

M E M O

TO: Sandy Buchanan, Executive Director
FR: Paul Ryder, Organizing Director
RE: AMP-Ohio's proposed coal plant and West Virginia
DT: May 4, 2009

On December 9, 2008, Catherine Turcer, Director, Money in Politics Project, Ohio Citizen Action, wrote Lt. Gov. Lee Fisher, Director, Ohio Department of Development, requesting the opportunity to inspect and copy if necessary department documents relating to the proposed American Municipal Power Generating Station in Meigs County, Ohio. On January 8, Turcer, Leo Kennedy, Program Director, Money in Politics Project, Ohio Citizen Action, and I inspected many such documents at the Department of Development offices in Columbus. The next week, department officials sent us copies of specific documents we had identified.

One of the documents was an October 27, 2005 letter from then-Lt. Gov. Bruce Johnson, Director, Department of Development, to Marc Gerken, President and CEO, American Municipal Power-Ohio. Prior to presenting a multi-million dollar "preliminary commitment of assistance," Johnson wrote:

The State of Ohio's commitment of assistance is based upon the following understanding of the project: . . . The State of Ohio is in competition with the State of West Virginia for this project.

The next day, October 28, 2005, AMP-Ohio issued a press release which said in part,

While a number of other sites both in and out of Ohio were identified, studied and could be utilized, the preferred location of the plant is near the Ohio River in Letart Township [in Meigs County].

Gerken replied on November 29, 2005.

This letter serves as our acceptance of your commitment of assistance . . .

The decision to locate the proposed facility in Meigs County is contingent upon permitting, geological studies and successful negotiations with state and local officials on appropriate incentives. As you note in your letter, alternative sites and options outside the State of Ohio are being considered should the organization determine it is not in the best interests of our members to site the facility at our preferred location.

The records provided pursuant to our request record a February 25, 2008 conference call among some of the Ohio state officials working on the AMP-Ohio coal plant project:

Brad Biggs, Business Development – Southeast Ohio, Department of Development; Fred Deel, Director, Governor’s Office of Appalachia; Lou Gentile, Assistant Director, Governor’s Office of Appalachia; Kimberley Gibson, Special Assistant to the Director for Energy, Transportation, and Regional Collaboration, Department of Development; Jennifer Lynch, Executive Assistant for Policy (Agriculture, Environment, Insurance, Natural Resources, PUCO), Office of the Governor; Alex Para, Special Projects Coordinator, Department of Development; and Mark Shanahan, Director, Ohio Air Quality Development Authority.

The notes reflect that the group considered four ways to subsidize the project, two “strategies” and four “policy questions,” none of which mentioned, directly or indirectly, a competing bid for the plant from West Virginia or any other state.

On April 25, 2008, Wendy Patton, Administrator, Rapid Response Section, Office of Workforce Development, Department of Job and Family Services, wrote to Katie Jones, Special Assistant to the Chief of Staff; John Haseley, Chief of Staff, and Janetta King, Policy Director, Office of the Governor. Patton wrote --

Christi [Mash, Director, Governor Strickland’s Regional Office in Marietta] and I are at our wits end in trying to get an incentive package to induce AMP Ohio to build a plant in Meigs County instead of buying power on the grid.

There is no mention in this memo of competition from West Virginia or any other state. The only competition mentioned is from the market itself: power on the grid.

On February 5, 2009, you wrote to Gov. Ted Strickland, reporting the results of this research, including the statement by state officials that Ohio was competing with West Virginia for the coal plant. You said,

The conclusion from this review can only be that there is no basis for arguing that this project depends on a public subsidy to move forward . . . If there are state documents we were not given that demonstrate otherwise, I would appreciate your sending them to me. . .

It seems odd that if AMP-Ohio considered the subsidies a necessary part of the project that they would have waited three years for Ohio to make up its mind about an incentive project if West Virginia were actively pursuing the plant. The lack of information makes one wonder whether there ever was a serious competitive threat regarding this plant.

Gov. Strickland did not send any such documents to you in reply, nor did he acknowledge receipt of your letter.

Also on February 5, 2009, you wrote to West Virginia Governor Joe Manchin with six questions about the competition between West Virginia and Ohio over the siting of the AMP-Ohio plant, and the incentive package West Virginia was offering AMP-Ohio. Manchin replied on February 25, 2009, that he had forwarded your letter to the West Virginia Development Office. Two days later, on February 27, 2009, Kelley Goes, Cabinet Secretary, West Virginia Department of Commerce and Executive Director, West Virginia Development Office, replied to you. The full text of the letter follows:

I am writing in response to your letter dated February 5, 2009, wherein you requested information regarding a proposed coal plant, AMP-Ohio, that is to be located in southeast Ohio.

West Virginia provides a list of West Virginia business taxes to all prospective projects if requested. I have enclosed a copy of the information for your reference. We have no additional documentation.

The attached one-sided flyer lists West Virginia business taxes, not tax breaks or other incentives.

It was necessary to clarify whether this letter was meant to imply that AMP-Ohio asked them for information regarding possible subsidy and they supplied the list, or that this is what they do pro forma. Accordingly, on March 4, 2009, I made a series of calls to West Virginia officials to clarify Goes' letter. I spoke with Marie Butler at the Division of Energy; Lorene Hathaway, Administrative Secretary to the Director, Business and Industrial Development Division; and Joan Knight, Administrative Assistant to Secretary Goes. Knight told me that West Virginia officials had searched the files of the Division of Energy and the Business and Industrial Development Division, the only two agencies that could have been involved in such a competition, and had found no documents referring to the proposed AMP-Ohio project.