



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
COMMONWEALTH KEYSTONE BUILDING
400 NORTH STREET
HARRISBURG, PENNSYLVANIA 17120

June 16, 2022

Ms. Joanne Savage
Director, Rates & Regulatory Affairs
FirstEnergy
2800 Pottsville Pike
Reading, PA 19612-6001
jmsavage@firstenergycorp.com

RE: Management and Operations Audit of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, and West Penn Power Company; D-2020-3023106, D-2020-3023107, D-2020-3023108, D-2020-3023109

Dear Ms. Savage:

The Commission appreciates the cooperation extended by the officers and employees of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, and West Penn Power Company (collectively referred to as the FirstEnergy Pennsylvania Companies or FE PA Companies) to our Bureau of Audits' staff during the recent Management and Operations Audit. We seek the FE PA Companies' further cooperation in implementing the recommendations cited in the audit report.

As you know, the staff analyzed and evaluated management performance in twelve functional areas at the FE PA Companies during the audit. Staff identified three areas as needing significant improvement (see Chapters: IV – Key Audit Matter, VI – Affiliated Interests and Cost Allocations, and VII – Financial Management), two areas as needing moderate improvement (see Chapters: V – Corporate Governance and VIII – Electric Operation), and four areas needing minor improvement (see Chapters: III – Executive Management and Organizational Structure, X – Materials Management, XI – Customer Service, and XIV – Human Resources and Diversity). The major, moderate, and minor improvement areas offer the potential for increased effectiveness and/or reduced costs. Consequently, the Commission believes they should be the focus of the FE PA Companies' implementation efforts.

At its Public Meeting of June 16, 2022, the Commission acknowledged receipt of the FE PA Companies' April 2022 Implementation Plan and released it, along with the audit report, to the public. The Commission notes that the FE PA Companies' Implementation Plan indicates acceptance with 17 recommendations, partial acceptance with 8 recommendations and rejection of 2 recommendations. Receipt of this Implementation Plan does not constitute acceptance by the Commission of the actions already taken, those actions to be taken, or any explanations and cost/benefit analyses provided. The FE PA Companies' implementation actions, together with the explanations and analyses, will be reviewed by the Commission at a later date.

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Accordingly, the Commission directs implementation actions, together with the explanations and analyses, will be reviewed by the Commission at a later date. implementation actions, together with the explanations and analyses, will be reviewed by the Commission at a later date. The FE PA Companies are to:

- Proceed with the April 2022 Implementation Plan, and
- Submit implementation progress reports annually, by July 1st, for the next three years.

The Commission's direction to proceed with the Implementation Plan should not be construed as approval of the plan.

Sincerely,

A handwritten signature in black ink, appearing to read "Rosemary Chiavetta". The signature is written in a cursive, flowing style.

Rosemary Chiavetta
Secretary

Contact Person: John Clista
(717) 772-0317

Chairman Dutrieuille statement enclosed