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Federal

Bankruptcy Court Approves Energy Harbor and OVEC Settlement (Case No. 18-50757)

Summary: On June 15, 2020, a federal bankruptcy court approved the settlement agreement between Energy Harbor and Ohio Valley Electric Corporation (OVEC) in the FirstEnergy Solutions (FES) bankruptcy proceeding. Under the agreement, Energy Harbor will assume the role and obligations of FES in the OVEC contract as of June 1, 2020. Energy Harbor agreed to pay OVEC \$32.5 million in exchange for OVEC permanently withdrawing the lawsuit.

Statewide

Stakeholders Submit Reply Comments on FirstEnergy Corporate Separation Plan (Case No. 17-0974-EL-UNC)

Summary: On June 15, 2020, stakeholders submitted supplemental reply comments on FirstEnergy's Corporate Separation Plan. The Retail Energy Supply Association (RESA) and OCC commented that the PUCO should follow the auditor's recommendations including: developing a compliance program; transferring service personnel; and re-examining FERC classifications of shared service employees. Interstate Gas Supply, Inc. (IGS) reiterated that FirstEnergy utilities are unlawfully selling competitive retail services. IGS also commented that the audit report is still relevant even if Energy Harbor is no longer a FirstEnergy affiliate. FirstEnergy argued that no stakeholder addressed the primary purpose of the audit report: whether the utility's unregulated generation affiliate is a barrier to retail electric competition. FirstEnergy also defended its use of shared senior officers among its holding companies.

OEG Opposes OMAEG's Request for Reconsideration of Reasonable Arrangement Order (Case No. 18-1191-EL-ORD)

Summary: On June 15, 2020, the Ohio Energy Group (OEG) opposed OMAEG's request for reconsideration of the PUCO's order adopting changes to its Reasonable

Arrangement rules. OEG claimed that OMAEG pushed for unreasonable and unnecessary limitations on the structure of reasonable arrangements that would undercut the commission's flexibility. OEG argued that the minimum requirements and commitments recommended by OMAEG are unduly burdensome and could discourage capital investment in Ohio. No other entity or utility opposed OMAEG's request for reconsideration.

The PUCO Declines to Adopt Substantive Changes to Rules on Electric Utility Affiliates (Case No. 18-1190-EL-ORD)

Summary: The PUCO considered various proposed changes to its rules governing the operation between electric utilities and their affiliates, such as: adding a definition for the term "unregulated service," including a provision requiring that unregulated services be accounted for on the affiliate books at fully allocated costs, inserting new language to better define a utility's duties in a "declared emergency situation," and adding a provision in which "noncompetitive" retail electric service providers would not be required to file a corporate separation plan. However, the PUCO ultimately decided to reject the proposals and made only non-substantive changes to its rules.

The PUCO Modifies COVID-19 Procedures Allowing Door-to-Door Solicitation (Case Nos. 20-0591-AU-UNC, et al.)

Summary: On June 17, 2020, the PUCO modified its March 17, 2020 directives, which suspended certain marketing and solicitation activities. Effective immediately, all competitive retail electric service (CRES) providers and competitive retail natural gas service (CRNGS) suppliers are permitted to resume door-to-door marketing services, pursuant to all requirements and best practices issued by state and local health authorities.

AEP Ohio

OMAEG Submits Comments on AEP HB 6 Decoupling Mechanism Case (Case Nos. 20-1099-EL-ATA, et al.)

Summary: OMAEG submitted [comments](#) on AEP's application to implement a decoupling mechanism under HB 6 to recover lost revenues for 2019 and beyond. OMAEG opposed AEP's application, arguing that AEP failed to timely file its application and satisfy the statutory requirements of the law. OMAEG also explained how AEP is attempting to use the Decoupling Mechanism to recover lost revenues until its distribution rate increase becomes effective, while it is simultaneously deferring for potential future recovery lost revenues associated with COVID-19. OMAEG raised

concerns with AEP's apparent attempt to double recover the same foregone revenues from customers. Finally, OMAEG recommended that if the PUCO approves the application, the tariff language should require that the proposed HB 6 rider be subject to refund for lost revenues that the PUCO deems unreasonable or that AEP already collects through other riders.

The PUCO Approves Stipulation Resolving AEP DIR Case (Case No. 17-38-EL-RDR)

Summary: The PUCO approved a stipulation filed by Staff and AEP, resolving all issues relating to AEP's Distribution Investment Rider (DIR) for 2016 and 2017. In 2012, the PUCO approved the DIR under AEP's ESP II to allow for the recovery of capital costs for distribution infrastructure investments. Under the stipulation, expenses that the auditor found do not benefit the projects will be disallowed and addressed as part of the new base distribution case. The next DIR auditor will further review equipment inventory and compliance with the Tax Cuts and Job Act.

