OMA ENERGY GROUP
WEEKLY BRIEFING

The Ohio Manufacturers' ASSOCIATION

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Statewide

Public Utilities Commission of Ohio (PUCO) Approves Recovery of OVEC Costs (Case No. 21-477-EL-RDR)

Summary: Disappointingly, the PUCO approved recovery of $115 million from Ohio customers to subsidize two aging, uneconomic coal plants—one of which is in Indiana—operated by the Ohio Valley Electric Corporation (OVEC). These coal subsidies were collected through the non-bypassable Legacy Generation Resource Riders, which were created by House Bill 6. Despite every intervenor in this case explaining how these staggering costs resulted from the utilities' unreasonable and imprudent actions during 2020, the PUCO deemed the $115 million prudently incurred and refused to order any refunds. The PUCO also found that OVEC's must-run commitment strategy and its high-cost coal procurement practice were prudent.

AEP

PUCO Deems AEP's 2018–2019 OVEC Costs Prudent (Case No. 18-1004-EL-RDR)

Summary: The PUCO approved AEP's recovery of over $74.5 million in OVEC costs from customers through its old OVEC rider, finding that those costs were prudently incurred, even the high coal contracts and those attributed to OVEC's must-run commitment strategy, and that AEP prudently handled its OVEC entitlement.

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PUCO Upholds Decision Deeming AEP's 2016–2017 OVEC Costs Prudent (Case No. 18-1003-EL-RDR)

Summary: The PUCO denied OMAEG's application for rehearing opposing the collection of over $60.9 million in OVEC costs from Ohio customers and the PUCO's failure to order AEP to credit $342,413 to customers as compensation for *some* of AEP's overcollections during the audit period.

AES

PUCO Deems AES' 2019 OVEC Costs Prudent (Case No. 20-165-EL-RDR)

Summary: The PUCO approved AES' recovery of over $10.8 million in OVEC costs from customers through its old OVEC rider, finding that those costs were prudently incurred, even the high coal contracts and those attributed to OVEC's must-run commitment strategy, and that AES prudently handled its OVEC entitlement.

Duke

PUCO Upholds Decision Deeming Duke's 2019 OVEC Costs Prudent (Case No. 20-167-EL-RDR)

Summary: The PUCO denied OMAEG's application for rehearing opposing the collection of over $24.6 million in OVEC costs from Ohio customers during the audit period.

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FirstEnergy

FirstEnergy Implements New Distribution Capital Recovery (DCR) Rider Rate Design

(Case No. 23-301-EL-SSO)

Summary: In approving FirstEnergy's Fifth Electric Security Plan (ESP V), the PUCO ordered FirstEnergy to modify Rider DCR's rate design from a per kW billing demand charge to a percentage of base distribution charge. However, FirstEnergy was unable to implement the new rate design by June 1, 2024 (when ESP V went into effect). As a result, Rider DCR was charged on a per kW billing demand basis from June 1, 2024 to September 30, 2024. The resulting difference between what FirstEnergy actually collected during that period and what it would have collected had the new rate design been in effect will be reconciled going forward.