



Office of the Ohio Consumers' Counsel

MINUTES OF THE OFFICE OF THE OHIO CONSUMERS' COUNSEL GOVERNING BOARD

JULY 16, 2019

Members Present: Mr. Michael Watkins, Chair
Mr. Stuart Young, Vice-Chair
Mr. Fred Cooke
Ms. Beverlyn Johns
Mr. Douglas Moormann
Ms. Andra Troyer

Members Absent: Ms. Kelly Moore, Mr. Roland "Butch" Taylor and Mr. David Wondolowski.

CALL TO ORDER BY CHAIR:

Chair Watkins called the meeting to order at approximately 10:00 A.M. Ms. Hunyadi called the roll. The following members answered as present: Mr. Watkins, Mr. Young, Mr. Cooke, Ms., Johns, Mr. Moormann, and Ms. Troyer.

MEETING MINUTES:

Chair Watkins asked for a motion to approve the minutes of the May 21, 2019 Board meeting. A motion was made by Ms. Troyer to approve the minutes. The motion was seconded by Mr. Moormann. Ms. Hunyadi called the roll. Ms. Johns abstained. Due to lack of votes the minutes were tabled until a later Board meeting.

RECOGNITION:

Deputy Director Larry Sauer announced the return of a former employee, David Bergmann, in the role of Assistant Consumers' Counsel. David had retired from OCC in 2011, after nearly three decades of service. He now decided that he would like to return to OCC to continue his consumer advocacy for Ohioans.

Monica Hunyadi, Chief of Staff – Non-Case Services, announced the upcoming retirement of Mohammad "Harun" Harunuzzaman from his position as a Principal Regulatory Analyst. Harun joined OCC in 2016. OCC appreciates the work he has done and wishes him the best in his retirement.

GUEST SPEAKER – JOHN SERYAK, FOUNDER OF RUNNERSTONE AND FOUNDER AND CEO OF GO SUSTAINABLE ENERGY:

Consumers' Counsel Bruce Weston introduced John Seryak and noted that, in addition to his two companies, Mr. Seryak also serves as a consultant to the Ohio Manufacturers' Association.

Mr. Seryak began with a compliment for OCC. He noted that some of his work for the OMA involved working jointly with the Ohio Consumers' Counsel on various issues. He said that his OMA work with the Consumers' Counsel would rank as some of the best use of his time or hours in the day for doing good for our communities. He added that perhaps for the rest of his life he might look at these hours as some of the most important hours he could contribute to society. And he said it is important to note that OCC is doing this work every day for the public.

He then discussed House Bill 6, the "Clean Air" bill. He went on to saying that the core of this bill, which is to provide funds for the FirstEnergy Solutions' nuclear plants, will cost consumers approximately \$150 million per year for seven years and will generate over \$1 billion dollars for the nuclear plants. Mr. Seryak noted that there is a lack of evidence to show FirstEnergy needs the subsidy for nuclear plants. It is important to note that nuclear power is not struggling in today's market. There are reports that show most regional nuclear power plants are doing fine and turning a profit.

Mr. Seryak said power plants get paid in a couple of different ways. One way is based on the power they produce (energy) and the other is based on the power they can produce on peak days (capacity). By giving money to the power plants through this bill, there could be a scenario where these nuclear power plants are not allowed to participate in PJM's wholesale market to receive capacity revenues. FirstEnergy has publicly stated that it will come to Ohio for additional capacity funds. This is concerning because prices in the competitive electric market are going lower, but this subsidy would continue to hitch us to more expensive power (from the nuclear plants). The payment for that capacity power would come from consumers and manufacturers and is an additional cost beyond the subsidy cost in the bill.

Mr. Seryak concluded his presentation by saying that there is no evidence that the subsidy from consumers (in H.B. 6) is needed. But there is evidence that FirstEnergy Solutions may show a profit coming out of bankruptcy.

GUEST SPEAKER – NED HILL, PROFESSOR OF ECONOMIC DEVELOPMENT IN THE OHIO STATE UNIVERSITY'S JOHN GLENN COLLEGE OF PUBLIC AFFAIRS AND THE SECTION ON CITY AND REGIONAL PLANNING:

Mr. Weston introduced Professor Ned Hill to the Board. Prof. Hill began his presentation by saying he is speaking for himself, not The Ohio State University or John Glenn College of Public Affairs. He went on to say that Ohio's electricity prices are increasing faster than the national average.

Prof. Hill shared a map of the Tennessee Valley Authority (TVA) Region which serves parts of seven states. TVA is in competition with Ohio for industrial/commercial economic development projects. TVA announced they will be running their utility grids with cheaper power. They have

made it clear that lowering rates and increasing the dependability of power is the core vision of TVA.

