



2015 REPORT

OHIO  
MUNICIPAL  
ELECTRIC  
ASSOCIATION





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*Cover and Left: Ohio Statehouse*





2015 AMP/OMEA Conference

*The Ohio Municipal Electric Association (OMEA) is working to secure a better future for municipal electric systems across Ohio.*

## LETTER TO MEMBERS

The political, regulatory and business uncertainty that has disrupted the electric power sector this year appears poised to continue into the coming months and years. The combination of emerging business opportunities, and evolving policies and innovations in the operation of electricity markets is further stimulating a trend of increased customer awareness of the systems that power their lives.

Congress is on the verge of passing the first comprehensive energy bill in nearly a decade. The legislation provides AMP and OMEA with opportunities and risks. Both the House and Senate bills provide needed reforms of the hydropower licensing process, which should save both time and money if enacted. On the other hand, OMEA continues to watch – and respond – to generator efforts that lock in costly mandatory capacity markets at the regional transmission organizations (RTOs). Whether Congress passes a comprehensive energy bill in 2016 or not, key leaders have already signaled their intent to conduct oversight hearings on the Federal Power Act and potentially consider changes to the essential statute that governs wholesale power markets and transmission. The OMEA staff also continues to protect tax-exempt financing,

and advocate for the end of the sequestration of Build America Bonds and reasonable environmental policies.

The OMEA relies heavily on its ability to anticipate, adapt and take action on behalf of our member communities. OMEA staff is constantly monitoring and staying engaged on existing and prospective policy measures that impact municipal electric systems.

Whether the issue is energy policy, tax reform, environmental regulations, or local control, the OMEA continues to provide value to members and end-use consumers with the services necessary to strengthen their communities and help prepare them to face legislative challenges that may lie ahead.

The future of our electric grid remains uncertain. However, it is clear that the industry and consumer engagement will continue to quickly evolve. It is a critical time for municipal electric utilities to have a strong voice in Congress and the Statehouse in order to be prepared for the legislative challenges and opportunities that are still to come.



Richard P. Homrighausen  
Dover Mayor  
OMEA Board President



Jolene M. Thompson  
OMEA Executive Director  
AMP Executive Vice President



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## ABOUT OMEA

Formed in 1962, the OMEA currently serves as the legislative liaison to Ohio's municipally owned electric communities. Ohio municipal systems serve about 370,000 customers, with about a 2,100-megawatt statewide peak. The OMEA represents the collective interest of its 80 Ohio members. OMEA also serves as the legislative liaison to American Municipal Power, Inc. (AMP). Although closely aligned with AMP, the OMEA is a separate, nonprofit entity guided by a 16-member Board of Directors.





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## EVENTS OF NOTE

### **APPA Legislative Rally**

More than 50 members, guests and staff attended the 2016 American Public Power Association (APPA) Legislative Rally in March as part of the AMP/OMEA group, with 24 member communities represented. The APPA Legislative Rally provides a valuable opportunity for public power officials to advocate to Congress on behalf of their consumers. Public power utility professionals from across the country gathered in Washington, D.C. for the event.

During the Rally's Legislative & Resolutions Committee meeting, AMP and OMEA co-sponsored one of the eight resolutions – "In Support of Electric Power Capacity Choice." Seven other resolutions that address a variety of industry-related issues were also adopted.

The OMEA contingent met senior staff or lawmakers from 18 congressional offices to discuss key concerns, including tax-exempt financing, Build America Bonds, transmission issues, capacity markets, the Clean Power Plan and the Cross-State Air Pollution Rule.



### **AMP/OMEA Conference**

The annual AMP/OMEA Conference provides an exclusive opportunity for attendees to hear updates on new and existing AMP projects, and important information regarding industry, legislative and regulatory trends. Featured speakers at the 2015 conference included President/CEO of the APPA Sue Kelly and Ohio Environmental Protection Agency Director Craig Butler.

