How the High Cost of Power from Prairie State is Affecting Bowling Green Municipal Utilities’ Customers

The high cost of power from the Prairie State Energy Campus will cost the City of Bowling Green and its ratepayers approximately $118 million between 2012 and 2021 as compared to buying energy from AMP’s Northern Pool and capacity and supporting auxiliary services from the PJM markets.

- The average residential ratepayer will pay an extra $1,870 between 2012 and 2021 just due to the high cost of power from Prairie State.
- The average commercial customer will pay almost $7,800 more for power.
- The average industrial customer will pay almost $566,000 more for power.
- Bowling Green State University will pay approximately $17.6 million more for power.
- We estimate that Southeast Container will pay more than $15 million more for power.

The extra cost of power from Prairie State in just 2012 and 2013 was more than $11 million higher than it would have cost to purchase the same amount of power from the wholesale electric markets.

On top of these higher power costs, Bowling Green ratepayers also will pay for the City’s higher costs for power for city-owned facilities.

This analysis uses the following data:

1. Actual Prairie State generation and PJM energy and capacity market prices for 2012 and 2013.
3. The actual capacity prices resulting of the PJM capacity auctions through May 2018.
4. Actual BGMU KWh sales by customer class for the years 2011-13.

The analysis also assumes that the price of purchasing capacity through the PJM capacity auction will remain at $120 per megawatt day beginning in June 2017.
In addition, this analysis includes those Prairie State costs that have been deferred in 2013 and 2014 as part of AMP’s Prairie State cost levelization plan.

Finally, the analysis does not reflect any costs associated with the nearly eleven million of tons of carbon dioxide (CO$_2$) that Prairie State will emit each year.

**Residential Customers**

- Bowling Green Municipal Utilities (BGMU) had 12,684 residential customers in 2013 – with, on average, each residential customer using 650 KWh each month of the year. Residential ratepayers purchased 19% of the power sold by Bowling Green Municipal Utilities (BGMU) during the year.

- Between 2012 and 2021, residential ratepayers, in total, will pay almost $24 million in higher power costs due to Prairie State. This is approximately $1,870 for an average ratepayer.

**Commercial Customers**

- BGMU had 1,770 commercial ratepayers in 2013 with, on average, each commercial customer using 2,762 MWh each month of the year. As a class, commercial customer class purchased approximately 11 percent of BGMU KWh sales in 2013.

- Between 2012 and 2021, commercial ratepayers, in total, will pay $13.7 million in higher power costs due to Prairie State. This is approximately $7,800 for an average commercial customer.

**Industrial Customers**

- BGMU had 79 industrial customers in 2013. Each industrial customer used, on average, 215,000 KWh each month in the year. As a class, industrial customers purchased approximately 39 percent of the KWh sold by BGMU in 2013.

- Between 2012 and 2021, industrial customers, in total, will pay nearly $45 million in higher power costs due to Prairie State. The average industrial customer will pay almost $556,000 more.

**Bowling Green State University**

- In 2013 Bowling Green State University purchased 72.4 million kilowatt hours of power from the City. This alone represented 15.6 percent of the power sold by BGMU that year.

- Between 2012 and 2021, the University will pay approximately $17.6 million in higher power costs due to Prairie State as compared to buying energy from AMP’s Northern Pool and capacity and supporting auxiliary services from the PJM markets.
Southeastern Container

- We have not seen any information on the power purchased from BGMU by Southeastern Container. However, the City has said that it has two large power users, the University and Southeastern Container. The City also has provided its total kilowatt hour sales to large power purchasers in the years 2011 through 2013. In addition, the University has provided its annual consumption of power in each of these years. Based on this information, we estimate that Southeastern Container used approximately 13 percent of the kilowatt hours sold by BGMU in 2013.

- Consequently, we estimate that Southeastern Container will pay approximately $15 million in higher power costs between 2012 and 2021 solely due to Prairie State.