

"Re-reg" the \$ 100 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 = 12,533 MW coal x 85% run time x 1.59 cents/kwh x 15 yr. = **\$ 22.3 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 12,533 MW of coal will result in added customer costs of :

Additional Capital Cost (35 % premium) = \$ 9.4 Billion

Additional O+M Costs (35 % premium) = \$ 5.6 Billion

Added gas purchase/transport cost (5 % premium) = \$ 3.8 Billion

Total premium over a 40 yr. O+M period = **\$ 18.8 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 =

\$22.3 B + \$ 18.8 B + \$ 60 B = \$ 101.1 Billion

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