Columbia Gas

The PUCO Approves Columbia's COVID-19 Transition Plan (Case No. 20-637-GA-UNC)

Summary: The PUCO approved Columbia's transition plan to return to pre-COVID-19 activities and operations. Columbia will begin issuing termination notices for nonpayment on customers' bills, commencing with Unit 1 of June billing (May 29, 2020). Columbia will inform customers of bill payment assistance options and will not disconnect customers for nonpayment occurring before July 29, 2020. Effective with Unit 1 of August billing (July 29, 2020), Columbia will begin to disconnect customers for nonpayment and will resume collecting late fees, reconnect fees, and arrearages that were postponed during the emergency, prior to reconnecting service. Finally, Columbia will postpone deposits for the reconnection of small commercial customers until November 1, 2020, and the postponed amount will be assessed on future bills.

Duke

The PUCO Rejects Duke's Reasonable Arrangement Proposal for COVID-19 Plan (Case Nos. 20-599-GE-UNC and 20-1011-GE-AAM)

Summary: The PUCO approved Duke's COVID-19 Plan and the company's suspension of all disconnections for non-payment, waiver of all late fees to be deferred

for subsequent recovery as a regulatory asset, and other actions intended to minimize social contact. The PUCO directed Duke to work with Staff to develop a transition plan for the resumption of activities and operations once the emergency ends. The transition plan must address extended payment plans for both residential and non-residential customers and be filed 45 days prior to the resumption of activities, which are intended to avoid abrupt disconnections of customers once the emergency is deemed over. As OMAEG recommended, the PUCO rejected Duke's reasonable arrangement proposal to recover lost revenue associated with temporary demand ratchet reductions during the emergency. Instead, the PUCO adopted Staff and OMAEG's recommendation to make optional extended payment plan mechanisms available to non-residential customers who are subject to the demand ratchet reductions. The mechanism will allow any eligible non-residential customers an accumulated payment arrearage to maintain service while eliminating the arrearage over a reasonable period, relative to Ohio's phasing out of the stay-at-home order. The PUCO granted Duke deferral authority for the expenses and forgone revenues associated with its COVID-19 Plan. However, the PUCO acknowledged OMAEG's concerns about the economic impact on customers and prohibited Duke from adding carrying costs on to the deferral amount. Finally, the PUCO followed OMAEG and other stakeholders' recommendations and emphasized that Duke will only be able to recover deferred amounts that are prudently incurred, properly computed, reasonable, and free of double recovery.

The PUCO Grants Duke Deferral of 2019 Vegetation Management Expenses (Case No. 19-1771-EL-AAM)

Summary: The PUCO granted Duke's application to defer approximately \$7 million in 2019 vegetation management expenses for potential future recovery through the Electric Service Reliability Rider (ESRR), but the PUCO did not authorize Duke to add carrying costs to the deferred amounts. As a condition of its deferral authority, Duke must meet periodically with staff to discuss and review vegetation management work. The PUCO noted that it does not guarantee actual recovery of any costs until the costs are reviewed in a future proceeding.

The PUCO Strikes Shared Savings Provision from Duke's Application for New EE Programs (Case No. 20-1013-EL-POR, et al.)

Summary: The PUCO removed the shared savings provision from Duke's application to establish its Energy Efficiency (EE) and Demand Side Management (DSM) Portfolio Programs. The PUCO explained that Ohio electric distribution utilities have been directed to wind down their existing EE programs. Instead, Duke's application proposes to replace them. The PUCO stated that it is its duty to follow the General Assembly's intent in passing HB 6 to reduce the costs to consumers. Approving these shared savings provisions would be against this objective. The PUCO further stated that Duke's

application failed to show that the shared savings provision was needed, and that the shared savings provision was not supported by law.

FirstEnergy

PUCO Modifies Refund Language in FirstEnergy HB 6 Decoupling Tariffs (Case Nos. 19-2080-EL-ATA, et al.)

Summary: FirstEnergy filed revised tariffs to implement the HB 6 decoupling mechanism. OCC opposed the tariffs, arguing the tariffs improperly limit refunds to customers only when there is double recovery of costs. On June 17, 2020, the PUCO agreed with OCC and determined that the refund language included in the tariffs was too narrow and should not be limited solely to instances of double recovery. Instead, the PUCO stated it intended refunds to be available for a variety of outcomes resulting from the audits of the Demand Side Management and Energy Efficiency (DSE) Rider and the Conservation Service Rider (CSR). The companies were directed to file revised tariffs, which are deemed effective upon filing.