

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	R-2024-3047068
Office of Consumer Advocate	:	C-2024-3048327
Office of Small Business Advocate	:	C-2024-3048411
Annette Martin	:	C-2024-3048409
Met-Ed Industrial Users Group, et al	:	C-2024-3048673
Donald Ellenberger	:	C-2024-3048783
Pennsylvania State University	:	C-2024-3048958
Connie Dunmyer	:	C-2024-3049013
Mark Bowers	:	C-2024-3049014
Amy Stutzman	:	C-2024-3049016
Amy Stutzman	:	C-2024-3049017
Hattie Coates	:	C-2024-3049021
John J. Dolan	:	C-2024-3049128
Utility Workers Union of America Local 102	:	C-2024-3049235
David R. VanNorman, Jr.	:	C-2024-3049599
Roland Hoffman	:	C-2024-3049608
David Hoffman	:	C-2024-3049661
Judith A. Garofolo	:	C-2024-3049665
Elaine Kitts	:	C-2024-3049679
Ryan Gandelman	:	C-2024-3049683
Beth Gandelman	:	C-2024-3049774
Charles E. Schwering	:	C-2024-3049805
Henry Barzilay	:	C-2024-3049999
Stanley and Lois LaFuria	:	C-2024-3050000
	:	
v.	:	
	:	
FirstEnergy Pennsylvania Electric Company	:	

**THIRD INTERIM ORDER**

Admitting Exhibits  
into  
Hearing Record

On April 2, 2024, FirstEnergy Pennsylvania Electric Company (FirstEnergy PA), filed Supplement No. 3 to Tariff Electric Pa. P.U.C. No. 1 (Initial Filing or Supplement No. 3) to become effective June 1, 2024, containing a proposed general increase in electric

distribution rates of \$503,848,000, or 34%, in additional annual revenues for the four Rate Districts: Met-Ed; Penelec; Penn Power.

On May 22, 2024, the Office of Administrative Law Judge (OALJ) issued the Corrected In-Person Public Input Hearing Notice, which outlined the date, time and location for an inperson public input hearing to be conducted by an Administrative Law Judge (ALJ) at the Doubletree Hotel by Hilton in Washington, Pennsylvania at 6:00 p.m. on July 12, 2024. Administrative Law Judge Katrina Dunderdale convened the inperson public input hearing on July 12, 2024, at 6:00 p.m., at which the following entities were represented: FirstEnergy, the Bureau of Investigations and Enforcement, the Office of Consumer Advocate and the Office of Small Business Advocate.

On July 12, 2024, the presiding officer conducted the inperson public input hearing at 6:00 p.m. in Washington, Pennsylvania at which a witness, Donna Nedelk, appeared and presented both testimonial and documentary evidence. At the hearing on July 12, 2024, the witness marked and identified six (6) documents as proposed exhibits and requested inclusion of the documents in the hearing record. Both the witness and proposed exhibits were subject to extensive cross-examination by the parties present. No party present objected to the admission of the documents. However, at the conclusion of presenting its case, the presiding officer inadvertently neglected to move for the admission of its proposed exhibits into the hearing record.

AND NOW, to wit, this 24<sup>th</sup> day of July, 2024, it appearing the presiding officer neglected to move formally into the hearing record six (6) exhibits marked and identified at the public input hearing on July 12, 2024:



**R-2024-3047068 et al – PENNSYLVANIA PUBLIC UTILITY COMMISSION v.  
FIRSTENERGY PENNSYLVANIA ELECTRIC COMPANY**

*Revised: July 17, 2024*

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1 -----  
 2 Pennsylvania Public |  
 3 Utility Commission, |  
 4 v. |  
 5 FirstEnergy Pennsylvania |  
 6 Electric Company, |  
 7 |  
 8 In-Person Public Input |  
 9 Hearing |  
 10 -----

Docket No.:  
 R-2024-3047068

11 Pages 411 - 451

Double Tree by Hilton  
 340 Racetrack Road  
 Washington, PA 15301

Friday, July 12, 2024  
 Commencing at 6:00 p.m.

18 INDEX TO EXHIBITS

19 Docket No. R-2024-3047068

20 Hearing Date: July 12, 2024

22	<u>NUMBER</u>	<u>FOR IDENTIFICATION</u>	<u>IN EVIDENCE</u>
23	<u>PIH Exhibit 1:</u>	436	--
24	Utility Dive Article		
25	<u>PIH Exhibit 2:</u>	436	--
26	4/4/24 Article by		
27	David Anderson		
28	<u>PIH Exhibit 3:</u>	437	--
29	Columbus Dispatch		
30	Article by David		
31	Anderson		

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Pennsylvania Public  
Utility Commission,  
v.  
FirstEnergy Pennsylvania  
Electric Company,  
In-Person Public Input  
Hearing  
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Docket No.:  
R-2024-3047068

Pages 411 - 451

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INDEX TO EXHIBITS (cont.)

Docket No. R-2024-3047068

Hearing Date: July 12, 2024

<u>NUMBER</u>	<u>FOR IDENTIFICATION</u>	<u>IN EVIDENCE</u>
<u>PIH Exhibit 4:</u>	437	--
4/23/21 Article by David Anderson		
<u>PIH Exhibit 5:</u>	438	--
12/12/23 Press Release from First Energy		
<u>PIH Exhibit 6:</u>	438	--
4/23/21 Article by David Anderson		

## DIVE BRIEF

# FirstEnergy may ‘put a little money on the table’ to help end HB 6 bribery litigation: CEO

With recent approved rate hikes, FirstEnergy “proved that we can obtain constructive regulatory outcomes across our jurisdictions,” CEO Brian Tierney said.

Published April 29, 2024



Ethan Howland  
Senior Reporter

*A FirstEnergy substation in western Pennsylvania with recently installed automated reclosing devices and box-live electronic controllers to allow for some existing breakers to be controlled remotely by distribution system operators. FirstEnergy utilities are taking a proactive approach to capital spending, company officials said April 26, 2024. The image by FirstEnergy is licensed under [CC BY-ND 2.0](#)*

## Dive Brief:

- FirstEnergy may need to “put a little money on the table” to settle an investigation by the Ohio Organized Crime Investigations Commission and a civil suit by the Ohio attorney general related to the H.B. 6 bribery scandal, according to Brian Tierney, FirstEnergy president and CEO.
- “We don’t think it will be material but we’d like to put a period on both those issues as it relates to the company, and move on,” Tierney said Friday during an earnings call with analysts.
- FirstEnergy also expects to face losses from a pending Securities

and Exchange Commission investigation for possible securities laws violations and from stockholder and customer lawsuits connected to the bribery scandal, the company said in a quarterly earnings filing with the SEC on Thursday.

### **Dive Insight:**

It is unlikely FirstEnergy will encounter additional substantial penalties similar to the \$230 million it paid under a deferred prosecution agreement entered into in July 2021 between the company and the U.S. Attorney's Office for the Southern District of Ohio, Shahriar Pourreza, a Guggenheim Partners equity analyst, said in a client note Friday.

“The real story of [FirstEnergy,] in our view, remains its strong growth trajectory and upside potential,” he said.

Looking ahead, FirstEnergy expects data centers to expand in the states where its companies operate, such as Maryland, Ohio and Pennsylvania, according to Tierney.

“Given what's happened with a number of power plant retirements over the years, our service territory has ample brownfield sites that have land available and connectivity to the high voltage transmission system, so we think we're well positioned for some of that growth,” Tierney said.

