FOR RELEASE DECEMBER 1, 2015 –

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Ohio Consumers' Counsel and Northeast Ohio Public Energy Council call for protecting Ohioans from FirstEnergy's filing for a corporate bailout.

The Office of the Ohio Consumers' Counsel (OCC) and the Northeast Ohio Public Energy Council (NOPEC) today jointly announced their strong opposition to the settlement filed by FirstEnergy (FE) in its rate plan case at the Public Utilities Commission of Ohio (PUCO). The settlement makes changes to FE's original proposal for a power purchase agreement (PPA), such as reducing the proposed term to eight years from 15. Still, OCC and NOPEC's expert preliminarily projects that the new PPA proposal will cost consumers approximately $3.9 billion. And the settlement's impact on Ohioans' electric bills does not end with the PPA charges: the settlement contains a virtual holiday wish list of favorable ratemaking for FirstEnergy.

The settlement, which would increase electric rates for approximately two million FE consumers, resulted from private negotiations between FE and the PUCO staff in recent weeks. The case is FE's fourth "electric security plan" (ESP or rate plan) filed since the enactment of the state's 2008 energy law. In its application last year for a new rate plan, FE proposed a 15-year power purchase agreement that would prop-up its least efficient and oldest power plants with subsidies to be paid by FE's customers--thereby guaranteeing a profit for these old plants. The plants involved are the Sammis coal plant, the Davis-Besse nuclear plant and FE's share of the Ohio Valley Electric Company's coal-fired units.

The Ohio legislature deregulated electric generating plants in 1999 in order to replace PUCO regulation with market pricing of the power that Ohioans purchase. But contrary to this legislative change, the settlement would still use government regulation to require two million Ohio electric consumers to guarantee profits on these under-performing power plants that are supposed to be deregulated.

When deregulation began under the 1999 law, FE was awarded nearly $7 billion in stranded costs to transition its generating plants to competition. **"Now FirstEnergy says it's not making enough money under deregulation and wants the hardworking people of northern Ohio to pay even more to keep these old, inefficient plants operating. This is outrageous to struggling Ohio families. Our state government should not be allowing FirstEnergy to charge us to keep these old plants operating with hard-earned money from our wallets." said Ron McVoy, Chairman of NOPEC, the largest public retail energy aggregation in the U.S. serving approximately 500,000 electric customers in 13 northern Ohio counties.**

"It's almost unthinkable that, 16 years after the 1999 deregulation law, electric utilities continue to use regulation to charge Ohioans hundreds of millions of dollars above the market price for power. Consumers should not be charged a penny more than the cost of power in the market. FirstEnergy'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.

Intervenors that agree to the settlement will receive cash equivalents and/or other benefits. **"The use of financial inducements to obtain buy-in of some intervenors for pennies on the dollar compared to the billions we project the utility will collect from other customers is, frankly, a terrible way to develop public policy," said Chuck Keiper, NOPEC Executive Director. "It is our sincere hope that the PUCO Commissioners will do the right thing and reject this settlement," he said.**

The FE/PUCO staff settlement is a significant departure from the expert opinions presented by the PUCO staff's own witnesses in more than a month of hearings at the PUCO. There, the PUCO staff testified against the concept of a PPA, recommending instead that PUCO Commissioners deny the PPA as proposed. The staff testified to a secondary alternative that, if a PPA is adopted, its term should be no more than three years. But under the new settlement proposal, the term would be much longer (eight years) than the recommendation contained in the staff's own testimony.

Additionally, the stipulation contains a significant number of charges in distribution rates, energy efficiency, and smart grid charges that are to be borne by Ohio utility customers. The overall impact to the customers mutually served by our agencies is overwhelmingly costly and unfairly burdensome to Ohio consumers already struggling in our challenging economy. The great strides that have been made in the development of a robust and competitive Ohio energy marketplace will also be seriously and negatively impacted. There are other companies who want to build efficient, cost-saving power plants in Ohio without customer subsidies and, we believe, this proposed agreement will tend to stifle what the marketplace would otherwise develop under its own initiative.

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.

About the Northeast Ohio Public Energy Council

The Northeast Ohio Public Energy Council (NOPEC) is the largest governmental retail aggregation in the United States. Our members are communities (residential and small business customers) throughout Northeast Ohio. Currently, we serve more than 200 communities in 13 counties.

For 15 years we have saved our communities and members more than $230 million dollars and have provided $16 million in NOPEC community energy efficiency grants.

For more information about NOPEC or how to become a member of myNOPEC, visit us at *nopecinfo.org*