BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Review of the Distribution Modernization Rider of Ohio Edison Company, The Cleveland Electric Illuminating company, and The Toledo Edison Company.	))))	Case No. 17-2474-EL-RDR
In the Matter of the Review of The Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company's Compliance with R.C. 4928.17 and the Ohio Adm. Code Chapter 4901:1-37.	)))))	Case No. 17-974-EL-UNC

MOTION FOR A SUBPOENA DUCES TECUM TO PUCO AUDITOR OXFORD ADVISORS TO ATTEND AND GIVE TESTIMONY AT A DEPOSITION AND PRODUCE RELATED DOCUMENTS REGARDING FIRSTENERGY'S DISTRIBUTION MODERNIZATION RIDER AND MOTION FOR A WAIVER OF O.A.C. 4901-1-25(D) (IF NECESSARY) BY OFFICE OF THE OHIO CONSUMERS' COUNSEL

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December 10, 2021

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AND
MOTION FOR A WAIVER OF O.A.C. 4901-1-25(D)
(IF NECESSARY)
BY
OFFICE OF THE OHIO CONSUMERS' COUNSEL

This motion is to subpoena Oxford Advisors. Oxford is the PUCO-hired auditor that filed an audit report on June 14, 2019 in the FirstEnergy distribution modernization rider case (Case 17-2474). The subpoena is for Oxford to attend and give testimony at a deposition to be held on January 6, 2022, beginning at 10:00 a.m. at the Offices of the Ohio Consumers' Counsel, in Columbus, Ohio.

A final audit report that was *not* filed by Oxford is what apparently was referenced in a now infamous text message, by then FirstEnergy Chief Executive Officer Chuck Jones, about the former PUCO Chair "burning the DMR final report."[1] The FirstEnergy Utilities are subsidiaries of FirstEnergy Corp. which has been charged with a federal crime related to the ongoing scandal.

Additionally, this subpoena duces tecum requires that Oxford produce books, papers, documents and other tangible things one full day before that deposition. This document production from Oxford relates to Oxford's findings and recommendations concerning FirstEnergy's use of distribution modernization rider funds collected from FirstEnergy Utilities' two million customers.

Further, OCC moves for a waiver of O.A.C. 4901-1-25(D), if necessary. That rule exempts "a member of the commission staff" from beings subpoenaed to attend a deposition or producing designated books, papers, documents or other tangible things. Upon OCC's motions for investigations,[2] the PUCO hired auditors in each of these two cases to further investigate tainted H.B. 6 related issues.[3] OCC seeks a subpoena to conduct a discovery deposition of PUCO-hired auditor, Oxford Advisors, who apparently completed their auditing work in the early part of 2020. Investigatory measures, such as this subpoena that OCC is asking the PUCO to sign, are an essential component of what would be a real investigation of FirstEnergy.

Oxford Advisors is the state-hired "third party monitor" first tasked with reviewing FirstEnergy's so-call distribution modernization rider.[4] Oxford was retained in 2018 by the

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1 *See In the Matter of the Application of Suvon, LLC d/b/a FirstEnergy Advisors for Certification as a Competitive Retail Electric Service Power Broker and Aggregator in Ohio*, Case No. 20-103-EL-AGG, Motion to Withdraw the Certification Application, at Exhibit A (Nov. 2, 2021).

2 *In the Matter of the Review of Ohio Edison Company, the Cleveland Electric Illuminating Company, and the Toledo Edison Company's Compliance with R.C. 4928.17 and Ohio Adm. Code Chapter 4901:1-37*, Case No. 17-974-EL-UNC; *In the Matter of the Review of the Distribution Modernization Rider of Ohio Edison Company, The Cleveland Electric Illuminating Company, and the Toledo Edison Company*, Case No 17-2474-EL-RDR, OCC Motion (Sept. 8, 2020).

3 *Id.*, Entry (Nov. 4, 2020); Entry (Dec. 30, 2020).

4 *In the Matter of the Review of Ohio Edison Company, the Cleveland Electric Illuminating Company, and the Toledo Edison Company's Compliance with R.C. 4928.17 and Ohio Adm. Code Chapter 4901:1-37*, Case No. 17-974-EL-UNC, Entry (Jan. 24, 2018).