The PJM Interconnection in December awarded FirstEnergy utilities about \$800 million in transmission projects, partly in response to data center growth in Northern Virginia, he noted.

In addition to growing demand, PJM faces coal-fired power plant retirements, raising concerns about whether the region will have enough power supplies to meet its needs, according to Tierney.

Outside of West Virginia, FirstEnergy's utilities operate in “wires-

only” states. “I don’t think we’d ever be interested in owning generation in those states on a merchant basis but if a state were to come to us and ask us to build on a regulated basis ... I think that’s something that we’d consider,” Tierney said.

With its \$26 billion, five-year capital spending plan, FirstEnergy, based in Akron, Ohio, has shifted to a more proactive capital investment philosophy, according to Tierney.

“We’ve transitioned from a capex that’s kind of ‘break, fix, repair in kind’ to one that gets our customers ahead in terms of reliability and gives us the opportunity to improve the customer experience rather than just treading water,” he said.

FirstEnergy’s capital spending program will be supported by the recent strengthening of its balance sheet, according to Tierney.

Moody’s Investors Service and Standard & Poor’s Ratings Service elevated FirstEnergy to an investor grade credit rating after the company on March 25 sold a 30% stake in its FirstEnergy Transmission subsidiary to Brookfield Super-Core Infrastructure Partners for \$3.5 billion, Tierney told analysts.

FirstEnergy also “proved that we can obtain constructive regulatory outcomes across our jurisdictions,” in the first quarter, Tierney said.

In mid-February, New Jersey utility regulators approved an \$85 million base rate hike for Jersey Central Power & Light, with a 9.6% return on equity and a 52% equity capitalization ratio, according to Jon Taylor, FirstEnergy senior vice president and chief financial officer.

And in late March, the West Virginia Public Service Commission approved a \$105 million rate hike, with a 9.8% ROE and 49.6%

equity ratio, Taylor said.

In Ohio, FirstEnergy and stakeholders filed a settlement agreement on a \$421 million, four-year capital investment program to finish installing 1.4 million smart meters, according to Taylor. The company expects to ask Ohio regulators for a roughly \$100 million rate hike next month, he said.

FirstEnergy's first-quarter earnings fell about 15% year over year to \$253 million from \$292 million as revenue increased to \$3.3 billion from \$3.2 billion in the same period last year. The drop in earnings was partly driven by higher operating and financing costs, the company said.

FirstEnergy

# FirstEnergy floats \$13.6 million refund in Pennsylvania in response to Ohio criminal investigation and audits of influence spending charged to customers



Dave Anderson • April 4, 2024

FirstEnergy is proposing to refund \$13.6 million to Pennsylvania customers who the company mischarged for payments related to the utility's bribery schemes in Ohio, as well as advertising, lobbying, sports sponsorships and other expenses that are supposed to be excluded from the rates of

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Posts from @EnergyandP

publicly regulated utilities.

The utility is proposing the refund as part of a newly filed rate case in which FirstEnergy is also seeking to increase the rates paid by its Pennsylvania customers by \$502 million, or nearly thirty-seven times the proposed refund. Most residential ratepayers would receive a one-time monthly bill credit for \$4 to \$6 in January of next year from the refund, while their monthly bills would rise by more than \$16 to \$21 if FirstEnergy gets its way on the rate hike.

First, the Pennsylvania Public Utilities Commission (PUC) will have to review the rate request.

Pennsylvania law requires that the PUC ensure the lowest rates for customers while allowing utilities to recover reasonably incurred expenses and a fair return on investment. Customers can participate in the rate case by filing a complaint, providing comments, or speaking at a public hearing.

FirstEnergy's assistant comptroller Tracy Ashton and Director of Rates and Regulatory Affairs for Pennsylvania Joanne Savage described in testimony that accompanied the rate request how the proposed \$13.6 million refund is the result of a string of criminal investigations and regulatory audits spurred by the utility company's bribery schemes in Ohio.

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**Nothing  
to see  
here -  
yet**

When they post, their posts will show up here

“First, following the investigation of Ohio HB 6 activities, FirstEnergy’s Board of Directors discovered and reported that certain costs may have lacked proper documentation or may have been improperly classified or misallocated to FirstEnergy’s distribution utilities, including to FE PA,” Ashton said.

House Bill 6 is the Ohio law at the center of multiple state and federal criminal cases. Enacted in 2019, HB 6 provided FirstEnergy and a bankrupt subsidiary with over a billion dollars in since repealed ratepayer bailouts. FirstEnergy has admitted it paid over \$64 million in bribes to convicted former Ohio House Speaker Larry Householder and indicted ex-Public Utilities Commission of Ohio Chairman Samuel Randazzo to secure the bailouts, as well other regulatory favors from Randazzo.

At least part of the \$13.6 million refund proposed by FirstEnergy stems from “approximately \$2.4 million in inappropriate costs” related to the HB 6 schemes flagged earlier by a 2022 audit by the Pennsylvania PUC.

As previously reported by the Energy and Policy Institute, those “inappropriate costs” included money paid to Randazzo’s consulting firm and multiple entities associated with Tony George, a

Cleveland area businessman who acted as an intermediary between FirstEnergy and Householder, but has not been charged with any crime.

FirstEnergy flagged the initial \$2.4 million in refunds owed to Pennsylvania customers in a 2021 presentation to the PUC that EPI obtained via a public records request.

Ashton and Savage explained how a Federal Energy Regulatory Commission audit then led FirstEnergy to identify millions more in mischarges to Pennsylvania customers. FirstEnergy brought in an outside auditing firm, Craig Energy & Financial Services, which identified still more mischarges. As a result, the refunds owed by FirstEnergy ballooned from \$2.4 million to \$13.6 million.

Savage broke down the mischarges, which FirstEnergy began to include in Pennsylvania rates during earlier rate cases in 2006, 2014, and 2016:

Page 31 of [VOLUME II STATEMENT NOS. 1 THROUGH 6 - FirstEnergy Pennsylvania rate case 2024](#)

FirstEnergy Pennsylvania Electric Company Summary		FE PA Exhibit JMS-1 Page 1 of 2				
Rates Effective Through Period Days	2006 Rate Case 1/1/2007 5/3/2015 3038	2014 Rate Case 5/3/2015 1/21/2017 635	2016 Rate Case 1/17/2017 1/1/2025 2896	Interest Rate 6%	Analysis Year 2024	
<b>2006 Base Case Annual Revenue Requirement</b>						
PA Inclusions	Am	PA	PA	WSP	Total	
Vendor Payments - 18 Entities	\$ 21,679	\$ 22,508	\$ -	\$ -	\$ 44,187	
<b>Total FE Review of Vendor Payments</b>	<b>\$ 21,679</b>	<b>\$ 22,508</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 44,187</b>	
<b>2014 Base Case Annual Revenue Requirement</b>						
PA Inclusions	Am	PA	PA	WSP	Total	
Vendor Payments - 18 Entities	\$ 136	\$ 156	\$ 35	\$ 98	\$ 426	
Internal Lobbying - Direct Labor	\$ 54,690	\$ 94,283	\$ 21,505	\$ 48,609	\$ 219,087	
Internal Lobbying - Labor Ancillaries	\$ 4,345	\$ 5,031	\$ 1,273	\$ 4,035	\$ 14,683	
Industry and Trade Association Dues - Lobbying	\$ 12	\$ 14	\$ 3	\$ 11	\$ 39	
Sports Sponsorships	\$ 126,523	\$ 91,565	\$ 11,729	\$ 128,497	\$ 358,274	
FE Foundation - Direct Labor & Labor Ancillaries	\$ 38,086	\$ 20,527	\$ 5,116	\$ 18,508	\$ 82,238	
Competitive Products - Labor Ancillaries	\$ 2,745	\$ 3,152	\$ 786	\$ 2,532	\$ 9,216	
<b>Total FE Review of Vendor Payments</b>	<b>\$ 136</b>	<b>\$ 156</b>	<b>\$ 35</b>	<b>\$ 98</b>	<b>\$ 426</b>	
<b>Total FE Review</b>	<b>\$ 181,212</b>	<b>\$ 185,848</b>	<b>\$ 33,234</b>	<b>\$ 177,067</b>	<b>\$ 577,361</b>	
<b>Total CEFS Review</b>	<b>\$ 25,188</b>	<b>\$ 28,725</b>	<b>\$ 7,178</b>	<b>\$ 25,085</b>	<b>\$ 86,176</b>	
<b>Total</b>	<b>\$ 206,517</b>	<b>\$ 214,778</b>	<b>\$ 40,447</b>	<b>\$ 202,152</b>	<b>\$ 663,537</b>	

