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1.3 million AEP Ohio customers need protection from new plan for bail-out of old power plants.

The Office of the Ohio Consumers' Counsel (OCC) calls for protecting consumers from the settlement agreed to by AEP, the Staff of the Public Utilities Commission of Ohio (PUCO) and others today. Those signing the settlement propose that the PUCO approve an eight-year power purchase agreement (PPA) and other unrelated ratemaking terms that favor AEP and special interests, mostly at consumer expense. OCC projects the PPA alone will cost consumers approximately \$2.0 billion, with more charges from other terms in the settlement.

The settlement resulted from negotiations between AEP, the PUCO staff and others in recent weeks. The settlement would prop-up certain AEP coal plants (owned by its corporate affiliate) with subsidies paid by AEP's customers. A term in the settlement would have Ohio consumers guarantee a profit for AEP's power plant affiliate. The plants involved are the Cardinal, Conesville, Stuart, and Zimmer coal plants, and AEP's share of the Ohio Valley Electric Company's coal-fired units.

In 1999, the Ohio legislature deregulated all Ohio electric generating plants and replaced PUCO regulation with market pricing of the power that consumers pay for electric generation service. The settlement is contrary to market pricing of power because it would use government regulation to make consumers guarantee profits on these coal plants.

“It’s a sad day for AEP’s consumers when, sixteen years after the 1999 deregulation law, the government is being asked to impose charges on consumers for a bail-out of deregulated power plants. Consumers should not be charged a penny more than the cost of power in the market. AEP's proposal comes at a time when Ohioans already are paying more for electricity, on average, than consumers in 32 other states,” said Ohio Consumers’ Counsel Bruce Weston.

According to AEP’s own data for 2014, its Ohio consumers paid the highest charges and profit to AEP among consumers in the 11 states where AEP provides electric service.

The settlement is contrary to the expert opinions presented by the PUCO Staff's own witnesses in hearings at the PUCO. There, the PUCO Staff testified against the concept of a power plant bail-out, recommending that PUCO Commissioners deny the power purchase agreement rider (charge) as proposed. The PUCO Staff testified to a secondary alternative that the duration for such a plan should not exceed three years. But under the settlement, the term would be much longer (eight years).

Additionally, the settlement would raise the price of AEP's standard offer to customers for electric generation (paragraph C.12). And the settlement would require customers to pay AEP for two renewable energy power plants, despite the 1999 law for market pricing of generation. The settlement also makes liberal use of other people's money (Ohio consumers' money) to pay for the power plant bail-out and for various other benefits for special interests that signed the settlement.

About the Office of the Ohio Consumers' Counsel

The Office of the Ohio Consumers' Counsel is the state's representative of residential utility consumers, for 4.5 million Ohio households. The state agency serves Ohio consumers in state and federal proceedings affecting their electric, natural gas, telephone, and water services. The agency also educates consumers about their utility services. For more information, please visit the agency's website at www.occ.ohio.gov and Twitter at [@OhioUtilityUser](https://twitter.com/OhioUtilityUser).

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