

Wal-Mart workers getting
bigger paychecks / C3

Feds checking complaints
about Ford Focus / C2

Business

Section C | The Columbus Dispatch | Thursday, January 21, 2016



 **DOW**
-249.28
15,766.74

 **NASDAQ**
-5.26
4,471.69

 **S&P 500**
-22.00
1,859.33

 **T-BONDS**
-0.05
2.77%

 **GOLD**
+\$12.60
1,101.60

 **OIL**
-\$1.70
\$26.76

TOURISM



ENERGY PRICING CEOs to fight bid for profit guarantee

By Dan Gearino
The Columbus Dispatch

Profit-guarantee proposals from Ohio utilities are based on dubious price forecasts supplemented with scare tactics, said energy-company executives who are urging rejection of the plans.

"The No. 1 biggest lie is that it's going to save consumers money," said Robert Flexon, president and CEO of Dynegy, a Houston-based electricity company that owns power plants in Ohio.

He is talking about proposals from American Electric Power and FirstEnergy that are being considered by Ohio utility regulators. The plans would guarantee profits of selected power plants, while the other plants in the state would continue to compete on an open market.

Dynegy is one of several energy companies behind the Alliance for Energy

SEE ENERGY, C3

Ohio consumer advocate wants review of electricity system

Concerns raised over potential for more rate increases

By Dan Gearino
The Columbus Dispatch

It is time for Ohio leaders to have a potentially difficult talk about what is going wrong with the electricity system, according to a new report from the Office of the Ohio Consumers' Counsel.

The office's board of directors issued the document Tuesday, calling for legislators and other leaders to convene a special panel to look at how the system — which includes utilities, regulators and consumers — needs to change to better serve consumers and help the economy.

"This discussion needs to begin now," said Gene Krebs, the board chairman, a Republican who is a former Ohio House member. "The free market and technology are driving trends, and we

need to make sure that our political, policy and regulatory framework are in place to protect the citizens of Ohio from rate increases that could damage our economy and affect our ability to attract and keep to jobs."

The report, titled "Everyone is Unhappy," cites the concerns of investors and the news media that electricity utilities might be in the early stages of a so-called death spiral, in which new competition and high costs lead to shrinking profits.

In this context, the board expects to see more proposals in which utilities seek subsidies from consumers, which the Consumers' Counsel opposes. The counsel's office, which is the state's consumer advocate on utility issues, is fighting proposals by American Electric Power and FirstEnergy that would guarantee profits for certain power plants.

Contacted for a response, AEP spokeswoman Vikki Michalski said the

Columbus-based utility agrees that there is a need to review Ohio energy policies, but it does "not agree with the one-sided narrative of what the OCC perceives to be the challenges with our energy economy."

Doug Colafella, a FirstEnergy spokesman, said he agrees with the report that the market has too much uncertainty. He said his Akron-based company's proposed profit guarantee would provide some stability and allow for time to examine the system.

Krebs said he expects some observers to be skeptical of any call to convene a committee. Many people were critical of the Energy Mandates Study Committee, a joint House-Senate panel that adjourned last fall after studying state rules for energy efficiency and renewable energy.

The goal, Krebs said, is to start a discussion.

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ENERGY

From Page C1

Choice, a group that has formed to oppose the Ohio plans. Flexon and five other executives were in Columbus Wednesday to meet with legislators.

AEP views the issue differently.

"It's important to understand the motivation of Dynegy's CEO," spokeswoman Vikki Michalski said in an e-mail. "Their company benefits greatly if Ohio plants were to close and energy prices were to rise."

She said the plan "represents the interests of a diverse number of stakeholders, including residential

and industrial customers."

The Public Utilities Commission of Ohio is reviewing the cases and is on track to issue rulings in the next month or two.

Columbus-based AEP has agreed to a compromise version of its proposal that it negotiated with the Sierra Club and other groups, although other environmental groups and consumer advocates remain in opposition. Akron-based FirstEnergy has its own compromise proposal, but Sierra Club and many others oppose it.

AEP and FirstEnergy say their proposals will lead to a small increase in consumer bills at first, followed by a net savings over the

eight-year terms of the plans. Other estimates say that utility companies are off by billions of dollars, and that there will be no financial benefit for consumers.

"It's unconscionable that you'd put this type of burden on families and businesses," Flexon said.

He also takes issue with the companies' assertions that their plans would help make the electricity system more reliable. He noted that reliability is overseen by federal regulators and others, and said there is no evidence that there is a risk of not having enough electricity if some of the Ohio plants were to close.

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