2020 Base Case Annual Revenue Requirement					
FA Revenues	ME	PLS	PP	WP	Total
Vendor Payments - IS Entities	\$ 67,407	\$ 77,205	\$ 17,768	\$ 81,078	\$ 223,458
Vendor Payments - Sustainability Funding Alliance	\$ 2,412	\$ 2,680	\$ 634	\$ 1,928	\$ 7,654
External Lobbying	\$ 520	\$ 594	\$ 133	\$ 423	\$ 1,670
Internal Lobbying - Direct Labor	\$ 61,759	\$ 94,203	\$ 23,740	\$ 63,055	\$ 242,757
Internal Lobbying - Labor Ancillaries	\$ 7,077	\$ 8,243	\$ 2,160	\$ 6,875	\$ 24,355
Industry and Trade Association Dues - Lobbying	\$ 34	\$ 107	\$ 7	\$ 30	\$ 178
Sports Sponsorships	\$ 153,437	\$ 85,665	\$ 44,519	\$ 124,769	\$ 408,790
FE Foundation - Direct Labor & Labor Ancillaries	\$ 21,294	\$ 24,238	\$ 6,064	\$ 21,707	\$ 73,302
Competitive Products - Labor Ancillaries	\$ 15,398	\$ 17,817	\$ 4,651	\$ 15,178	\$ 53,044
IT O&M for FE Products	\$ 28,771	\$ 32,108	\$ 8,109	\$ 29,686	\$ 98,674
<b>Total FE Review of Vendor Payments</b>	<b>\$ 65,814</b>	<b>\$ 79,881</b>	<b>\$ 18,990</b>	<b>\$ 68,884</b>	<b>\$ 231,059</b>
<b>Total FE Revenue</b>	<b>\$ 244,487</b>	<b>\$ 311,377</b>	<b>\$ 76,881</b>	<b>\$ 217,533</b>	<b>\$ 751,892</b>
<b>Total CEPS Review</b>	<b>\$ 41,803</b>	<b>\$ 50,400</b>	<b>\$ 12,881</b>	<b>\$ 49,791</b>	<b>\$ 150,975</b>

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She then detailed how the mischarges have continued to pile up in rates since 2007 and continue to be paid by customers in 2024, adding up to the \$13.6 million total refund proposed by FirstEnergy when interest is applied:

Page 32 of [VOLUME II STATEMENT NOS. 1 THROUGH 6 - FirstEnergy Pennsylvania rate case 2024](#)

FirstEnergy Pennsylvania Electric Company Summary										FE PA Exhibit_BMS-1 Page 2 of 2			
Year	Percent	West Penn Area District			Pottsville Area District			West Penn Area District			Total FE PA		
		Interest	Principal	Compliance	Interest	Principal	Compliance	Interest	Principal	Compliance	Interest	Compliance	
2007	25.3%	\$ 480	\$ 2,207	\$ 21,388	\$ 706	\$ 32,646	\$ -	\$ -	\$ -	\$ -	\$ 49,046	\$ 1,817	\$ 64,867
2008	21.7%	\$ 3,866	\$ 45,718	\$ 22,531	\$ 2,288	\$ 47,414	\$ -	\$ -	\$ -	\$ -	\$ 54,082	\$ 4,951	\$ 66,265
2009	21.4%	\$ 3,290	\$ 96,380	\$ 22,288	\$ 1,211	\$ 71,303	\$ -	\$ -	\$ -	\$ -	\$ 54,189	\$ 4,985	\$ 140,064
2010	19.8%	\$ 4,586	\$ 94,996	\$ 21,208	\$ 4,762	\$ 388,861	\$ -	\$ -	\$ -	\$ -	\$ 44,187	\$ 9,946	\$ 91,145
2011	17.8%	\$ 5,385	\$ 145,452	\$ 22,208	\$ 6,115	\$ 1,628,261	\$ -	\$ -	\$ -	\$ -	\$ 44,187	\$ 11,399	\$ 2,819,995
2012	17.7%	\$ 7,781	\$ 333,613	\$ 22,108	\$ 7,266	\$ 1,996,338	\$ -	\$ -	\$ -	\$ -	\$ 49,338	\$ 16,687	\$ 3,142,786
2013	17.4%	\$ 8,385	\$ 388,827	\$ 21,208	\$ 8,217	\$ 1,932,643	\$ -	\$ -	\$ -	\$ -	\$ 49,187	\$ 17,209	\$ 3,476,293
2014	17.4%	\$ 9,790	\$ 393,966	\$ 24,208	\$ 23,310	\$ 2,233,310	\$ -	\$ -	\$ -	\$ -	\$ 49,187	\$ 29,980	\$ 4,064,117
2015	16.6%	\$ 13,386	\$ 374,649	\$ 19,679	\$ 13,388	\$ 1,986,117	\$ 36,719	\$ 1,848,846	\$ 1,817	\$ 1,878,661	\$ 49,187	\$ 12,088	\$ 6,217,657
2016	16.7%	\$ 16,795	\$ 406,947	\$ 23,310	\$ 26,862	\$ 1,826,798	\$ 49,134	\$ 2,582	\$ 7,017	\$ 382,825	\$ 34,604	\$ 76,382	\$ 1,843,889
2017	16.7%	\$ 16,795	\$ 406,947	\$ 23,310	\$ 26,862	\$ 1,826,798	\$ 49,134	\$ 2,582	\$ 7,017	\$ 382,825	\$ 34,604	\$ 76,382	\$ 1,843,889
2018	16.7%	\$ 16,795	\$ 406,947	\$ 23,310	\$ 26,862	\$ 1,826,798	\$ 49,134	\$ 2,582	\$ 7,017	\$ 382,825	\$ 34,604	\$ 76,382	\$ 1,843,889
2019	16.7%	\$ 16,795	\$ 406,947	\$ 23,310	\$ 26,862	\$ 1,826,798	\$ 49,134	\$ 2,582	\$ 7,017	\$ 382,825	\$ 34,604	\$ 76,382	\$ 1,843,889
2020	16.7%	\$ 16,795	\$ 406,947	\$ 23,310	\$ 26,862	\$ 1,826,798	\$ 49,134	\$ 2,582	\$ 7,017	\$ 382,825	\$ 34,604	\$ 76,382	\$ 1,843,889
2021	16.7%	\$ 16,795	\$ 406,947	\$ 23,310	\$ 26,862	\$ 1,826,798	\$ 49,134	\$ 2,582	\$ 7,017	\$ 382,825	\$ 34,604	\$ 76,382	\$ 1,843,889
2022	16.7%	\$ 16,795	\$ 406,947	\$ 23,310	\$ 26,862	\$ 1,826,798	\$ 49,134	\$ 2,582	\$ 7,017	\$ 382,825	\$ 34,604	\$ 76,382	\$ 1,843,889
2023	16.7%	\$ 16,795	\$ 406,947	\$ 23,310	\$ 26,862	\$ 1,826,798	\$ 49,134	\$ 2,582	\$ 7,017	\$ 382,825	\$ 34,604	\$ 76,382	\$ 1,843,889
2024	16.7%	\$ 16,795	\$ 406,947	\$ 23,310	\$ 26,862	\$ 1,826,798	\$ 49,134	\$ 2,582	\$ 7,017	\$ 382,825	\$ 34,604	\$ 76,382	\$ 1,843,889
<b>Total</b>	<b>1,880,796</b>	<b>\$ 1,881,112</b>	<b>\$ 1,880,661</b>	<b>\$ 1,881,044</b>	<b>\$ 108,776</b>	<b>\$ 241,490</b>	<b>\$ 2,837,341</b>	<b>\$ 624,888</b>	<b>\$ 624,888</b>	<b>\$ 161,624,611</b>	<b>\$ 8,879,373</b>		

