OMA ENERGY GROUP
WEEKLY BRIEFING

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Statewide

PUCO Holds Its Business-Focused EE Workshop

Summary: DNV Services (DNV), Enervee, and Industrial Energy Users-Ohio (IEU) served as panelists in the second of the PUCO's five energy efficiency (EE) workshops, which are focused on the business sector. DNV and Enervee, both of which provide various EE services, advocated that electric distribution utilities (EDUs) are the appropriate entities to administer EE programs in Ohio due to their "existing deep, customer relationships" and their purported success with administering the pre-House Bill 6 EE programs.

DNV and Enervee said the PUCO should authorize EDUs to recover EE-related costs from customers on a non-bypassable basis to maximize the "benefits" of EE programs. Enervee also proposed a financing program to assist low-income customers in purchasing energy efficient appliances. Under the proposal, Enervee would provide financing to eligible customers – and in case of default, a Loan Loss Reserve funded by other customers would reimburse Enervee.

Contrastingly, IEU stated that large, energy-intensive customers already have an incentive to remain competitive by identifying and financing their own EE projects, and that HB 6 evidenced the legislature's intent to eliminate involuntary EE programs.

AES Ohio

OMAEG Opposes Excessive AES Ohio Distribution Rate Increase (Case Nos. 20-1651-EL-AIR, et al.)

Summary: The OMAEG submitted its post-hearing brief in the AES Ohio distribution rate case, advocating that the PUCO should reject AES Ohio's proposed rate increase as it is excessive, unjust, and unreasonable. The brief also opposed AES Ohio and the PUCO staff's proposed customer class allocation, which if adopted would result in an estimated increase as high as 9.71% for secondary service single-phase customers; as high as 17.56% for secondary three-phase customers; and as high as 13.32% for primary service customers. Lastly, the brief urged the PUCO to enforce the distribution rate freeze that AES Ohio committed to while it is still operating under its modified first Electric Security Plan (ESP I).

FirstEnergy

Developments Occur in PUCO's Ongoing HB 6 Audits (Case Nos. 20-1502-EL-UNC, et al.)

Summary: This week, the PUCO expanded its ongoing audit of FirstEnergy's spending in support of House Bill 6 by soliciting an auditor to determine whether FirstEnergy's statements in the case are sufficient to ensure that political and charitable costs were not directly or indirectly included in customers' charges. Proposals from prospective auditors are due April 6.

Also in the PUCO HB 6 spending audit, an administrative law judge agreed with the OMAEG and another party in determining that FirstEnergy must produce information to parties – which was also provided to FERC staff in connection with a federal audit of FirstEnergy Corp. and its subsidiaries – that determined that customers were charged for HB 6 lobbying expenses. The OMAEG and one other consumer group were the only parties to oppose FirstEnergy's attempt to avoid its discovery obligations, and the judge stated that the OMAEG's arguments were well-taken.

In another PUCO HB 6 audit, the PUCO denied an appeal concerning a subpoena of the initial auditor of FirstEnergy's Distribution Modernization Rider (DMR) for a deposition, and clarified that the initial DMR auditor will attend the evidentiary hearing in the proceeding and be made available for cross-examination. Text messages exchanged between FirstEnergy executives suggest that former PUCO Chair Randazzo may have played a role in ensuring that the initial DMR audit report was never filed.

Additionally, the administrative law judge presiding over all four of the PUCO's HB 6 audits filed a letter withdrawing from the proceedings. The letter states that the attorney examiner has "review[ed] legislation pending before the General Assembly and advise[d] the Chair and Commissioners regarding legal issues raised by such legislation..." and "has presided over many cases involving the subsequent implementation of legislation…", including HB 6. Given the "truly unique circumstances", the attorney examiner concluded that it was in the best interest of the PUCO for him to withdraw from presiding over the four HB 6 audits.