

"Re-reg" the \$ 107 Billion Bailout

Basis: All 12,533 MW of existing coal-fired generation is replaced with monopoly utility gas-fired projects

1. "Re-reg" Point 1: Existing coal plants are paid an amount to break-even with modern gas-fired plants

Result:

Variable Cost Coal: (12,500 Btu/kwh x \$ 2.25/MMBtu *) + Var O+M \$ 5.75/MWh = 3.39 cents/kwh

Variable Cost Gas: (6,500 Btu/kwh x \$ 2.45/MMBtu *) + Var O+M \$ 2.10/MWh = 1.80 cents/kwh

Break-even Payment = { 3.39 – 1.80 } = 1.59 cents/kwh

15yr. Payment = 14,379 MW coal x 85% run time x 1.59 cents/kwh x 15 yr. = **\$ 25.6 Billion**

2. "Re-reg" Point 2: Only monopoly utilities can construct new future gas-fired plants in Ohio

Result: Utilities have a proven "In-efficiency cost premium" vs. non-utility companies, so replacing 14,379 MW of coal will result in added customer costs of:

Additional Capital Cost (35% premium) = \$ 10.8 Billion

Additional O+M Costs (35% premium) = \$ 6.4 Billion

Added gas purchase/transport cost (5% premium) = \$ 4.4 Billion

Total premium over a 40yr. O+M period = **\$ 21.6 Billion**

3. "Re-reg" Point 3: Loss of "customer choice" to buy electricity, since monopoly utilities will force non-utility gas-fired plants out of business

Result: Recent OSU/Cleve. St. study (Dec. '16) shows loss of "customer choice" **eliminates \$ 3,000,000,000 per year of ratepayer savings**

"Re-reg" in effect for just 20 years results in: \$ 3 Billion/yr x 20 yr

Loss = \$ 60 Billion

4. Total Bailout/Subsidy paid by Customers =

\$ 25.6 B + \$ 21.6 B + \$ 60 B = \$ 107.2 Billion

* "AEP 2016 Fact Book, 51 st EEI Financial Conference"; Phoenix, AZ; Nov 6-9, 2016