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The “Sustainability Funding Alliance” listed in one of Savage’s exhibits is Randazzo’s consulting firm, to which FirstEnergy secretly paid the \$4.3 million shortly before Randazzo’s appointment as PUCO chairman in early 2019 that prosecutors have cited in the bribery charges against Randazzo.

The “Vendor Payments – 16 Entities” mentioned by Savage were first flagged by the FERC audit as part of \$28.8 million in payments related to the federal criminal investigation in Ohio to “entities associated with an individual identified by FirstEnergy.” Cleveland.com previously reported that the individual is believed to be George, though George denied that he personally received \$28 million from anyone. FirstEnergy said it was unable to comment when previously asked by EPI.

FirstEnergy admitted in its 2021 presentation to the

FirstEnergy admitted in its 2021 presentation to the PUC that it used money from Pennsylvania customers to cover the cost of some payments to George's Ohio Outdoor Advertising:

Page 10 of [2021.03.18 PA Refunds Presentation for Staff](#)

### Ohio Outdoor Advertising LLC

- **O&M and capital charged to the Pennsylvania distribution companies between December 2015 and September 2020**

- **2014 rate case budget extract date:** April 2014 -- No costs included based on timing.
- **2016 rate case budget extract date:** December 2015 -- O&M costs are recurring, assumed in budget at 2016 levels. Capital costs began July 2016, no costs in rate base based on timing.

OHIO OUTDOOR ADVERTISING LLC					
(In dollars)	ME	PN	PP	WP	Total PA
Base Rates - O&M	\$ 32,683	\$ 37,437	\$ 8,616	\$ 29,627	\$ 108,364
Customer Impacts					
Charged Through 2020	\$ 136,456	\$ 156,304	\$ 35,975	\$ 123,696	\$ 452,430
Ongoing Annual Amount	34,732	39,784	9,157	31,485	115,158

FirstEnergy

Mid-CA, Florida, Penn Power & Blue Power Plans

March 2021

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Evidence later presented by prosecutors during Householder's trial revealed that the same George firm received \$150,000 from Ohioans for Energy Security, a murky for-profit entity that FirstEnergy secretly paid \$23 million for a xenophobic campaign to defeat a 2019 ballot petition that aimed to repeal HB 6.

Ohioans for Energy Security  
Fifth-Third Bank Account Number x8255



**OUTFLOWS**

DATE	PAYEE	AMOUNT
8/14/2019	CONSTANT CONTENT CO.	-\$ 2,200,000.00
8/14/2019	STRATEGIC MEDIA PLACEMENT INC.	-\$ 1,180,400.00
8/22/2019	ISAAC WILES	-\$ 1,096.50
8/22/2019	LOPARO PUBLIC RELATIONS	-\$ 10,000.00
8/28/2019	EFT	-\$ 23.99
9/3/2019	STRATEGIC MEDIA PLACEMENT INC.	-\$ 1,200,000.00
9/10/2019	LOPARO PUBLIC RELATIONS	-\$ 10,000.00
9/10/2019	STRATEGIC MEDIA PLACEMENT INC.	-\$ 1,100,000.00
9/12/2019	SERVICE CHARGE	-\$ 106.50
9/19/2019	STRATEGIC MEDIA PLACEMENT INC.	-\$ 1,100,000.00
9/20/2019	VOTER TO VOTER, LLC	-\$ 150,000.00
9/25/2019	VOTER TO VOTER, LLC	-\$ 150,000.00
9/26/2019	VOTER TO VOTER, LLC	-\$ 700,000.00
9/30/2019	CONSTANT CONTENT CO.	-\$ 2,200,000.00
9/30/2019	STRATEGIC MEDIA PLACEMENT INC.	-\$ 700,000.00
10/3/2019	THE STRATEGY GROUP FOR MEDIA, INC.	-\$ 2,500.00
10/4/2019	ISAAC WILES	-\$ 152.50
10/4/2019	LOPARO PUBLIC RELATIONS	-\$ 10,000.00
10/4/2019	OHIO OUTDOOR ADVERTISING, LLC	-\$ 150,000.00
10/4/2019	STRATEGIC MEDIA PLACEMENT INC.	-\$ 824,590.00
10/4/2019	VOTER TO VOTER, LLC	-\$ 1,310,000.00
10/8/2019	LINCOLN STRATEGY GROUP, LLC	-\$ 50,000.00
10/9/2019	VOTER TO VOTER, LLC	-\$ 1,600,000.00
10/10/2019	SERVICE CHARGE	-\$ 317.50
10/11/2019	LINCOLN STRATEGY GROUP, LLC	-\$ 100,000.00
10/11/2019	STRATEGIC MEDIA PLACEMENT INC.	-\$ 833,090.00
10/11/2019	VOTER TO VOTER, LLC.	-\$ 2,472,403.07
10/15/2019	LINCOLN STRATEGY GROUP, LLC	-\$ 510,550.00
10/15/2019	VOTER TO VOTER, LLC	-\$ 1,500,000.00

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“Internal lobbying” costs that FirstEnergy customers were forced to pay for could have included money paid to now terminated former FirstEnergy lobbyists who lobbied on HR 6 including FirstEnergy’s

who lobbied on HB 6, including FirstEnergy's  
indicted former Vice President of External Affairs  
Michael Dowling.

FirstEnergy owes related refunds to customers in  
Maryland, New Jersey, Ohio and West Virginia.

State lawmakers in Maryland, Ohio, and  
Pennsylvania have introduced legislation aimed at  
preventing publicly regulated utilities from forcing  
customers to pay for corporate lobbying and political  
spending. Similar legislation has also been  
introduced in at least seven other states this year,  
and passed in Colorado, Connecticut and Maine in  
2023.

