



talexander@calfee.com
614.621.7774 Direct

Calfee, Halter & Griswold LLP
Attorneys at Law

1200 Huntington Center
41 South High Street
Columbus, Ohio 43215-3465
614.621.1500 Phone
calfee.com

May 17, 2018

VIA FEDERAL EXPRESS DELIVERY

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
400 North Street
Harrisburg, PA 17120

Re: FES Response to Commission Letter Dated April 27, 2018; Docket No. A-110078, Utility Code 110078

Dear Secretary Chiavetta:

FirstEnergy Solutions Corp. (“FES”), a licensed electric generation supplier in the state of Pennsylvania operating under License No. A-110078, received correspondence from your office, dated April 27, 2018 (“Correspondence”), requesting additional information concerning a Notice of Material Change dated April 2, 2018 (“Notice”) that FES filed and docketed with the Commission. The Notice advised the Commission, pursuant to Section 54.34 of Title 52 of the Pennsylvania Code (“Code”), that FES filed for bankruptcy under Chapter 11 of Title 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Ohio, Eastern Division (“Bankruptcy Court”) on March 31, 2018. The Correspondence indicated that the Energy Industry Group requires answers to certain Data Requests attached to the Correspondence. To fully comply with the request for additional information, FES has provided detailed answers to the Data Requests below.

First, the Correspondence reveals that the Notice was interpreted by the Commission as an “amendment” to FES’ electric generation supplier license application. *See* Correspondence, p. 3. As such, the Correspondence states that “Applicant [FES] failed to provide proof of service of this amendment to two of the Statutory Offices and all Electric Distribution Companies (EDCs) in which the applicant is licensed to operate. Please provide the missing documentation.” *Id.* FES’ Notice did not provide proof of service to the entities listed in Section 6.a and 6.b, because Section 54.32(c) of Title 52 of the Code, explains that “[u]nless directed otherwise by the Commission, the licensee does not need to file an amended application with the Commission.” Accordingly, when FES issued its Notice on April 2, 2018, pursuant to Section 54.32, FES did

not treat the Notice as an “amendment” to its Application that would trigger the proof of service requirements under Section 6.a and 6.b of the Application. FES apologizes for any confusion.

In the spirit of full compliance and cooperation, FES has attached hereto the requisite Proof of Service as set forth in Section 6.a and 6.b of the Application. Although FES has already sent the Notice to six of the nine EDCs (i.e., all EDCs in which FES is currently serving customers in Pennsylvania), some of the addresses used to notify those EDCs may not have been accurate or current according to the addresses identified in the proof of service to the Application. Therefore, to ensure comprehensive compliance, FES has (re)sent the Notice to all entities identified in the Proof of Service attached hereto.

Second, the Correspondence asks for additional details related to FES’ stated commitment that it will continue to serve its Pennsylvania customers and does not anticipate any change in service in the near future as a result of the bankruptcy. FES’ answers to the three topics enumerated in the Correspondence are provided below:

- a. FirstEnergy Solutions Corporation’s long-term goals related to this bankruptcy.

Answer = FES plans, and is able, to continue to serve its existing customers in Pennsylvania. Of utmost importance to FES is providing adequate assurance to its customers that FES will continue to perform under its customer agreements and provide the same level of competitive and innovative service as it has in the past. The Bankruptcy Court has authorized FES to continue operating its innovative customer programs and services, including programs and services designed to cultivate and sustain customer satisfaction and loyalty.¹ For example, FES will continue to honor its obligations concerning its cash-back rewards program, block billing program, budget billing program, fee waivers, customer deposits and customer credits, commitments to customer partners (e.g., third-party brokers), renewable energy obligations, grant obligations, and customer incidents or other service-related issues (collectively, “Customer Programs/Services”). Further, to the extent FES owes any other additional obligations arising from or related to Customer Programs/Services, FES assures the Commission and customers that it will honor those obligations. In short, FES is determined to continue providing the same level of excellent service and benefits for its existing customers in Pennsylvania.

¹ See *In re FirstEnergy Solutions Corp.*, Case No. 18-50757, U. S. BR Court N. D., First Day Motion / Debtor’s Motion For Entry of an Order Authorizing the Debtors to (i) Maintain And Administer Customer Programs And to Perform Under Customer Agreements, (ii) Honor Obligations Related Thereto, And (iii) Establish Procedures For Notifying Customers in the Debtors Chapter 11 Cases Filed by Debtor FirstEnergy Solutions Corp., Docket No. 18, para. 62 (April 1, 2018). This Motion can be accessed via the internet at www.primerclerk.com. This motion was granted at Docket 161.

As far as identifying FES' longer term goals in bankruptcy with respect to its retail business, FES is currently exploring the potential sale and assignment of its retail customer business to third-party suppliers. To date, FES has not entered into any such arrangement – tentative or otherwise – with any suppliers. However, should FES proceed with such sale in the future, FES will fully comply with all applicable state and federal laws, as well as any applicable administrative rules and/or Commission orders.

- b. The long-term disposition of its PA EGS license.

