

TESTIMONY

Before the

**UNITED STATES SENATE
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS**

Hearing on

“State, Regional, and Local Perspectives on Global Warming”

Presented by

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MARCH 1, 2007

Good morning Chairman Boxer, and members of the Committee on Environment and Public Works, my name is Richard P. Homrighausen, and I am the Mayor of the City of Dover, Ohio. As a Mayor from a small Southeastern Ohio town, I am honored to be invited for the third time, to testify before this committee and offer a state and local government perspective on climate change. I will focus my remarks on my concerns about how the regulations being discussed would impact local governments -- especially those like my community, which owns and operates a small coal-fired generation facility.

Dover, Ohio, with a population of approximately 13,000, is in the heart of the industrial Midwest, and I believe our experiences are shared by a great number of small to mid-sized municipalities across the region. There are more than 900 commercial and industrial business interests located in the City of Dover. As you would expect, our goal is to provide reliable, affordable services to these businesses and residents -- including electric power. Our 97-year history as a municipal electric community certainly supports these efforts.

Dover's effort toward achieving our goal of affordable, reliable energy is accomplished by incorporating a variety of different processes. The city-owned, 14-megawatt coal-fired power plant (which is also co-fired with natural gas) is our main source of generation. An additional 18-megawatts of "stand-by" electricity can be generated by our natural gas turbine. We have seven diesel generators with a total capacity of 13.4 megawatts. Four of these diesel units are solely owned by the city and three are jointly owned by the city and AMP-Ohio. In addition to our on-site generation capacity, the city owns nine megawatts of capacity from AMP-Ohio's coal-fired Richard H. Gorsuch Generating Plant in Marietta, Ohio, one megawatt of hydro power generated by the New York Power Authority, three megawatts from a landfill gas joint venture, and three megawatts generated by AEP. Finally, any additional needs we have are purchased through our wholesale supplier, AMP-Ohio, on an as-needed basis.

With our on-site capacity we are able to generate approximately 30 percent of our energy demand locally. The reliability and security value of this local resource was punctuated by the events of the August 2003 blackout in our part of the country. While surrounding communities were without power for hours, and in some instances days, the city of Dover never lost power. As noted, our partner in our effort to supply affordable reliable power to our community is American Municipal Power-Ohio, a joint action organization with 119 member-municipal electric systems in five states.

I'm proud to say that Ohio is working to leave behind its outdated image as being the heart of the "rust belt". Ohio's public power communities are leading the way in terms of environmentally responsible electric generation in our region. Collectively, wind, run-of-the-river hydropower and landfill gas are all part of the generation portfolio available to AMP-Ohio member utilities. Energy conservation is also a priority -- and something we've been working to raise awareness of in the City of Dover.

All of us share a concern about the environment, and the recent attention being given to climate change and the impact of greenhouse gas emissions is an important discussion. But, as is usually the case, how best to address these issues is the heart of the debate. I've read about various statistics relating to the impact of the different climate change proposals on the economy, on energy production and on energy prices. Since I am not a scientist or economist, I cannot debate the validity of such studies and whether their results are high, low or right on. However, I am concerned that the cost impact will fall disproportionately on the poor and elderly -- those least able to afford such measures. And, that the impacts will hit especially close to home.

Following the death of my wife Linda's father, at age 45, my mother-in-law raised Linda's two sisters on social security alone, and she was able to put them through college. Today, her only source of income is her \$720 Social Security check. She lives in a 928-square-foot apartment we were able to build for her next to our house. Twenty four percent of her Social Security goes for her utilities -- \$92 in gas and \$80 for electric, water and sewer. Thankfully, she lives in a public power community that provides affordable and reliable electricity generated by coal or she would not be able to live alone. Granted, it is also a big help that we don't charge her rent, but my point is that almost a fourth of her income goes for utilities, which only leaves her \$548 for food, medicine, insurance, gasoline and automobile expenses, cable and phone. Any increase beyond what she has to pay now would be devastating. Fortunately, she is not alone -- others are not as lucky.