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**Posted in:** FirstEnergy    **Tagged in:** federal energy regulatory  
commission, FirstEnergy, FirstEnergy audit, firstenergy bribery,  
FirstEnergy investigation, FirstEnergy lobbying, FirstEnergy  
Pennsylvania rate increase, FirstEnergy rate case, FirstEnergy  
rate increase, FirstEnergy refund, hb 6, house bill 6, House Bill  
6 referendum, Joanna Savage, michael dowling, ohio bribery,  
ohio outdoor advertising, pennsylvania public utilities  
commission, Sustainability Funding Alliance, tony george,  
Tracy Ashton

Posted by Dave Anderson

Dave Anderson is the policy and

communications manager for the Energy and Policy Institute. Dave has been working at the nexus of clean energy and public policy since 2008. Prior to joining the Energy and Policy Institute, he was an outreach coordinator for the climate and energy program at the Union of Concerned Scientists. He is also an alumnus of the Sierra Club and the Alliance for Climate Protection (now the Climate Reality Project). Dave's research has helped to spur public scrutiny of political attacks on clean energy and climate science by powerful special interests, such as ExxonMobil and the American Legislative Exchange Council (ALEC). His work has been cited by major media outlets, such as CBS News and the Wall Street Journal, and he has served as a speaker on panels at national solar industry conferences. Dave holds a MA in Political Science from the University of New Hampshire, where he also received a BA in Humanities.

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PA #13



## Roots of HB 6 corruption scandals run deep in Ohio. Justice department must investigate.

Published By **Columbus Dispatch** on March 4, 2024

C. Allison Russo In The News

April marks five years since House Bill 6, the infamous nuclear bailout bill—was first introduced in the Ohio House of Representatives.

HB 6 sparked the fire that engulfed Ohio in the largest political corruption scheme in the state’s history.

The well-publicized federal trial and guilty verdict of former House Speaker Larry Householder helped bring to light some of the dark truths of Ohio’s broken political landscape.

This corruption scheme traded \$60 million in bribes to influence powerful politicians to bailout two FirstEnergy nuclear power plants and two OVEC coal plants, one operating in Indiana. This conspiracy defrauded Ohio’s energy customers of \$1.3 billion and demonstrates that,

under the state's current leadership, corporate greed and politics are often prioritized over the people.

Recent state indictments issued by Attorney General Dave Yost remind the public that the second leg of this corruption scheme included ensuring the appointment by the DeWine-Husted Administration of a friendly utility regulator, former Public Utilities Commission of Ohio Chairman Sam Randazzo.

PUCO directly oversees investor-owned utility companies like FirstEnergy. In the state indictments, Randazzo and two former FirstEnergy executives are charged with engaging in a pattern of corrupt activity, including bribery, theft, and fraud.

These latest indictments reveal Gov. Mike DeWine's then chief of staff and current senior advisor testified to a grand jury that she knew of a \$4.3 million payout from FirstEnergy to Randazzo before DeWine appointed Randazzo as PUCO chair. The DeWine-Husted team also had a 198-page internal memo detailing undisclosed financial ties between FirstEnergy and Randazzo, but the appointment moved forward anyway.

When Randazzo's appointment seemed to be in jeopardy due to pushback from consumer advocates and the PUCO nominating council, text messages from indicted former

FirstEnergy executives read, “Forced DeWine/Husted to perform battlefield triage. It’s a rough game...”

The DeWine-Husted Administration has long been criticized for employing former FirstEnergy lobbyists while at the same time taking significant amounts of campaign money from the company.

Federal indictments previously revealed FirstEnergy personally recommended Randazzo as the PUCO chairman at a private dinner with then, newly elected Governor DeWine and Lt. Governor Husted. It’s as if the DeWine-Husted Administration established a system of privileged access for FirstEnergy to be involved in state decision-making, while everyday Ohioans paid the price.

Back to Mr. Randazzo: four months after HB 6 passed—legislation he helped write—Randazzo gave FirstEnergy another critical win by eliminating the requirement that FirstEnergy come before PUCO for a rate case in 2024. This gave FirstEnergy a pass on opening its books to ensure it wasn’t ripping off customers. That key decision gave a financial windfall to FirstEnergy and likely cost Ohio energy consumers millions.

Ohioans have been paying this corruption tax ever since through higher utility bills and additional fees. According to Ohio Consumers’ Counsel, HB 6 utility subsidies alone

cost \$533,589 per day, totaling nearly \$245 million collected already on utility bills.

Though the attorney general's indictments are long overdue and laudable, most Ohioans no longer trust that the state alone—the very system that ignited this corruption—has the ability to detach itself from the political realities of Ohio's current state government.

Case in point: to date, not a single ethics, campaign finance, or utility regulation reform has been passed by Ohio's Republican supermajority legislature or proposed by the DeWine-Husted Administration to prevent another HB 6-like scandal from happening again.

House and Senate Democrats have repeatedly introduced several reforms if they're looking for good ideas.

Last week, we also sent a joint letter to the United States District Court for the Southern District of Ohio requesting U.S. Attorney Kenneth Parker to further investigate newly revealed details in the state indictments about what members of the DeWine-Husted administration knew about Randazzo's alleged crimes.

Five years ago might have marked the legislative beginning of Ohio's largest corruption scandal in history, but its roots continue to run deep in the halls of government and

should be weeded out once and for all.

Like they say, eliminating Ohio's corruption tax is a rough game.

Ohio House of Representatives Minority Leader Allison Russo is serving her third term representing House District 7 which includes Upper Arlington, Grandview Heights, Ohio State University, and portions of Columbus.

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FirstEnergy

# Money trail in FirstEnergy corruption scandal leads outside Ohio



Dave Anderson • April 23, 2021

FirstEnergy improperly used money collected from customers in five states to pay for expenses connected to the ongoing corruption scandal in

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Ohio, the company has confirmed.

The money was collected from customers of FirstEnergy's regulated distribution and transmission utilities in Maryland, New Jersey, Ohio, Pennsylvania, and West Virginia, according to statements found in annual Form 1 reports the utilities recently filed this month with the Federal Energy Regulatory Commission.

FirstEnergy first disclosed in February that its internal investigation related to the federal racketeering case against former Ohio House speaker Larry Householder had:

---

“ ... identified certain transactions, which, in some instances, extended back ten years or more, including vendor services, that were either improperly classified, misallocated to certain of the Utilities and Transmission Companies, or lacked proper supporting documentation. These transactions resulted in amounts collected from customers that were immaterial to FirstEnergy, and the Utilities and Transmission Companies will be working with the appropriate regulatory agencies to address these amounts.

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to see  
here -  
yet**

When they  
post, their  
posts will  
show up  
here

The Energy and Policy Institute found similar statements in annual Form 1 reports for 2020 filed with FERC by fourteen FirstEnergy distribution, generation, and transmission utilities earlier this month; the statements indicated that the money was collected from customers of all fourteen subsidiaries.

One statement found in the Form 1 report filed by Jersey Central Power & Light (JCP&L) reads as follows (highlights added):

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“ ... in connection with the internal investigation, FirstEnergy recently identified certain transactions, which, in some instances, extended back ten or more years, including vendor service, that were either improperly classified, misallocated to certain FirstEnergy utility and transmission companies, or lacked proper supporting documentation. **These transactions resulted in amounts collected from customers that were immaterial to FirstEnergy and JCP&L.** These utility and transmission companies will be working with the appropriate regulatory agencies to address these amounts.