During the conference, OMEA held its general membership meeting and re-elected the communities Edgerton, Montpelier, Napoleon and Orrville to serve on the Board of Directors. Montpelier Mayor Steve Yagelski was elected to take the place of Mayor Robert Vincenzo on the executive committee during the Board reorganization meeting. Vincenzo retired from St. Clairsville following 24 years of service as mayor. Wadsworth Mayor Robin Laubaugh was re-elected to the executive committee and Dover Mayor Richard Homrighausen was re-elected Board president. Also elected to an ex-officio seat on the OMEA Board was Celina, represented by Mayor Jeffrey Hazel.

The OMEA general membership selected three new honorary members:

- Mayor Robert Vincenzo, who served St. Clairsville for 37 years – 24 years as mayor – prior to his retirement.
- Jon Bisher, former chair of the AMP Board of Trustees, who retired from Napoleon in 2014 following 16 years of service to the city.
- Mayor Ralph Infante, who served Niles for nearly 32 years as an elected official and as a member of the OMEA Board of Directors for seven years.



*2015 AMP/OMEA Conference*

## FEDERAL UPDATE

The year leading into a presidential election cycle typically sees little action in Congress, but that has not been the case this year. A broad range of key issues to OMEA have been on the front burner. These include federal energy policies and environmental regulations, wholesale market design and operations, transmission issues, and tax and financing concerns essential to municipal electric service.

OMEA played an important role in support of needed reforms of the federal hydropower licensing process in 2015. As a result of our efforts and those of our allies, the energy bills passed by both the House and Senate make critical changes that should shorten the license application and approval process, provide greater certainty, and reduce redundant studies and requirements. In the Senate energy bill debate, the hydropower licensing experience of AMP was repeatedly cited by Sen. Rob Portman (R-OH) as evidence of the need for licensing reform.



*The OMEA delegation meets with Sen. Rob Portman (R-OH) at the 2016 APPA Legislative Rally.*

OMEA was also at the forefront of competing initiatives of generation owners and RTOs to lock in mandatory capacity markets. The generation owners sought legislative protection of RTO policies they claimed ensured fuel diversity, reliability, and continued operation of coal and nuclear plants. OMEA and our coalition partners countered that the proposed legislation would pass costs on to consumers without providing ample benefits, and undermine public power's crucial ability to "self-supply." While the language was significantly pared back, the House version of the proposal still puts a thumb on the scale in favor of the conventional generators – and the fight is far from over.

As in years past, protection of tax-exempt financing remains a top priority for OMEA. The bipartisan Municipal Finance Caucus has been formed in the House to serve as a clearinghouse, educational forum and advocacy focal point in support of tax-exempt financing. Though this does provide a glimmer of hope, changes to tax-exempt financing remain a constant threat. The President's budget again proposed capping the deduction of tax-exempt bond interest (as well as all other tax credits and exemptions) for upper-income taxpayers.

Nearly every Republican House member has cosponsored legislation calling for all tax provisions, including tax-exempt municipal bonds, to "sunset" in two years. While the measure is intended to force consideration of broader tax reform, the legislation poses countless risks for OMEA members. Tax-exempt bonds have also been challenged through the regulatory arena, including the Internal Revenue Service (IRS) proposing additional compliance requirements for entities to qualify as "political subdivisions." OMEA is working with other public agency entities, as well as our congressional delegation, to have the IRS withdraw the proposal.

Environmental rules on the energy sector continue to dominate the debate over how to sustain and grow our economy through what will be an industry-wide transformation. The U.S. Environmental Protection Agency's (USEPA) rule – the Clean Power Plan – limiting power plant carbon emissions was stayed by the U.S. Supreme Court. However, the USEPA continues to move forward with critical elements of the rule while congressional Republicans push to block further agency action. A variety of USEPA regulations – covering air emissions, ash disposal and toxics substances – also continue to face congressional scrutiny and pushback.



