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M E M O

DT: October 11, 2007
TO: AMP-Ohio communities officials
FR: Sandy Buchanan, Executive Director
Ohio Citizen Action
RE: Proposed new AMP Ohio coal plant

Ohio Citizen Action is a 32-year old nonprofit organization with 80,000 dues-paying members across the state. We have been involved with utility consumer and public health issues from the beginning, most recently in the *Ohio Citizen Action et al v. American Electric Power et al* lawsuit, which was resolved just this Tuesday. The \$4.6 billion agreement required more emission cuts than in any other single air pollution settlement in history, according to the U.S. EPA.

I know you are under pressure to make a quick decision on a big issue – committing your community to the proposed AMP Ohio coal plant. Some of you have already voted and still have the option of reversing that vote without penalty by March 1, 2008.

I am writing to urge you to take your time in considering this proposal. **The proposed contract itself clearly states that you have until March 1, 2008, to decide, not November 1, 2007.**

I hope you will read the attached information and decide to resist the pressure to sign on the dotted line before you have a chance to consider the fine print.

The issue is not AMP Ohio, which has provided a real service to our communities over the years. The issue is this specific proposal, and why the rush to sign.

Sometimes political leadership means bold decisions when the stakes are big, but time and information is lacking. It is risky, but you have to do it. This is not one of those occasions. The stakes are very big, but you have the time to think this through and make sure you are not making a big mistake that you and your constituents will come to regret.

I would be happy to discuss this with you, or put you in touch with someone who can help with more technical questions. You can reach me at (216) 861-5200, sbuchanan@ohiocitizen.org.

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Five questions you don't want to be asked after you've voted for the proposed AMP-Ohio coal plant

1. What was the rush?

The contract says you have until March 1, 2008 to decide. The artificial November 1, 2007, deadline is a way to pressure you into voting before questions like these enter your mind. Ohio municipal systems created AMP Ohio in 1971, not the other way around. AMP Ohio has done a good job, but they work for you: You are under no obligation to rubber-stamp every proposal they make. You have to decide whether each one is in the interests of your constituents.

2. When you voted for it, did you understand what a “take or pay” contract is?

“Take or pay” is a wonderful idea if you are a big institutional investor lending money to AMP Ohio to build this plant. It means that residential customers will be forced to repay you the loan, with interest, even if the plant is never built and they never get any electricity. In fact, in a recent newspaper story about the proposed plant, AMP-Ohio spokesman Kent Carson described the risk this way: “You build a house, you own the house. If the roof collapses six months after you move in, you still own the house.” (“Westerville’s Power Debate,” *Columbus Dispatch*, October 11, 2007). “Take or pay” is a terrible idea if you are an electric customer, or a city official who voted for it.

3. Why do you think potential investors are insisting on a “take or pay” contract?

This is the heart of the matter: It is because investors have no confidence that this plant will be built. They watch energy markets closely. They know that Citigroup, for example, downgraded coal stocks in July, saying, “prophesies of a new wave of coal-fired generation have vaporized.” They’ve seen seventeen coal plants scrapped in the last year. If you vote for this plant, you are betting against the judgment of the most successful investors in the energy sector. Why?

4. Why did you vote for a new coal plant with old technology?

This project is sometimes labeled “clean coal,” but there is nothing clean about it. This is a pulverized coal burning plant, like the ones that have so greatly contributed to the existing pollution problems. The air pollution permit AMP has filed with Ohio EPA sets emissions at 20 million pounds of sulfur dioxide and nitrogen oxide combined each year – far from the most effective technology available, and AMP has not agreed to sequester or control carbon emissions.

5. What made you think that if you did not vote immediately on a 50-year contract, your community would be stuck without electricity? Why didn't you examine other options?

AMP Ohio admits that this plant, if built, will not come on line until 2013 at the earliest. Others say 2015 or 2016 is more likely. Before then, the electric options available to our communities will be different and expanded from what they are today. In the subsequent 50 years, we all know there will be bigger changes in how we will produce, distribute, and use electricity — except in your community, if you lock yourselves into 19th century technology through 2057.