Next, Prof. Hill shared a graph showing industrial electricity costs, from 2010 to 2019, comparing Ohio to Indiana, Kentucky and the TVA Region. He said Ohio's electricity costs are going the wrong way (higher) compared to our competitor states, with industrial rates being the largest problem area. Prof. Hill continued by saying that Ohio's residential electricity costs are also going the wrong way (higher) by citing information from the *Electric Power Monthly*, June 2019 issue. He said that Ohio is at 12.49 cents per kwh for the 12-month average residential electricity costs ending in April 2019. He said Ohio electric prices are increasing 1.3% whereas the national average price is dropping by 3% a year.

Prof. Hill then discussed the FirstEnergy Solutions' nuclear plants. He asked, are the plants losing money? He answered his question by saying that the plants probably are, given their current financial structure. But he said the answer should change once FirstEnergy Solutions emerges from bankruptcy.

Prof. Hill concluded by breaking down the costs associated with H.B. 6. On an annual basis the Clean Air Credits (nuclear plant subsidy) will generate \$150 million. Further subsidy costs of H.B. 6 result in consumers paying lost capacity revenue which will be \$82 - \$157 million, solar production credits will cost \$20 million, OVEC charges will cost consumers \$15 million (this charge goes on to 2030 and can be extended to 2040), and increased cost in electricity generation charges will be \$16 million. This adds up to a total increase cost to customers of \$282 - \$358 million per year and could result in consumers paying \$2.5 - \$3.0 billion over seven years.

PRESENTATION BY CONSUMERS' COUNSEL BRUCE WESTON:

Mr. Weston shared with the Board a news article from Reuters. The article is about a power plant owner that had previously announced its intended expansion of a natural gas-fired generating plant in Ohio but now said that its expansion probably will not happen if H.B. 6 passes with subsidies to their competitors.

Mr. Weston said OCC is involved with the FirstEnergy bankruptcy case to protect consumers. A consumer issue (charges related to OVEC coal power plants) in the case is now on appeal by OCC and others in the U.S. Court of Appeals, Sixth Circuit. Mr. Weston expressed appreciation to David Beck for the presentation he made to the Court, and also to the Attorney General for assigning Mr. Beck as special counsel to the OCC.

GUEST SPEAKER – MAUREEN WILLIS, OCC SENIOR COUNSEL:

Ms. Willis discussed the recent Supreme Court ruling that the FirstEnergy "distribution modernization charge" was unlawful. OCC and other parties had appealed the charge. Mr. Weston noted that this outcome was a significant achievement for OCC staff. Ms. Willis said

that the PUCO had not required FirstEnergy to use its revenues from the charge for spending on actual distribution modernization. She said the bad news about this ruling is that the \$456 million that FirstEnergy consumers already paid for the charge would not be refunded to them. The Court said that, because the PUCO originally did not make the charges refundable, the Court could not require FirstEnergy to issue refunds.

Ms. Willis said that, since 2009, consumers of electric utilities have been denied refunds for about \$1.2 billion that the Supreme Court has found to be improperly authorized by the PUCO.

RESOLUTION:

Following Ms. Willis's presentation, the Board discussed a draft resolution to call for legislation for regulatory reform, to protect consumers by enabling refunds of improper utility charges.

A motion was made by Mr. Cooke to approve the resolution. The motion was seconded by Ms. Johns. Ms. Hunyadi called the roll. The Board unanimously approved the resolution.

EXECUTIVE SESSION:

Chair Watkins indicated that the Board would enter Executive Session, upon a motion. Mr. Young moved for the Board to enter Executive Session to consider the employment and compensation of two public employees. Mr. Moormann seconded the motion. Ms. Hunyadi called the roll. The roll-call vote on the motion to enter Executive Session was as follows: Chair Watkins – yes, Vice-Chair Young – yes, Mr. Cooke – yes, Ms. Johns – yes, Mr. Moormann – yes, and Ms. Troyer – yes.

The Board returned from executive session. Vice-Chair Young made a motion that a questionnaire be created and provided to employees for anonymous responses, to evaluate the agency and its leadership by the consumers' counsel and deputy consumers' counsel. The motion was seconded by Ms. Johns. The roll-call vote on the motion to was as follows: Chair Watkins – yes, Vice-Chair Young – yes, Mr. Cooke – yes, Ms. Johns – yes, Mr. Moormann – yes, and Ms. Troyer – yes.

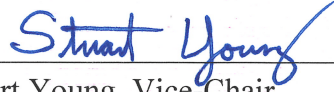
Ms. Johns made a motion to adjourn the meeting. It was seconded by Mr. Moormann. Ms. Hunyadi called the roll. The motion was unanimously approved.

The meeting adjourned at approximately 12:30 P.M.

The above meeting minutes have been approved and ratified by the Consumers' Counsel Governing Board at its special public meeting on August 28, 2019:

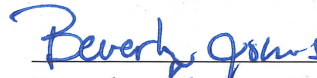


Michael Watkins, Chair



Stuart Young, Vice-Chair

Fred Cooke



Beverlyn Johns

Kelly Moore

Roland "Butch" Taylor

Andra Troyer

David Wondolowski



Monica Hunyadi, Interim Secretary
Ohio Consumers' Counsel Governing Board