



## PUCO seeks appointment of receiver for Youngstown Thermal

July 3, 2017

On June 30, 2017, the Public Utilities Commission of Ohio (PUCO) issued a Finding and Order that directed the Ohio Attorney General to seek appointment of a receiver to oversee Youngstown Thermal, LLC and Youngstown Thermal Cooling, LLC's financial affairs and service of the company's customers. This Order came one day after PUCO staff recommended appointment of a receiver for the company. During its investigation, PUCO staff determined that Youngstown Thermal is financially unable to pay its utility suppliers, debt service and employees. They also determined that the company's debt would substantially exceed its revenue if it were to lose any one of its three largest customers. Therefore, the PUCO determined that the company is in danger of breaching its duty to furnish adequate service to its customers pursuant to R.C. 4905.22.

The staff report provides some details regarding Youngstown Thermal's financial issues, which include the company's difficulty paying its electric, natural gas and water bills. The company's financial troubles were exacerbated by the recent loss of one of its largest customers, Youngstown State University. The report also indicates that the company may be owed substantial amounts from its customers. Youngstown Thermal's CEO has publicly stated that its four largest customers owe the company a combined amount of \$1,095,309.

Although this situation is quite rare, the PUCO has previously ordered appointment of a receiver for a financially distressed utility that was in danger of breaching its duty to adequately serve customers.<sup>1</sup> In Youngstown Thermal's case, the PUCO has tasked the receiver with the "collection of accounts receivable, the creation of accurate accounting records and the establishment of new rates for service." It remains to be seen how the appointment of a receiver will impact the Youngstown Thermal's customers, employees and utility suppliers.

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<sup>1</sup> *Rutland Fuel Company, Case No. 86-2013-GA-COI, Opinion and Order at 11 (April 7, 1987).*

# Authors

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**Devin D. Parram**

*Partner*

Columbus

614.227. 8813

[dparram@bricker.com](mailto:dparram@bricker.com)

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