Nearly identical statements were found in Form 1s filed by thirteen other FirstEnergy utilities, only with the initials of the utility filing the report inserted in the place of JCP&L's, including Allegheny Generating Company, American Transmission Systems, Cleveland Electric Illuminating Company, Metropolitan Edison, Mon Power, Ohio Edison, Mid-Atlantic Interstate Transmission, PATH Allegheny Transmission Company, Pennsylvania Electric Company, Pennsylvania Power Company, Potomac Edison, Toledo Edison, and West Penn Power.

The Energy and Policy Institute asked Jennifer Young, a spokesperson for FirstEnergy, to confirm that the money was collected from customers of the distribution and transmission utilities that included those statements in their Form 1s.

“Your interpretation of the disclosure is correct,” Young responded in an email.

A new Factbook for FirstEnergy investors also said that the company is “Working with the state regulators to return funds to ratepayers that were improperly included in customer rates.”

“During our last call, we mentioned that we were proactively engaging with our regulators to refund

proactively engaging with our regulators to return customers for certain vendor payments,” FirstEnergy CEO Steven Strah said during an earnings call this morning. “Those conversations are underway in each affected jurisdiction.”

“In Ohio, at the PUCO’s request, the scope of our annual audit of Rider DCR has been expanded to include a review of these payments,” Strah said.

Last month, the Public Utilities Commission of Ohio (PUCO) directed that the audit of FirstEnergy’s Delivery Capitalization Rider (DCR) be expanded to include to “determine whether any funds from ratepayers were used to pay for the vendors and if so, whether funds associated with the payments should be returned to ratepayers through Rider DCR or through an alternative proceeding.”

FirstEnergy did not respond to a request for more information about how exactly FirstEnergy is working to refund the money to customers, and in which affected jurisdictions.

Exactly how much money was improperly collected from customers remains a closely guarded secret, but some details have trickled out of FirstEnergy and more may be on the way.

Company officials said on an earnings call in

February that the “transactions” included a \$4.3 million payment to an individual who fit the description of former Public Utilities Commission of Ohio chairman Samuel Randazzo, who resigned last year after the FBI raided his townhouse in Columbus. The transactions “could” have also included money spent on lobbying and political efforts, company officials said on the call.

Santino Fanelli, FirstEnergy’s director of rates and regulatory affairs, revealed during a March deposition led by the Ohio Consumers Counsel that at least some of the \$56.6 million that was secretly routed from the FirstEnergy Service Company to Generation Now was misallocated to FirstEnergy’s Ohio utilities, which include Ohio Edison, CEI, and Toledo Edison.

Generation Now is one of three defendants that have pleaded guilty to racketeering conspiracy charges in the Householder case, in connection with a \$60 million bribery scheme that resulted in a \$1 billion nuclear power plant bailout included in Ohio’s 2019 energy law House Bill 6, as well as coal bailouts and a gutting of clean energy laws.

FirstEnergy disclosed today in a quarterly financial report that it is discussing the possibility of a deferred prosecution agreement with federal

prosecutors. The company also said that it “believes it is probable that it will incur a loss in connection with the investigation.”

FERC is now investigating FirstEnergy’s lobbying and governmental affairs activities concerning HB 6.

Earlier research by the Energy and Policy Institute found that customers of FirstEnergy’s distribution and transmission utilities may be on the hook for as much as \$137 million in money paid to the FirstEnergy Service Company in 2017 to 2019 for external affairs support that included lobbying and government affairs.

*Below is an excerpt from JCP&L’s annual Form 1 report for 2020.*

Page 51 of [Jersey Central Power & Light FERC Form 1 Annual 2020](#)

Document Accession #: 20210406-8016 Filed Date: 04/06/2021

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year/Period of Report
Jersey Central Power & Light Company		/ /	2020/Q4

NOTES TO FINANCIAL STATEMENTS (Continued)

Corrupt Activity Act and civil conspiracy against FE, FESC and FES.

The plaintiffs in each of the above cases, seek, among other things, to recover an unspecified amount of damages (unless otherwise noted). In addition, on August 10, 2020, the United States Securities and Exchange Commission, through its Division of Enforcement, issued an order directing an investigation of possible securities laws violations by FE, and on September 1, 2020, issued subpoenas to FE and certain FE officers. Further, in letters dated January 26 and February 22, 2021, staff of FERC’s Division of Investigations notified FirstEnergy that the Division is conducting an investigation of FirstEnergy’s lobbying and governmental affairs activities concerning HB 6, and staff directed FirstEnergy to preserve and maintain all documents and information related to the same as such have been developed as part of an ongoing audit that is being conducted by FERC’s Division of Audits and Accounting. The outcome of any of these lawsuits, investigations and audit are uncertain and could have a material adverse effect on FE’s or its subsidiaries’ financial condition, results of operations and cash flows. No contingency has been reflected in FirstEnergy’s consolidated financial statements as a loss is neither probable, nor is a loss or range of a loss reasonably estimable.

*Internal Investigation Relating to United States v. Larry Householder, et al.*

As previously disclosed, a committee of independent members of the FE Board of Directors (FE Board) is directing an internal investigation related to ongoing government investigations. In connection with FirstEnergy’s internal investigation, such committee determined on October 29, 2020, to terminate FirstEnergy’s Chief Executive Officer, Charles E. Jones, together with two other executives: Dennis M. Chack, Senior Vice President of Product Development, Marketing, and Branding; and Michael J. Dowling, Senior Vice President of External Affairs. Each of these terminated executives violated certain FirstEnergy policies and its code of conduct. These executives were terminated as of October 28, 2020. Such former members of senior management did not maintain and promote a control environment with an appropriate tone of compliance in certain areas of FirstEnergy’s business, nor sufficiently promote, monitor or enforce adherence to certain FirstEnergy policies and its code of conduct. Furthermore, certain former members of senior management did not reasonably ensure that relevant information was communicated within our organization and not withheld from our independent directors, our Audit Committee, and our independent auditor. Among the matters considered with respect to the determination by the committee of independent members of the FE Board that certain former members of senior management violated certain FirstEnergy policies and its code of conduct related to a payment of approximately \$4 million made in early 2019 in connection with the termination of a purported consulting agreement, as amended, which had been in place since 2013. The counterparty to such agreement was an entity associated with an individual who subsequently was appointed to a full-time role as an Ohio government official directly involved in regulating the Ohio Companies, including with respect to distribution rates. FirstEnergy believes that payments under the consulting agreement may have been for purposes other than those represented within the consulting agreement. Immediately following these terminations, the independent members of its Board appointed Mr. Steven E. Strah to the position of Acting Chief Executive Officer and Mr. Christopher D. Pappas, a current member of the Board, to the temporary position of Executive Director, each effective as of October 29, 2020. Mr. Donald T. Misheff will continue to serve as Non-Executive Chairman of the Board. Additionally, on November 8, 2020, Robert P. Reffner, Senior Vice President and Chief Legal Officer, and Ebony L. Yeboah-Amankwah, Vice President, General Counsel, and Chief Ethics Officer, were separated from FirstEnergy due to inaction and conduct that the Board determined was influenced by the improper tone at the top. The matter is a subject of the ongoing internal investigation as it relates to the government investigations. Additionally, on February 17, 2021, the FE Board appointed Mr. John Comerholder to the position of Vice Chairman of the FE Board and Executive Director of FE, each effective as of March 1, 2021.