Answer = As explained previously, FES remains committed to serving its existing customers and providing the same level of comprehensive, reliable service it has in the past. Accordingly, FES fully intends to provide any documentation or necessary assurances to maintain its EGS license in Pennsylvania, including providing necessary collateral or other financial guarantees to the EDCs in Pennsylvania to ensure that sufficient collateral or other financial guarantees are provided where necessary. Additionally, FES can also assure the Commission and customers that FES will continue to honor its commitments to regional transmission organizations (“RTOs”), like PJM Interconnection, LLC (“PJM”), to ensure that FES maintains the ability to sell generation into the RTOs’ administered markets, as has been previously approved by the bankruptcy court.²

As far as FES’ long-term intentions with respect to maintaining its EGS license, FES is currently exploring the potential sale and assignment of its retail customer business to third-party suppliers. If FES proceeds with such a sale, FES would no longer serve customers in Pennsylvania after consummating such a sale. Further, should FES pursue the sale of its retail customer business, FES reiterates its firm commitment to fully comply with all applicable state and federal laws, as well as any applicable administrative rules or orders issued by the Commission.

- c. The long-term disposition of its PA EGS customers.

Answer = FES assures the Commission and its customers that FES will continue to perform under its existing customer contracts and continue to operate in the ordinary course of business to minimize any potential interference or disruption to its customers. As stated previously, FES has already received approval from the Bankruptcy Court to continue maintaining and administering customer programs and to continue honoring its obligations to customers. FES remains deeply committed to continue providing excellent customer service and maintaining its market share in an extremely competitive service

² See *In re FirstEnergy Solutions Corp.*, Case No. 18-50757, U. S. BR Court N. D., Docket 161, Order Authorizing the Debtors to (I) Maintain and Administer Customer Programs and to Perform Under Customer Agreements, (II) Honor Obligations Related Thereto, and (III) Establish Procedures for Notifying Customer in the Debtors' Chapter 11 Cases. ¶ 5.

environment by honoring its obligations to customers and continuing to operate in the ordinary course of business consistent with its historical practices.

If FES eventually sells and assigns its retail book of business to a third-party supplier as described previously, FES will comply and satisfy all applicable rules governing the assignment of customer contracts and other related issues as required by state and federal law, as well as by administrative rules and/or Commission orders.

Finally, as requested, FES submits a personal verification of the foregoing answers from an authorized representative of FES pursuant to 52 Pa Code § 1.36. *See* Verification attached. The original copy of the signed Verification has been sent to the Commission via Fed-Ex, while an expedited, electronic copy has been emailed to Jeff McCracken at jmccracken@pa.gov. Should the Commission need any additional information or have any other questions or concerns about the statements made herein, please do not hesitate to contact me.

Very truly yours,

A handwritten signature in blue ink, appearing to read "N. Trevor Alexander". The signature is fluid and cursive, with the first name "N." and last name "Alexander" clearly legible.

N. Trevor Alexander

Enclosure

VERIFICATION

I, KEVIN MIZER, hereby state that the facts above set forth are true and correct to the best of my knowledge, information and belief, and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

Executed on: 5/17/18

Kevin Mizer
Name

Manager, Market Intelligence
Title

CERTIFICATE OF SERVICE

On this 17th day of May 2018, I certify that a true and correct copy of the Notice of Material Change – FirstEnergy Solutions Corp., dated April 2, 2018, and the **NON-CONFIDENTIAL** attachment have been served, as either a hardcopy or a searchable PDF version on a cd-rom, upon the following:

Bureau of Investigation & Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2 West
Harrisburg, PA 17120

Office of the Attorney General
Bureau of Consumer Protection
Strawberry Square, 14th Floor
Harrisburg, PA 17120

Office of Consumer Advocate
5th Floor, Forum Place
555 Walnut Street
Harrisburg, PA 17120

Commonwealth of Pennsylvania
Department of Revenue
Bureau of Compliance
Harrisburg, PA 17128-0946

Small Business Advocate
Commerce Building, Suite 202
300 North Second Street
Harrisburg, PA 17101

Vice President – Energy Supply
Corning Natural Gas Holding Corporation
330 West William Street
Corning, NY 14830

Legal Department
West Penn Power d/b/a Allegheny Power
800 Cabin Hill Drive
Greensburg, PA 15601-1689

Manager Energy Acquisition
PECO Energy Company
2301 Market Street
Philadelphia, PA 19101-8699

Regulatory Affairs
Duquesne Light Company
411 Seventh Street, MD 16-4
Pittsburgh, PA 15219

Office of General Counsel
Attn: Kimberly A. Klock
PPL
Two North Ninth Street (GENTW3)
Allentown, PA 18101-1179

Legal Department
First Energy
2800 Pottsville Pike
Reading PA, 19612

UGI Utilities, Inc.
Attn: Rates Dept. – Choice Coordinator
2525 N. 12th Street, Suite 360
Post Office Box 12677
Reading, PA 19612-2677

Calfee, Halter & Griswold LLP

1775 Industrial Boulevard
Lewisburg, PA 17837

33 Austin Street
P. O. Box 138
Wellsboro, PA 16901



N. Trevor Alexander
Attorney for FirstEnergy Solutions
Corp.