

**Testimony of**

**AARP Pennsylvania**

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**Associate State Director**

**On House Bill 11**

**Amending the Alternative Energy Portfolio Standards Act of 2004**

**Before the**

**House Consumer Affairs Committee**

**Harrisburg, PA**

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Good morning, my name is Desiree Hung, Associate State Director of Advocacy for AARP Pennsylvania.

Chairmen Roae and Chairman Matzie, distinguished members of the committee, thank you for allowing me the opportunity to testify today on behalf of AARP and its 1.8 million members throughout Pennsylvania.

At AARP we believe no one's possibilities should be limited by their age and we work to help people live and age as they choose. That's why we are such strong advocates for fair and affordable utility rates and reliable service. We believe consumers must have access to safe, affordable, and high-quality utility service. Indeed these are lifeline services that impact the health and safety of residents of all ages.

We're here today because we have very serious concerns about House Bill 11, and its proposal to impose a significant new surcharge on Pennsylvania's electricity ratepayers that would benefit the states nuclear power providers. In fact, when you take a close look at the proposal, the bailout plan is nothing more than a way to increase the profitability of our state's aging nuclear power plants, at the expense of electricity customers.

House Bill 11 will raise electricity rates for only Pennsylvania customers, even though our nuclear plants provide power to a regional grid that supplies customers in 12 other states. That means Pennsylvania electricity ratepayers would be paying a premium so customers in other states can enjoy discounted electric rates. We believe that's just not fair.

It's important to note that other states have ignored a bailout for nuclear power providers with no ill effects on their electricity market. States including California, Vermont, Michigan and

Wisconsin have seen some of their nuclear plants close without a bail out and have experienced no impact on reliability. PJM Interconnection, which runs the 13 state electrical grid for this region, has already completed its own analysis here and concluded that lack of a bailout plan here in Pennsylvania will not impact the reliability of our regional electricity grid.

AARP also has opposed similar single state surcharges benefitting the nuclear industry in other states. We believe if a surcharge or special payment is needed, it should be considered on a regional basis by PJM--and that's exactly what they are doing.

We believe the bailout included in House Bill 11 is completely unnecessary. Currently, four out of five nuclear power generators in Pennsylvania are profitable – and are projected to make a total profit of more than \$600 million this year alone. In addition, those generating stations are clearing the capacity PJM market which means too that they will remain profitable for at least the next 5 years.

We're also concerned about the size of the bailout. One estimate sets the price tag of a bailout at \$500 million—but it's important to remember that will be \$500 million *per year* for at least six years—the initial term of the surcharge in House Bill 11. That's putting Pennsylvania ratepayers on the hook for \$3 billion—far more than previous bailouts proposed in other states.

The current version of the bailout proposal would give nuclear power plants special protections as part of the state's Alternative Energy Portfolio Standard (AEPS) similar to wind and solar power generators. But that law was intended to advance the development of new and

innovative renewable energy technology, not bail out aging and uneconomical nuclear reactors that can't compete anymore in the electricity marketplace.

To be clear, AARP is not opposed to nuclear power. AARP is fuel neutral. However, we strongly oppose the imposition of a massive new surcharge on the backs of all Pennsylvania consumers and businesses that will increase their monthly bills.

The proposed rate surcharge will be a significant burden for consumers of all ages. Higher utility bills will force many individuals and families to jeopardize their health and safety by making difficult choices like turning down the heat in winter, not using air conditioning in summer, or having to choose between paying the electric bill or buying groceries or prescription medications.

So on behalf of AARP members and consumers statewide, we are asking you to reject this costly and unnecessary bail out.

In the end, Pennsylvania utility customers of all ages expect to pay fair and reasonable prices for electricity – and not a dollar more. We need our elected leaders need to put the interests of consumers above those of already profitable nuclear power companies.

Pennsylvania electricity consumers deserve nothing less.

We thank you again for holding these public hearings and we look forward to a continued robust dialogue on the merits of this legislation well beyond today.

Thank you.