My point is to stress the importance of the message that there is no "one size fits all" approach to addressing these issues. States are unique and have engaged on this issue in ways that makes sense and works for them. Some states have clean coal research and development programs, others have tax credits for renewable energy, and still others have renewable portfolio standards. A federal program that sets limits on carbon dioxide and other greenhouse gases could disproportionately penalize some regions. For example, for regions that are highly reliant on coal for delivery of electricity, or on natural gas for manufacturing, a federal mandatory program could be economically devastating -- natural gas used for manufacturing would be diverted to electricity production and prices would become higher and much more volatile. This is something we have already experienced in recent years, although to a much smaller degree.

One of the issues I was asked to consider in my testimony today was the California plan. There are obvious and important differences between California and other regions of the country. I believe that we need to strive to find answers that work to achieve desired goals -- yet balance the needs of the entire nation, and in my case, Ohio in particular.

Nationally, coal represents roughly one-half of our available power supply, and that figure is higher in my region with utilities emitting approximately 40 percent of all greenhouse gas emissions. Compare this to California where coal has limited use in the generation resource mix, and utilities are responsible for about 20 percent of the greenhouse gas emissions. In addition, California's economy does not reflect the same industrial base that exists in our region of the country -- an industrial base that supplies products throughout the nation and is highly sensitive to electricity prices in a global market. In-state generation of coal has not been an option for California utilities for decades, but the Midwest region, and indeed the nation as a whole cannot shut coal out as a resource option -- not if we also want to maintain our national goals of energy independence, reliability and affordability.

One component, as I understand, of the California Plan is a utility-specific ban on long-term power supply agreements with coal-fired plants that emit more carbon than a combined cycle natural gas plant. Presumably, this is a stocking horse for integrated gasification combined cycle technology, which has become the belle of the ball in terms of coal generation in recent years, and many people feel represents the future of coal generation. They may be right, and I certainly support advancements that allow us to burn coal more cleanly. But, with respect to IGCC, the reality is that there is not enough operational data on the performance of IGCC in real world applications to crown it the only option.

There are, however, promising back-end control technologies for traditional coal facilities, such as ammonia and amine scrubbing, with the potential to capture carbon as well. As the debate moves forward in Congress, I believe it is important to focus on the desired end result and take a technology-agnostic approach to allow for the development and deployment of as many innovative options as possible. We need to ensure that workable options to reduce carbon emissions from coal plants are both viable and credible and take into account not only costs, but also operational considerations.

Looking specifically at my community of Dover, Ohio, we are highly dependent on coal-fired generation, both through our local facility and our purchases from the wholesale market. However, unlike larger private utility companies, we do not own or have access to a fleet of power plants that we can selectively control or shut down. Any new climate program must recognize these differences and provide meaningful options for cities like Dover.

Of course, the logical question is “What is Dover doing?” As I mentioned, Dover generates a portion of our electric needs by operating a 14-megawatt coal-fired boiler, co-fired with natural gas burners. Dover was the first municipal electric utility to install co-firing in a commitment to reducing emissions at start-up. Dover is also investigating wind generation by planning to install wind monitors at three of our water towers and at a fourth site the city owns. Although Dover is located in the Tuscarawas Valley, which experiences intermittent wind flow, we won’t know if wind generation is feasible until all pertinent data is collected. By late August of this year, Dover’s new bag house will be in operation, which will further reduce the emissions from our coal-fired unit. As we speak, our antiquated Boilers #1, #2 and #3 are in the process of being demolished to provide the needed space in our generating facility to install new, state-of-the-art clean coal generation should it become affordable. In the mean time, through our wholesale power supplier, Dover is a participant in the development of new coal-fired generation utilizing proven generation technology with innovative back end control technology, and we are participating in a pilot studying potential carbon capture methods. Through our wholesale supplier, we are also part of the Midwest Regional Carbon Sequestration Partnership.

