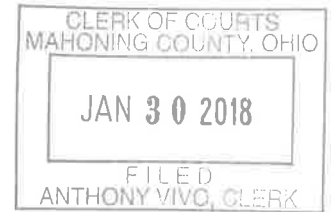


IN THE COURT OF COMMON PLEAS
MAHONING COUNTY, OHIO



State of Ohio *ex rel.* Public Utilities
Commission of Ohio,

Relator,

v.

Youngstown Thermal Cooling, LLC, *et al.*

Respondents.

Case No. 17 CV 1743

Judge R. Scott Krichbaum

RECEIVER'S SECOND REPORT

Now comes the Court-Appointed Receiver, Reg Martin (the "Receiver"), through the undersigned counsel, and herein submits the Receiver's Second Report to the Court. It has been approximately six months since the Receiver was appointed to take over operation of the businesses and assets of Youngstown Thermal Cooling, LLC and Youngstown Thermal, LLC ("the Companies"). There has been significant activity and progress during that time.

The Receiver has taken aggressive steps to collect all accounts receivable by contacting those customers with open receivables. In December, 2017 the Receiver settled a dispute with the City of Youngstown over under billing caused by a broken utility meter. The value of the settlement was \$110,000 to the Companies. The Companies provide steam for heating purposes to the City of Youngstown and the City of Youngstown provides water and sewer services to the Companies. Therefore, in lieu of a cash payment, the Receiver agreed to accept \$110,000 in credits towards current and future water and sewer service invoices. In addition, the Receiver resolved a billing

dispute with the YMCA of Youngstown Ohio, agreeing to accept payment of the full amount due over a five month period, starting in December, 2017. The Receiver also resolved a small claim against Youngstown State University regarding billings after the expiration of their service contract. The Receiver is continuing his efforts to settle any remaining debts owed to the Companies.

The Receiver has participated in regular meetings with officials from the Public Utilities Commission of Ohio (“PUCO”) to share ideas and strategies and receive advice relative to the financial and operational aspects of running a public utility. The Receiver, through counsel, has completed several filings with the PUCO, including final tariffs with the approval of the PUCO. Following the request of the Receiver, the PUCO approved the Receiver’s request to suspend the emergency surcharge, effective December 20, 2017 and the Receiver’s counsel filed final tariffs to implement the emergency surcharge suspension.

In addition, effective January 10, 2018, the PUCO approved the Receiver’s request to implement emergency rates charged to customers. The emergency rates are equivalent to the rates previously charged under the ordinance plus a late filing fee. The Receiver, through counsel, filed final tariffs to implement the replacement emergency rates.

The Receiver continues to seek new customers for the system which would put the Companies on more solid financial footing and is scheduled to meet with City of Youngstown officials to discuss the possibility of applying for available grants to bring on new customers. The Receiver would use this potential grant money to make

equipment upgrades and construct pipeline extensions to service the additional customers.

Operationally, the facility has been running relatively smoothly, taking into consideration the age and condition of the equipment. The facility has encountered some slowdowns due to required maintenance of equipment; however, there has been no interruption of service since there is built in redundancy with two separate boilers available for operations when the main boiler is offline. Each of the boilers has been inspected and all stack emission standards have been met. The Receiver has been working with the EPA and has received operational approval going forward.

Since one of the four boilers is non-operational, the Receiver has commenced the process of disassembling the one boiler in order to sell the materials as scrap which will bring additional revenue to the Companies. The Receiver expects to net between \$5,000 and 10,000 for the scrap materials.

The Receiver is exploring ways to pay for remediation of the asbestos and other hazardous materials in the facility. There are grants that may be available to pay for such remediation. In addition, the Receiver is in discussions with a remediation contractor who may have newer and more efficient boilers for purchase and use as replacement or back up for the current system.

Presently, the facility operation utilizes about 30% renewable energy. The Receiver anticipates that its use of green energy will double to about 60% once its renewable energy supplier completes construction of its new plant in Canada later this year. The use of green energy to operate the boiler saves the Companies considerable expenses which ultimately improves the Companies' cash flow. In addition, the Receiver

is in discussions with its renewable energy supplier about the possible construction of a new plant in Youngstown, Ohio that will not only provide additional less expensive fuel for the Companies but up to 200 jobs for the City of Youngstown.

The colder than usual weather during November to January period has increased sales and enhanced the cash position of the Companies. Since August, 2017 the financial position of the Companies has improved and the Receiver expects to continue to improve the cash position of the Companies during the year and anticipates being close to break even on a cash basis by year-end 2018.

The overall responsibility of the Receiver to operate the Companies and provide heating and cooling services to customers is being maintained. In addition, the Receiver has been able to timely meet his payroll and health insurance obligations to all eligible employees. The Receiver hopes to make available additional employee benefits for the employees consistent with such benefits provided by other local businesses. The Receiver has requested quotes for property and liability insurance from multiple insurance providers; however, to date no insurance company has been willing to write insurance for the Companies. The Receiver intends to explore the possibility of bifurcating the insurance by obtaining a separate policy covering the equipment and one for the premises.

Pending before the Court is counsel for Receiver's Application for Fees. Although the Receiver currently holds sufficient funds to pay counsel for Receiver's fees in full, the Receiver anticipates making monthly payments toward counsel's fees so that the Companies' cash reserves can be maintained for any future unforeseen events or actions. Furthermore, as stated previously, the Receiver, personally, has agreed to not

request compensation or fees until such action is warranted by the financial condition of the Companies. The Receiver will not put himself ahead of the need of the community to receive reliable and consistent utility services.

The Receiver will file future Reports as he deems necessary to keep the Court advised of new and important activity in this matter.

Respectfully submitted,



Kenneth R. Goldberg (0059724)
Strip, Hoppers, Leithart, McGrath &
Terlecky Co.
575 S. Third St.
Columbus, OH 43215
Ph: (614) 228-6345
Fax: (614) 228-6369
krg@columbuslawyer.net
Attorney for Receiver, Reg Martin

CERTIFICATE OF SERVICE

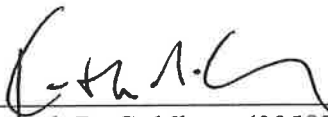
The undersigned hereby certifies that a true copy of the foregoing Receiver's Second Report was served via email or regular U.S. mail on this 29th day of January, 2018, upon:

Thomas W. McNamee
Assistant Attorneys General
Public Utilities Section
30 East Broad Street, 16th Floor
Columbus, Ohio 43215-3414
thomas.mcnamee@ohioattorneygeneral.gov

Thomas M. Gacse
17 N. Champion Street
Youngstown, Ohio 44503
Attorney for YMCA
tgacse@youngstownymca.org

Leonard D. Schiavone
Friedman and Rummel Co., LPA
3801 Starrs Centre Drive
Canfield, Ohio 44406
lschiavone@fandrlaw.com

Richard J. Thomas
6 Federal Plaza Central, Ste 1300
Youngstown, Ohio 44503-1508
Attorney for Home Savings & Loan



Kenneth R. Goldberg (0059724)

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Case No(s). 17-1534-HC-UNC, 89-6012-HT-TRF, 89-6017-CC-TRF

Summary: Report Second Report of Receiver electronically filed by Kenneth Goldberg on behalf of Youngstown Thermal Cooling, LLC and Youngstown Thermal, LLC