PUCO as an "independent contractor" to produce, inter alia, a final report to be docketed with the PUCO.[5]

Surprisingly, that final Oxford report was never filed because, in early 2020, Chair Randazzo and four other PUCO Commissioners dismissed the case and closed the record. That ruling ended Oxford's involvement to complete and file its final review of Rider DMR.[6] The PUCO[7] advises that a final Oxford report was not produced (even though Oxford was required to produce a final report.[8]

OCC's request for this subpoena was prompted in part by shocking FirstEnergy text messages (that OCC obtained through an earlier subpoena) in which FirstEnergy's former CEO Chuck Jones referenced the former PUCO Chair as "burning the DMR final report."[9] Elsewhere, FirstEnergy Corp has been charged with a federal crime related to the House Bill 6 scandal.

By a PUCO response to an OCC public records request, OCC obtained Oxford's "Third Interim Quarterly Report." Interestingly, in that interim report provided to the PUCO Staff (but not publicly filed) on October 16, 2018, Oxford produced a list of key issues in its review. And Oxford provided its likely future recommendations to the PUCO pertaining to FirstEnergy's use

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[5] *In the Matter of the Review of the Distribution Modernization Rider of the Ohio Edison Company, The Cleveland Electric Illuminating Company, and the Toledo Edison Company*, Case No. 17-2474-EL-RDR. Entry (Dec. 13, 2017) (Request for Proposal at 1).

[6] *Id.,* Entry at ¶ 9 (Feb. 26, 2020).

[7] Letter from PUCO Deputy Legal Donald Leming to Mark Weaver (Nov. 26, 2021); *In the Matter of the Review of the Distribution Modernization Rider of the Ohio Edison Company, The Cleveland Electric Illuminating Company, and the Toledo Edison Company***,** Case No. 17-2474-EL-RDR, Memorandum Contra the Motion of Subpoena for Audit Report and Related Documents, at 1 (Nov. 4, 2021).

[8] *See In the Matter of the Review of the Distribution Modernization Rider of Ohio Edison Company, The Cleveland Electric Illuminating Company, and the Toledo Edison Company*, Case No 17-2474-EL-RDR, Motion of Extension of Time Submitted on Behalf of the Staff of the Public Utilities Commission of Ohio at 1 (Feb. 18, 2020); Entry, RFP at 4 (Dec. 13, 2017).

[9] *In the matter of the Application of Suvon, LLC d/b/a FirstEnergy Advisors for Certification as a Competitive Retail Electric Service Power Broker and Aggregator in Ohio*, Case No. 20-103-EL-AGG, Motion to Withdraw the Certification Application, at Exhibit A (Nov. 2, 2021).

of Rider DMR funds –recommendations that likely would not have been well received by FirstEnergy:

> Oxford is likely to recommend terminating the Ohio Utilities participation in the regulated money pool for economics and transparency. It may be appropriate for FirstEnergy to establish a separate regulated money pool for the Ohio Utilities only.
>
> Oxford is likely to recommend dividend restrictions for some temporary period of time so that the Rider DMR revenues can be used to de-lever.
>
> FirstEnergy has separated and fully removed FES from its business through the bankruptcy, but at a steep price. Oxford is likely to recommend measures that will insulate the Ohio Utilities from the risks associated with FirstEnergy's weak financial position and unregulated businesses at least until the negative effect of FirstEnergy on the Ohio Utilities is eliminated.
>
> Oxford is evaluating and likely to recommend that some portion of Rider DMR funds be used to directly fund grid modernization initiatives.[10]

Good recommendations for consumer protection.

But Oxford's recommendations never saw the light of day. They were never filed in the public docket as part of the mid-term audit report that was filed when Mr. Randazzo was at the helm of the PUCO. And there was no final DMR report filed with Oxford's recommendations and findings, thanks to the PUCO dismissing the case and closing the record.[11]

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[10] *In the Matter of the Review of the Distribution Modernization Rider of the Ohio Edison Company, The Cleveland Electric Illuminating Company, and the Toledo Edison Company*, Case No. 17-2474-EL-RDR. Third Interim Report (Oct. 16, 2018) (Attachment).

[11] *Id.*, Entry (Feb. 26, 2020).

The PUCO has repeatedly stated that it is "determined to act in a deliberate manner, based upon facts rather than speculation."[12] The PUCO aspires "to act on the facts." This is another opportunity to adduce the facts.

OCC seeks to conduct a discovery deposition of Oxford Advisors relating to its work, review, assessments, recommendations and findings on the distribution modernization rider. That charge cost FirstEnergy consumers nearly a half-billion dollars despite the Supreme Court overturning the PUCO's unlawful ruling.

OCC files this motion for a subpoena duces tecum to Oxford Advisors, per O.A.C. 4901-1-25. