

OHIO MUNICIPAL ELECTRIC **ASSOCIATION**



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LETTER TO MEMBERS

Members of the Ohio Municipal Electric Association (OMEA) share the dedication and commitment to providing the greatest possible value for their customers.

Protecting the interests of municipal electric systems in state and federal legislative and regulatory arenas is an important component to the ability of municipal electric systems to meet that commitment. The issues decided by state and federal policymakers can impact Home Rule local decision-making authority, operating costs and resource decisions. All of which can impact services that Ohio municipal electric systems provide to their residents and businesses.

Ohio municipal electric systems face a number of legislative challenges at both the state and federal level, and having an association dedicated to working on behalf of them is critical to our collective success.

At the state level, development of the state budget, deliberations over the state's energy policy and debate on other legislation provide us with both challenges and opportunities. OMEA staff was successful in securing language to provide additional financing assistance through the Ohio Market Access Program and continues working to qualify the three small hydroelectric plants in Ohio owned and operated by OMEA members as a renewable resource, thus providing them additional value. However, onerous legislation remains a concern – whether its efforts to usurp local control for wireless pole attachments, imposing restrictions on the provision of utility service outside of municipal boundaries, or over-simplifying the village dissolution process. Protecting the constitutional rights of Ohio's municipal electric communities remains our top priority.

At the federal level, protection of municipalities' ability to utilize tax-exempt financing, advocating for the end of the sequestration of Build America Bonds, reforming the hydropower permitting process and raising awareness of the problems with capacity markets and transmission rates are all top priority issues for the OMEA.

Attacks on local control have increased in recent years and, in this era of term limits, are expected to remain a concern for the foreseeable future. However, through coordinated grassroots efforts with the strong support of our members, we've been able to counter and mitigate the impacts of these attacks. Sustained education and advocacy efforts are extremely important as we work to stem these ongoing attacks.

Our collective voice is our strongest asset, and working together we can affect policies that have an impact on our operations and our rates.



Members of the OMEA delegation meet with Sen. Rob Portman (R-OH) during the 2017 APPA Legislative Rally



Richard Homrighausen
Richard Homrighausen
Dover Mayor
OMEA Board President



Jolene Thompson
Jolene Thompson
OMEA Executive Director
AMP Executive Vice President

OHIO STATEHOUSE

Although lawmakers spent most of the latter half of 2016 preparing for the November elections, the OMEA finished the year with a legislative campaign against the wireless telecommunications industry as they pursued a fast-moving amendment favorable to their interests on the deployment of small cell wireless antenna systems. We were ultimately successful in improving the language, as well as exempting municipal electric poles and facilities from the bill, with the understanding that we negotiate with the wireless industry to develop a model policy and rate structure similar to the AMP/ OMEA/OCTA agreement on pole attachments. Those negotiations are underway, including a working group of OMEA members.

During the first half of 2017, adoption of the state budget has been the top priority for lawmakers. OMEA is actively engaged as the bill moves through the legislative process. We are working to secure favorable language on behalf of several OMEA members that own and operate small hydro facilities. Additionally, we are working to mitigate the potential impact of detrimental provisions including changes to the kWh tax, the dissolution of villages, the provision of utility service and other issues that might surface.



Ohio lawmakers have been active on a number of issues of interest to Ohio's municipal electric communities, including fiscal and tax policy, energy policy and other issues impacting local control.

On energy policy, debate has centered around proposals to provide financial assistance to incumbent investor-owned electric utilities for certain existing and future generating resources. OMEA is working to ensure any rates or fees for such a program are not applicable to municipal electric customers and that the legislation doesn't have a negative impact on customer switching. Debate over the state's renewable portfolio standard also continues in 2017, following Gov. Kasich's 2016 veto of legislation to freeze the standards for an additional two years. OMEA remains engaged to ensure that there are no changes that have a negative impact on the local control of municipal electric utilities.

In addition to the energy policy and budget debates, OMEA is focused on the protection of local control, an issue that has been under attack in recent years.

The retention of local decision-making is critical to the success of OMEA members, and OMEA staff is focused on educating policymakers about the importance of this fundamental issue.

Political overtones are ever present throughout state government. Term limits will impact a number of races in 2018. Gov. John Kasich, all other statewide officeholders and Speaker Cliff Rosenberger are in their final two years of office. A crowded field is already building for the gubernatorial race, and the other statewide seats will likely see contested primaries.

Going forward, OMEA will continue our outreach and education efforts with members and lawmakers. Building relationships with policymakers will provide the foundation for future legislative battles.

ENGAGING CONGRESS

A new Congress and Administration means new opportunities and new challenges – and OMEA is fully engaged to protect and advance the interest of its members. OMEA works closely with AMP, the American Public Power Association (APPA), Transmission Access Policy Study Group and National Hydropower Association on these efforts.

With the change in Administration, OMEA is aggressively engaging to try to reverse the prior Administration's decision to cut credit payments to issuers of Build America Bonds. These cuts, erroneously done as part of the budget "sequestration" process, renege on promises made to those entities that stepped up to finance critical infrastructure during the recession. OMEA is working to engage top White House officials to restore full Treasury payments.

OMEA is also working with Congress and our partners to enact needed reforms of the hydropower licensing process. Last Congress, legislation streamlining hydropower licensing was adopted by both the House and Senate – but failed when congressional negotiators couldn't agree on a final version of the energy legislation that included the reforms. This year, multiple hearings on hydropower have been held in the House and Senate, and President Trump has cited the lengthy hydropower approval process as deserving reform.

Both BABs and the hydropower provisions marry well with the Administration's infrastructure initiatives.



We are also working with federal legislators on a series of regulatory reforms, including bipartisan legislation, co-authored by Sen. Rob Portman (R-OH), to dramatically revamp the way federal agencies issue regulations. Under the Regulatory Accountability Act, agencies would be required to propose the least costly version of rules, require early public meetings and input into potential regulations, and mandate additional economic analyses.

The federal landscape also includes challenges. Tax reform is a top priority of both the White House and Congress. While details are still murky, the intended elimination of so-called "loopholes" could threaten the continued existence of tax-exempt financing – the primary tool used by public power systems and other governmental entities to finance needed infrastructure. OMEA is working with our delegation and others to retain this important resource.

Efforts to review, and potentially alter, the Federal Power Act also remains a potential threat. The Federal Power Act governs wholesale power markets and transmission. Potential changes to the law advocated by large generation and transmission owners could further exacerbate OMEA members' frustrations about increasing capacity and transmission costs. The discussions taking place do provide a good forum for us to raise our concerns about increasing transmission costs and the lack of transparency and oversight.

Throughout these efforts, OMEA members – and their local elected officials – provide an essential bridge to our federal representatives. As the voice of their communities, mayors and council members are able to give life to the real-world impact of proposed legislation and regulations. Whether voicing support for tax-exempt financing, calling for regulatory reforms, or explaining the impact of wholesale power prices on residents and businesses, your voice is integral to our success.



EVENTS OF NOTE

AMP/OMEA ANNUAL CONFERENCE

More than 400 participants took part in the 2016 AMP/OMEA Annual Conference held in Columbus Sept. 26-29. Connect – Develop – Focus was the theme of this year’s conference and attendees had the opportunity to participate in a wide variety of discussions and informational sessions.

Following the conference opening session with AMP President/CEO Marc Gerken, AMP and OMEA welcomed Sue Kelly, president and CEO of APPA. Kelly spoke on some of the challenges and opportunities for public power in the evolving energy markets.

During the conference, OMEA held its general membership meeting and re-elected the communities of Hamilton, Oberlin and St. Marys and elected the community of Celina to serve on the Board of Directors. Mayor Richard Homrighausen was re-elected to serve as Board president, and will again be joined by Montpelier Mayor Steve Yagelski and Wadsworth Mayor Robin Laubaugh on the executive committee. Also elected to an ex-officio seat on the OMEA Board was Wapakoneta, represented by Mayor Tom Stinebaugh.

The OMEA general membership selected nine new honorary members:

John Bentine, OMEA/AMP general counsel
Keith Brooks, Capitol Advocates/OMEA state legislative counsel
Tom Johnson, former field superintendent of Dover Light & Power
Mark Brandenburger, former city manager of Hamilton
Pam Lucas, former village manager of Montpelier
Wayne York, former village administrator of New Bremen
Bill Rains, former city manager of Wapakoneta
Barbara O’Keefe, former mayor of Wellington
Andrew Boatright, former electric superintendent of Westerville

OMEA gave special recognition to two individuals who have been instrumental in the growth and success of OMEA for over 30 years. Longtime General Counsel John Bentine was named AMP and OMEA general counsel in 1981, and after more than 35 years in the position, retired in February 2017. Bentine was inducted into the AMP Wall of Fame on April 19, 2017. Primary legislative consultant of AMP and OMEA for more than 30 years, Keith Brooks provided insights into the state legislative arena that has given OMEA a strong and influential voice in the state legislature and lasting relationships with our partners.

APPA LEGISLATIVE RALLY

More than 65 municipal officials attended the APPA Legislative Rally in early 2017 as part of the AMP/OMEA group, with 27 member communities represented from Ohio, Delaware, Kentucky, Pennsylvania and Virginia. The APPA Legislative Rally provides a valuable opportunity for public power officials to learn more about legislative issues affecting the industry and to share their insights firsthand with federal lawmakers and staff.

During the Rally’s Legislative & Resolutions Committee meeting on Feb. 28, OMEA and AMP sponsored one of the four resolutions – “Maintaining the Municipal Exemption for Pole Attachments.” Three other resolutions were adopted – “In Support of Endangered Species Act Reform,” “In Support of Increasing Energy Infrastructure Investments and Maintaining the Federal Tax Exemption for Municipal Bonds” and “In Support of Congressional Oversight and Review of the Federal Power Act.”

The AMP/OMEA contingent met with senior staff or lawmakers from 30 congressional offices covering policy issues including the importance of tax-exempt financing to municipal governments, concerns about sequestration impacts on Build America Bonds, customer impacts of increasing transmission costs and capacity market structures, and energy and environmental policy. The meetings resulted in a record number of legislators signing onto a letter sent to House leadership urging the protection of tax-exempt financing when discussions about tax reform resurface in the new legislative session.



OMEA BOARD OF DIRECTORS



Dover, OH
Richard Homrighausen
President
 Mayor, City of Dover



Edgerton, OH
Dawn Fitzcharles
 Village Administrator,
 Village of Edgerton



St. Clairsville, OH
Terry Pugh
 Mayor, City of St. Clairsville



Montpelier, OH
Steve Yagelski
Executive Committee
 Mayor, Village of Montpelier



Hamilton, OH
Carla Fiehrer
 Vice Mayor,
 City of Hamilton



St. Marys, OH
Patrick McGowan
 Mayor, City of St. Marys



Wadsworth, OH
Robin Laubaugh
Executive Committee
 Mayor, City of Wadsworth



Napoleon, OH
Travis Sheaffer
 Council President,
 City of Napoleon



Tipp City, OH
Pat Hale
 Mayor, City of Tipp City



Bryan, OH
Douglas Johnson
 Mayor, City of Bryan



Oberlin, OH
Scott Broadwell
 Council Member,
 City of Oberlin



Westerville, OH
Kathy Cocuzzi
 Mayor, City of Westerville



Celina, OH
Jeffrey Hazel
 Mayor, City of Celina



Orrville, OH
David Handwerk
 Mayor, City of Orrville



Ex-Officio
Thomas Stinebaugh
 Mayor, City of Wapakoneta



Cuyahoga Falls, OH
Don Walters
 Mayor, City of Cuyahoga Falls



Pioneer, OH
Ed Kidston
 Mayor, Village of Pioneer



Ex-Officio
Jolene Thompson
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