2016 APPA Legislative Rally

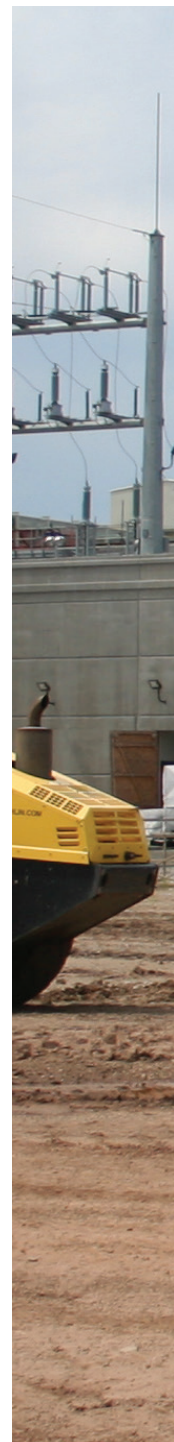


*Ohio Statehouse*

Ohio lawmakers adjourned for summer recess on May 25, 2016, after completing work on dozens of law changes that range from paying down federal unemployment debt, to the legalization of medical marijuana. Ohio Gov. John Kasich's run for president during much of the 2016 legislative session subdued a previously active legislature willing to tackle major issues. Through persistence and strategic advocacy efforts, OMEA staff managed to guide key policy changes forward that will benefit municipal electric utilities and ensure they continue to play a valuable role in Ohio's evolving energy marketplace.

State legislation impacting energy policy was generally put on hold while Ohio legislators and regulators tackled growing external issues such as the USEPA's new carbon rules and the Public Utilities Commission of Ohio's decision to approve long-term revenue guarantees for investor-owned utilities in the form of Power Purchase Agreements (since overturned by the Federal Energy Regulatory Commission). Policy developments like these put added strain on an electric industry that is undergoing significant transformations locally, nationally and globally. Through the work of the OMEA and its partners, municipal electric utilities remain healthy and in a position to take advantage of opportunities while continuing to educate policy makers about the value municipal electric utilities provide customers today and advocating for a policy environment that promotes our lasting financial stability long into the future.

We are pleased that no legislation detrimental to Ohio's municipal electric communities passed within the past year. The association was successful in getting two law changes passed. One clarifies a municipal gas utility's tax-exempt status, and a second removes the authority of a county government to impose additional taxes on all utility services, including those provided by municipalities. Looking forward, the OMEA will remain involved in legislative discussions regarding next steps for Ohio's energy policy, including expected changes to the state's renewable energy standards (RES) and possible reregulation of the electric industry. Specifically, the current freeze on the standards is set to expire at the end of the year, and various proposals to extend the freeze or eliminate them altogether are under review. Additionally, several investor-owned utilities have indicated their intent to pursue reregulation of the industry and that debate is likely to get underway in 2017. OMEA will advocate to ensure there are no changes that would usurp local decision making authority of Ohio's municipal electric systems.



*Ohio legislative leaders and key staff tour the Willow Island facility in August 2015.*



# OMEA BOARD OF DIRECTORS



## **DOVER**

Mayor Richard Homrighausen  
*President*  
City of Dover



## **BRYAN**

Mayor Douglas Johnson  
City of Bryan



## **HAMILTON**

Carla Fiehrer  
Vice Mayor  
City of Hamilton



## **MONTPELIER**

Mayor Steve Yagelski  
*Executive Committee*  
Village of Montpelier



## **CUYAHOGA FALLS**

Mayor Don Walters  
City of Cuyahoga Falls



## **NAPOLEON**

Patrick McColley  
Council Member  
City of Napoleon



## **WADSWORTH**

Mayor Robin Laubaugh  
*Executive Committee*  
City of Wadsworth



## **EDGERTON**

Dawn Fitzcharles  
Fiscal Officer  
Village of Edgerton



## **NEW BREMEN**

Wayne York  
Village Administrator  
Village of New Bremen



**OBERLIN**

Scott Broadwell  
Council Member  
City of Oberlin



**ST. MARYS**

Mayor Patrick McGowan  
City of St. Marys



**EX-OFFICIO**

Mayor Jeffrey Hazel  
City of Celina



**ORRVILLE**

Mayor David Handwerk  
City of Orrville



**TIPP CITY**

Mayor Pat Hale  
City of Tipp City



**EX-OFFICIO**

Jolene Thompson  
OMEA Executive Director



**PIONEER**

Mayor Ed Kidston  
Village of Pioneer



**WESTERVILLE**

Mayor Kathy Cocuzzi  
City of Westerville





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