Public power communities in my region have taken important steps to diversify our existing generation supply and utilize “clean” resources, including wind, landfill gas and run-of-the-river hydro power -- and have been recognized statewide and nationally for those efforts. These investments have been at a scale and scope that work for our region -- and we are looking at additional generation investments that are carbon free.

The City of Dover has been designated a “Tree City USA” for 26 consecutive years. During that time we have planted 3,540 curb strip trees. Additionally, for the past 23 years the city has distributed an average of 235 Dogwood trees to all first-grade students in the Dover grade schools, for a total of 5,405 additional trees. The city has three parks with several thousand trees, or an additional +/- 6,000 trees. Since the mid 1980's the city has developed 13 residential allotments ranging in size from 12 lots to 150 lots, with each lot required to have a least one tree planted. (The majority of these trees are included in the curb strip tree numbers). This does not take into account all of the other trees in the city that are on private property and in addition to our curb strip trees. All combined, a minimum of 15,000 trees have been planted within the city over the last 26 years.

Energy efficiency is clearly a critical component in the climate change equation, since reduced consumption of electricity in most cases reduces emissions and in all cases postpones the need for new generation. We are utilizing tools that provide practical advice in energy conservation available from our national association, the American Public Power Association, for use with our consumers. The city has an energy audit program, working with our largest customers to help them identify the benefits of increased use of energy efficient lighting and other measures to reduce energy demand. We have made conservation a theme in communications with our residential customers through festivals and other events, emphasizing the critical importance of reducing demand. We routinely distribute energy information and energy conservation tips in our monthly utility bills. The city has also accomplished system upgrades, improving voltages and increasing overall efficiency of our electric system. The city has changed our street lighting program by replacing high voltage, high energy street lights with energy efficient street lights. Dover has 2892 total street lights. To date we have replaced 2250 or 78% of our street lights. The monthly savings in kWhrs realized is 18,667. It takes 1.35 pounds of coal to generate 1 kWhr of electricity. Multiplying 18,667 kWhrs by 1.35 equals 25,200.45 pounds of coal or 12.6 tons of coal per month which equals 151.2 tons of coal the City of Dover does not have to burn just by changing our street lights. Once we complete our change-out program this year, the City of Dover will save an additional 43 tons of coal on an annual basis. In addition, we have held mercury thermometer recycling events, which not only keep these devices containing mercury out of our solid waste streams, but also serve to remind residents to “think globally and act locally.” These are outward and visible examples of a commitment to a clean environment and to future generations.

As the Committee continues to investigate climate change and consider possible new regulatory regimes, I urge you to remember cities like Dover, Ohio. Please recognize that we have an industrial base that helps supply the nation, that we are located in a region with a still-struggling economy, and that our part of the country is historically dependent on coal-fired generation and doesn't have the ability to rely on renewable resources to the same extent as some other regions.

Please also recognize that we understand the need to be responsible environmental stewards and are looking for ways to balance the desire to do so with our need to maintain a viable economy. A plan that starts everyone at “square one” and doesn't recognize the investments already made is neither viable nor credible. In short, don't penalize us for our past good behavior, nor unreasonably restrict our ability to meet the needs of our community. We also encourage you not to pre-empt state efforts to tailor programs that work to balance the unique needs of the varying regions of our great country.

I would hope that any regulatory structure enacted would be economy-wide and apply to all industry sectors, would take into account the financial impacts on consumers and protect the ability of the United States to compete in a global marketplace, and would recognize the need to maintain reliability and protect national security. I also whole-heartedly welcome investments the federal government can make in advancing a range of clean-coal technologies, renewable energy generation and energy efficiency programs that benefit all utility sectors and consumers.

This Committee, and Congress, has an enormous task at hand. I would ask you to consider the information I have presented, the information presented by my fellow panelists and all other pertinent information available, prior to finalizing any legislation. Please keep in mind that passing legislation too quickly increases the risk of passing the wrong legislation.

Again, I want to thank you for this opportunity and your work on this issue, and I look forward to responding to any questions you might have.