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#### Other Legal Matters

There are various lawsuits, claims (including claims for asbestos exposure) and proceedings related to JCP&L's normal business operations pending against JCP&L and its subsidiaries. The loss or range of loss in these matters is not expected to be material to JCP&L or its subsidiaries. The other potentially material items not otherwise discussed above are described under Note 5, "Regulatory Matters."

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**Updated on April 23, 2021** with additional information disclosed during FirstEnergy earnings call and in related investors materials posted on FirstEnergy's website.

**Posted in:** FirstEnergy    **Tagged in:** FirstEnergy, Generation Now, house bill 6, Larry Housholder, ohio bribery, ohio corruption

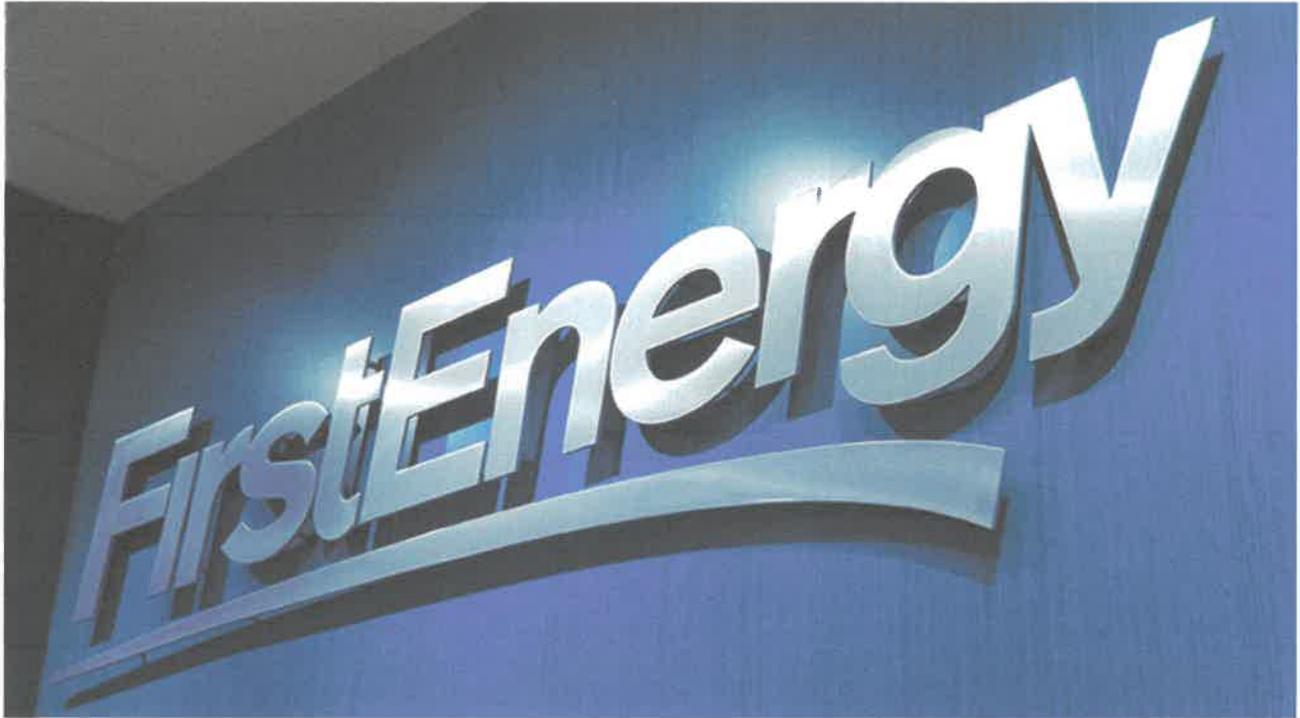
Posted by Dave Anderson

Dave Anderson is the policy and communications manager for the Energy and Policy Institute. Dave has been working at the nexus of clean energy and public policy since 2008. Prior to joining the Energy and Policy Institute, he was an outreach coordinator for the climate and energy program at the Union of Concerned Scientists. He is also an alumnus of the Sierra Club and the Alliance for Climate Protection (now the Climate Reality Project). Dave's research has helped to spur public scrutiny of political attacks on clean energy and climate science by powerful special interests, such as ExxonMobil and the American Legislative Exchange Council (ALEC). His work has been cited by major media outlets, such as CBS News and the Wall Street Journal, and he has served as a speaker on panels at national solar industry conferences. Dave holds a MA in Political Science from the University of New Hampshire, where he also received a BA in Humanities.

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## FirstEnergy Subsidiaries Awarded More Than \$800 Million in Transmission Upgrades

**Approved projects will strengthen system and support customer demand**



WILMINGTON, Md., Dec. 12, 2023 - FirstEnergy Corp. (NYSE: FE) subsidiaries Potomac Edison and Mid-Atlantic Interstate Transmission (MAIT) have been awarded transmission projects totaling more than \$800 million in Maryland, Pennsylvania, Virginia and West Virginia by regional transmission organization PJM Interconnection. The projects will enhance reliability, accommodate growing demand for electricity by residential and commercial customers and facilitate the connection of new energy resources, such as wind and solar.

Potomac Edison and MAIT submitted the projects earlier this year when PJM solicited proposals to address the growing demand for electricity by data centers in its territory, particularly in Northern Virginia. The work will also help enhance the flow of electricity across the system and address the impact of power plant retirements that provided 11 gigawatts of energy, enough to power 1.1 billion LED lightbulbs in any given moment, according to the U.S. Department of Energy.

**Carl Bridenbaugh, FirstEnergy's vice president of Transmission:** 'At FirstEnergy, we are committed to doing our part to make sure that the transmission system delivers the power customers depend on, and we are pleased to have the opportunity to make these important upgrades that will enhance reliability and deliver long-term benefits for years to come.'

PJM coordinates the movement of wholesale electricity in all or parts of 13 states, including FirstEnergy's service territory. Beginning in May, PJM's staff evaluated 72 proposals over several months and recommended a short list of projects to enhance reliability. In December, the PJM Board of Managers approved three FirstEnergy-affiliated projects that minimize environmental and community impacts by utilizing existing transmission rights of way. State and local approvals will be required before construction can begin.

Awarded projects include:

- Upgrading an existing 24-mile transmission line that runs from Adams County, Pennsylvania, to Carroll County, Maryland. The upgraded line will feature a new set of 230-kilovolt \_kV\_ wires, known as a circuit, in addition to the existing 115/138-kV circuit currently in the corridor. MAIT will also rewire a nearby 115-kV transmission line and complete additional equipment upgrades as part of the \$135 million project.
- Upgrading a transmission line in Frederick and Montgomery counties in Maryland. The current 500-kV and double-circuit 230-kV lines will be rebuilt to accommodate side-by-side transmission structures, each featuring sets of 500-kV wires over 230-kV wires for a total of four circuits. One 500/230-kV double circuit will extend 8 miles from Potomac Edison's existing Doubs Substation in Frederick County to a substation in Montgomery County owned by Exelon Corp., and the other circuit will continue south another 7 miles to the Virginia state line. The \$235 million project includes associated upgrades at the Doubs Substation.
- Upgrading 36 miles of an existing 138-kV transmission line in Virginia and West Virginia to create a double-circuit line with 500-kV wires installed over 138-kV wires. \_located in Frederick and Clarke counties in Virginia and in Jefferson County, West Virginia, the \$392 million project includes substation upgrades and is part of a larger, 160-mile transmission line project that was awarded by PJM to multiple transmission companies.

