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Statewide

The PUCO Approves the New HB 6 Rider to Subsidize Power Plants (Case No. 20-1143-EL-UNC)

Summary: HB 6 requires the electric distribution utilities (EDUs) to collectively collect from customers \$170 million annually to fund the Clean Air Fund to subsidize the Ohio nuclear plants (now owned by Energy Harbor) and five solar arrays. Despite the HB 6 repeal efforts that are underway, on August 26, 2020, the PUCO adopted Staff's allocation and rate design proposal for the nonbypassable recovery mechanism, the Clean Air Fund Rider (Rider CAF), and created the new charge to begin to be collected from customers in January 2021.

Specifically, the PUCO approved the \$170 million annual revenue requirement to be allocated to each EDU based on the total number of kWhs sold by each EDU during the preceding calendar year. Residential customers will pay \$0.85 per month and each EDU will then collect the nonresidential portion of its allocated share of the total revenue requirement by dividing the forecasted annual nonresidential kWhs, for all kWhs up to 833,000 per month per customer, to determine a \$/kWh rate for each nonresidential customer's usage up to 833,000 kWhs per month. As OMAEG warned in its comments, the likely effect of this allocation method will be that similarly situated non-residential customers will be charged disparate rates based on the number of residential customers in their service territory and which service territory their business operations are located in.

The PUCO also rejected OMAEG's comments and unlawfully included the Commercial Activity Taxes (CAT) in Rider CAF. Ratepayers typically only pay tax-gross ups for EDU services, for which Rider CAF does not recover costs. Additionally, the PUCO applied the revenue requirement cost cap of \$2,400 per month to *any* nonresidential customer eligible to self-assess.

The PUCO did not require bill impact analyses to be completed to ensure that customers are not being charged "abrupt and excessive" charges as required by HB 6.

The PUCO also rejected FirstEnergy's brazen recommendation that its customers' Rider CAF charges be offset based on amounts FirstEnergy recovered pursuant to the new OVEC Rider charge, another provision of HB 6 supported by FirstEnergy. Lastly, the PUCO adopted Staff's recommendation that the EDUs have two opportunities to adjust Rider CAF, where the collection balance is significantly over/under the expected amount, and based on revenues for the 12-month period ending each year, as incorporated in the new year's rider update. But the PUCO failed to require the tariffs to include reconciliation and refund language for any surplus that exists in the Clean Air Fund at the end of 2027, despite OMAEG's recommendations and HB 6's requirements.

The PUCO Approves EDUs' Modifications to SSO Auction Products (Case Nos. 16-776-EL-UNC, et al.)

Summary: In response to the delay of PJM's base residual auction, the PUCO approved EDUs' plans to modify their current standard service offer (SSO) procurement auctions scheduled for Fall 2020 and Spring 2021 by substituting a 12-month product for the current, planned products.

AEP and FirstEnergy will remove the 36-month product for both the Fall 2020 and Spring 2021 auctions, allocating each auction's entire tranche target of 33 to the 12-month product for each auction. Similarly, Duke will remove the 36-month product for both auctions and allocate each auction's entire tranche target of 17 to the 12-month product for each auction. The EDUs asserted that their plans will eliminate uncertainty for participating bidders with respect to forward prices.

Duke

Duke Opposes PUCO Staff Report for 2019 Rider MGP Recovery (Case No. 20-53-GA-RDR)

Summary: On August 21, 2020, Duke submitted unsolicited comments on the PUCO Staff report regarding the 2019 adjustment of Duke's Manufactured Gas Plant Rider (Rider MGP). Duke argued that its recovery should not be limited to a specific geographic area, as Staff recommended, but rather include *all* prudently incurred costs. Duke also opposed Staff's recommendation to offset roughly \$50.5 million in insurance proceeds against costs incurred. Duke, instead, wants to hold the proceeds during the remediation of the MGP sites until remediation is complete and collect its current expenses from customers. As it has done with previous MGP cases, OMAEG intervened to advocate for members against any unlawful and unreasonable costs that Duke seeks to recover.