their oldest, dirtiest and most uneconomical power plants make a profit.

The difference or loss between the costs to generate the power and sell it at auction would be paid by consumers through a fee on their electric bill. And no matter which competitive retail supplier the consumer chooses, they will still be on the hook to pay the bailout charge. In the case of the Davis Besse nuclear facility, FirstEnergy is proposing a price of \$65/MWh, that's \$26 above recent market rates, which means saddling ratepayers with a cost nearly 50% above market.ⁱⁱ And this is the same plant consumers shelled out billions of dollars for to cover transition and stranded cost during the early years of deregulation. In fact, FirstEnergy argued before this Commission that it needed to recover 100% of its stranded costs in order to compete in the new market. And in return, the Commission allowed FirstEnergy to charge Ohio electricity consumers \$6.9 billion for its nuclear assets. It is outrageous that consumers should have to bailout the same plant twice and clearly not in the spirit of Ohio electric restructuring policy or in line with public utility regulatory standards that do not guarantee a utility protection from competition.

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

3/11/2015 2:59:43 PM

in

Case No(s). 14-1297-EL-SSO

Summary: Testimony Written statements submitted on January 20, 2015 in Cleveland, Ohio electronically filed by Ms. Katrina Dearborn on behalf of Dearborn Reporting Services