FirstEnergy is dedicated to integrity, safety, reliability and operational excellence. Its 10 electric distribution companies form one of the nation's largest investor-owned electric systems, serving customers in Ohio, Pennsylvania, New Jersey, West Virginia, Maryland and New York. The company's transmission subsidiaries operate approximately 24,000 miles of transmission lines that connect the Midwest and Mid-Atlantic regions. Follow FirstEnergy online at [www.firstenergycorp.com](http://www.firstenergycorp.com) and on X, formerly known as Twitter, [@FirstEnergyCorp](https://twitter.com/FirstEnergyCorp).

News Media Contact: Will Boye, \_301\_ 790-6420 or Investor Contact: Irene Prezelj, \_330\_ 384-3859

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FirstEnergy

# Money trail in FirstEnergy corruption scandal leads outside Ohio



Dave Anderson · April 23, 2021

FirstEnergy improperly used money collected from customers in five states to pay for expenses

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connected to the ongoing corruption scandal in Ohio, the company has confirmed.

The money was collected from customers of FirstEnergy's regulated distribution and transmission utilities in Maryland, New Jersey, Ohio, Pennsylvania, and West Virginia, according to statements found in annual Form 1 reports the utilities recently filed this month with the Federal Energy Regulatory Commission.

FirstEnergy first disclosed in February that its internal investigation related to the federal racketeering case against former Ohio House speaker Larry Householder had:

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*“ ... identified certain transactions, which, in some instances, extended back ten years or more, including vendor services, that were either improperly classified, misallocated to certain of the Utilities and Transmission Companies, or lacked proper supporting documentation. These transactions resulted in amounts collected from customers that were immaterial to FirstEnergy, and the Utilities and Transmission Companies will be working with the appropriate regulatory*

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*be working with the appropriate regulatory agencies to address these amounts.*

The Energy and Policy Institute found similar statements in annual Form 1 reports for 2020 filed with FERC by fourteen FirstEnergy distribution, generation, and transmission utilities earlier this month; the statements indicated that the money was collected from customers of all fourteen subsidiaries.

One statement found in the Form 1 report filed by Jersey Central Power & Light (JCP&L) reads as follows (highlights added):

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*“ ... in connection with the internal investigation, FirstEnergy recently identified certain transactions, which, in some instances, extended back ten or more years, including vendor service, that were either improperly classified, misallocated to certain FirstEnergy utility and transmission companies, or lacked proper supporting documentation. **These transactions resulted in amounts collected from customers that were immaterial to FirstEnergy and JCP&L** These utility and*

*FirstEnergy and for all these utility and transmission companies will be working with the appropriate regulatory agencies to address these amounts.*

Nearly identical statements were found in Form 1s filed by thirteen other FirstEnergy utilities, only with the initials of the utility filing the report inserted in the place of JCP&L's, including Allegheny Generating Company, American Transmission Systems, Cleveland Electric Illuminating Company, Metropolitan Edison, Mon Power, Ohio Edison, Mid-Atlantic Interstate Transmission, PATH Allegheny Transmission Company, Pennsylvania Electric Company, Pennsylvania Power Company, Potomac Edison, Toledo Edison, and West Penn Power.

The Energy and Policy Institute asked Jennifer Young, a spokesperson for FirstEnergy, to confirm that the money was collected from customers of the distribution and transmission utilities that included those statements in their Form 1s.

“Your interpretation of the disclosure is correct,” Young responded in an email.

A new Factbook for FirstEnergy investors also said that the company is “Working with the state

said that the company is "working with the state regulators to return funds to ratepayers that were improperly included in customer rates."

"During our last call, we mentioned that we were proactively engaging with our regulators to refund customers for certain vendor payments,"

FirstEnergy CEO Steven Strah said during an earnings call this morning. "Those conversations are underway in each affected jurisdiction."

"In Ohio, at the PUCO's request, the scope of our annual audit of Rider DCR has been expanded to include a review of these payments," Strah said.

Last month, the Public Utilities Commission of Ohio (PUCO) directed that the audit of FirstEnergy's Delivery Capitalization Rider (DCR) be expanded to include to "determine whether any funds from ratepayers were used to pay for the vendors and if so, whether funds associated with the payments should be returned to ratepayers through Rider DCR or through an alternative proceeding."

FirstEnergy did not respond to a request for more information about how exactly FirstEnergy is working to refund the money to customers, and in which affected jurisdictions.

Exactly how much money was improperly collected from customers remains a closely guarded secret, but some details have trickled out of FirstEnergy and more may be on the way.

Company officials said on an earnings call in February that the “transactions” included a \$4.3 million payment to an individual who fit the description of former Public Utilities Commission of Ohio chairman Samuel Randazzo, who resigned last year after the FBI raided his townhouse in Columbus. The transactions “could” have also included money spent on lobbying and political efforts, company officials said on the call.

Santino Fanelli, FirstEnergy’s director of rates and regulatory affairs, revealed during a March deposition led by the Ohio Consumers Counsel that at least some of the \$56.6 million that was secretly routed from the FirstEnergy Service Company to Generation Now was misallocated to FirstEnergy’s Ohio utilities, which include Ohio Edison, CEI, and Toledo Edison.

Generation Now is one of three defendants that have pleaded guilty to racketeering conspiracy charges in the Householder case, in connection

charges in the Householder case, in connection with a \$60 million bribery scheme that resulted in a \$1 billion nuclear power plant bailout included in Ohio's 2019 energy law House Bill 6, as well as coal bailouts and a gutting of clean energy laws.

FirstEnergy disclosed today in a quarterly financial report that it is discussing the possibility of a deferred prosecution agreement with federal prosecutors. The company also said that it "believes it is probable that it will incur a loss in connection with the investigation."

FERC is now investigating FirstEnergy's lobbying and governmental affairs activities concerning HB 6.

Earlier research by the Energy and Policy Institute found that customers of FirstEnergy's distribution and transmission utilities may be on the hook for as much as \$137 million in money paid to the FirstEnergy Service Company in 2017 to 2019 for external affairs support that included lobbying and governmental affairs.

*Below is an excerpt from JCP&L's annual Form 1 report for 2020.*

Page 51 of [Jersey Central Power & Light FERC Form 1 Annual 2020](#)

Document Accession #: 20210406-8016 Filed Date: 04/06/2021

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Jersey Central Power & Light Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	/ /	2020/Q4

NOTES TO FINANCIAL STATEMENTS (Continued)

Corrupt Activity Act and civil conspiracy against FE, FESC and FES.

The plaintiffs in each of the above cases, seek, among other things, to recover an unspecified amount of damages (unless otherwise noted). In addition, on August 10, 2020, the United States Securities and Exchange Commission, through its Division of Enforcement, issued an order directing an investigation of possible securities laws violations by FE, and on September 1, 2020, issued subpoenas to FE and certain FE officers. Further, in letters dated January 26 and February 22, 2021, staff of FERC's Division of Investigations notified FirstEnergy that the Division is conducting an investigation of FirstEnergy's lobbying and governmental affairs activities concerning HB 6, and staff directed FirstEnergy to preserve and maintain all documents and information related to the same as such have been developed as part of an ongoing audit that is being conducted by FERC's Division of Audits and Accounting. The outcome of any of these lawsuits, investigations and audit are uncertain and could have a material adverse effect on FE's or its subsidiaries' financial condition, results of operations and cash flows. No contingency has been reflected in FirstEnergy's consolidated financial statements as a loss is neither probable, nor is a loss or range of a loss reasonably estimable.

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