AEP Ohio and FirstEnergy have modified their profit guarantee proposals in rehearing requests filed this week with the Public Utilities Commission of Ohio.

The filings follow April 27 orders from the Federal Energy Regulatory Commission in which the commission blocked controversial Power Purchase Agreements approved by the PU CO, saying they must first meet federal approval. (See Gongwer Ohio Report, April 28, 2016)

Left scrambling, the two companies, in rehearing requests filed earlier this week, modified their requests to ensure profits while seeking to avoid a protracted battle with FERC, where the plans would face a higher threshold of passing muster.

"Because any subsequent proceeding at FERC to review the PPA would require a much more lengthy time period to come to conclusion, the companies have modified how Rider RRS charges and credits will be calculated so that Rider RRS will continue to provide all the rate stabilization benefits recognized in the order, but without reliance on the PPA or any other contractual arrangement or other involvement of FES," FirstEnergy Vice President Eileen Mikkelsen said in written testimony.

Specifically, FirstEnergy is backing down on the provisions in its plans that FERC shot down, but it's requesting the PU CO still allow the company to move forward in other areas, including the implementation of consumer price hikes.

Under the new proposal - which contains what the company describes as "modest" changes - actual costs and generation output, it said, would be replaced with cost and generation forecasts already shared with the PU CO during the hearing process. The rider RRS would be filed annually based on forecasted energy prices and known capacity prices, according to FirstEnergy, and will be true-up quarterly.

The company said the modified plan would "preserve the comprehensive benefits contained in the original plan by offering energy efficiency programs, evaluating smart grid technologies, and providing low-income customer assistance."

Because the proposal is based on evidence already reviewed during the lead up to the prior ruling, FirstEnergy has requested a PU CO decision by May 25.

Ohio Energy Group, in its own filing, seconded that request. OEG members have already executed service contracts with competitive suppliers under the PU CO's initial decision that was previously set to take effect June 1, the group said.

"Failure to implement the recently approved Rider ELR program as of that date would result in substantial economic disruption to those customers," the group's attorneys wrote in a filing.
AEP, on its part, is asking the PUCO to approve a more limited Power Purchase Agreement with coal plant provisions that would apply only to AEP holdings in the Ohio Valley Electric Corp, according to the filing. That's a fraction of the company's assets represented in the previous plan.

"The company is productively attempting to salvage rather than terminate the commitments made as part of the beneficial package of the stipulation in a reasonable and modest way," according to the company's filing.

"The company is pursuing this even though the central feature of the Affiliated PPA is no longer included. However, to effectuate this result in a manner that is fair and acceptable to AEP Ohio, it is imperative that the commission scale back the credit commitment and reverse or clarify the modifications, as set forth herein, in adopting an OVEC-only PPA Rider on rehearing."

It also requests the PUCO reverse or clarify its directive regarding the company's obligations to enhancing solar projects and language precluding the company from including costs of capacity performance penalties in the rider.

The company is also pushing for the PUCO to reverse the 5% customer bill cap - one of several safeguards the PUCO installed when it modified and approved the original plan. (See Gongwer Ohio Report, March 31, 2016)

AEP argues in its filing the "large number" of modifications PUCO made to the plan were not necessary and that they will discourage parties from settlement negotiations in future cases.

The companies aren't the only ones to have requested rehearing in those cases. Buoyed by the FERC rulings, opponents are hoping to make more progress in derailing the plans by asking the PUCO to reconsider.

The Ohio Consumers' Counsel, the Ohio Environmental Council, the Environmental Defense Fund, the Environmental Law and Policy Center and the Ohio Manufacturers' Association are among the parties that have filed for a rehearing.

If the PUCO orders aren't reversed, argues the OCC in its filing, "Ohio consumers could end up paying for a whole host of unreasonable and unlawful charges, including excessive profits, an ESP plan that does not produce lower prices than a market plan, and a government ordered subsidy of utility power plants by customers that under the law should be fending for themselves in the competitive generation market."

- See more at: http://www.gongwer-oh.com/programming/news.cfm?article_id=850870206#sthash.Vi9CIT7M.dpuf