

Income-guarantee request envelops Davis-Besse nuclear plant in controversy again

Affected plants
Three Ohio electricity utilities have asked state regulators for income guarantees for certain power plants. Here are the affected plants and their capacity. One megawatt is enough electricity to provide for the needs of about 1,000 houses.

FIRSTENERGY PLANTS	TYPE	PROPOSAL STATUS	MEGAWATT CAPACITY
W.H. Sammis	Coal	Pending	2,210
Davis-Besse	Nuclear	Pending	908
Share of OVEC*	Coal	Pending	188

AEP PLANTS	TYPE	PROPOSAL STATUS	MEGAWATT CAPACITY
Concessille	Coal	Pending	1,149
J.M. Stuart	Coal	Pending	800
Cardinal	Coal	Pending	592
W.H. Zimmer	Coal	Pending	330
Share of OVEC*	Coal	Rejected/ Pending	423

DUKE PLANTS	TYPE	PROPOSAL STATUS	MEGAWATT CAPACITY
Share of OVEC*	Coal	Rejected**	215



* Ohio Valley Electric Corp. is partly owned by more than a dozen utilities. It has two coal-fired power plants. Regen Creek is southeastern Ohio, and Clifty Creek is southeastern Indiana. ** under appeal. Sources: company reports, Electric Research Institute. TOM BAKER / COURTESY

By [Dan Gearino](#) The Columbus Dispatch • Tuesday May 19, 2015 2:06 AM

In a debate over an alleged “coal bailout” for power plants, Davis-Besse Nuclear Power Station doesn’t quite fit.

And yet, it is among the seven Ohio plants — and the only one that doesn’t run on coal — whose owners are seeking income guarantees from state regulators.

This is the latest in a lifetime of controversy for the FirstEnergy-owned plant, which produced its first electricity in 1977.

“The nuclear industry cannot operate with profit in the marketplace, so they’re looking for these different schemes,” said Allison Fisher, outreach director on energy issues for Public Citizen, a nonprofit consumer advocate. “They’re trying to find a way to shift the risk from the company to the consumer.”

Hearings will begin next month for FirstEnergy’s request for an income guarantee, a case before the Public Utilities Commission of Ohio that already has thousands of pages of testimony and dozens of participants.

The PUCO has [ruled on similar proposals from American Electric Power](#) and Duke Energy, rejecting the plans but saying that their underlying concept was legal; both decisions are being appealed. AEP also has a separate proposal that is still pending.

As FirstEnergy prepares for what will be a bruising hearing, company officials are saying Davis-Besse’s electricity is a type of “green” power, with almost zero harmful emissions, and warning that the plant may close without the stability of an income guarantee.

“Davis-Besse produces enough carbon-free electricity to energize nearly a million households around the clock, which will help Ohio affordably meet” pending federal carbon standards, said Doug Colafella, a FirstEnergy spokesman, in an email. “The plant also helps to keep electric rates in check by ensuring that Ohio has a diverse set of fuel sources available for generating electricity.”

The FirstEnergy plan includes Davis-Besse, the coal-fired W.H. Sammis plant and the company's share of the jointly owned coal-fired plants of Ohio Valley Electric Corp., or OVEC.

Under the proposal, the plants would have a guarantee of enough income to cover costs plus a profit. If the actual income is less than a specified level, then consumers would pay the difference through a charge on their bills. If the plants exceed the profit targets, then consumers would get credits.

In the short run, this would lead to an extra charge of a few dollars per month, FirstEnergy says. In the long run, the company says consumers will receive a net savings. Opponents, including environmentalists and consumer advocates, have taken issue with the forecast of savings and say the costs will far outstrip any benefits.

Davis-Besse has been part of fierce debates for decades. The plant, developed by Toledo Edison, broke ground in the early 1970s and went online in 1977.

From then on, the plant has faced a series of safety concerns and mechanical problems. This led to high bills for Toledo-area customers.

"The problem with Davis-Besse in its early years is, it didn't work very well," said Bill Spratley, who was Ohio Consumers' Counsel, a consumer advocate, when the plant opened. He is now executive director of Green Energy Ohio, an advocate for renewable energy. "One of the reasons that rates were so high is, they were having to replace the power from this unit that was supposed to be working better."

Toledo Edison went through two mergers and is now part of FirstEnergy, the Akron-based company that also owns Perry Nuclear Generating Station in northeastern Ohio, the state's only other nuclear plant.

The current proposal includes only a small share of FirstEnergy's Ohio plants. AEP's plan also covers some, but not all, of its Ohio plants.

Most of the debate over the current proposals has been about coal and whether the state should go out of its way to preserve coal-fired power plants.

Davis-Besse has been almost an afterthought, which is surprising to people who were involved in past fights about the plant.

Spratley, who jokingly calls the 1980s debates "the nuclear wars," thinks that nuclear energy will likely make a comeback, but that it may not involve some of the older plants that have had so many problems.

He sums up Davis-Besse's history as "kind of a sad tale."

dgearino@dispatch.com

[@DanGearino](#)

early retirement.

The income guarantee would continue for the projected life of the plants, which is 2033 for Stuart, Conesville and Cardinal; 2040 for the OVEC plants; and 2051 for Zimmer, AEP said. Regulators would be able to review the plan from time to time to check on whether the benefits meet expectations.

FirstEnergy and Duke Energy have proposed their own versions of this concept. Right now, participants are [paying close attention to the FirstEnergy plan](#) because it will go to hearings next month. The FirstEnergy case likely will be decided this fall, with the AEP decision to follow.

Taken together, the plans are in many ways a critique of Ohio's decision in the late-1990s to deregulate power plants. Utility companies are saying that the current system discourages investment and increases the risks of volatile prices.

“Ohio has distinct disadvantages to attracting generation investment,” Vegas said in his testimony. “Ohio's neighbors — Indiana, Michigan, Virginia, West Virginia and Kentucky — all provide regulated recovery of generation investments, providing investors more clarity regarding the return on such large investments.”

dgearino@dispatch.com

[@DanGearino](#)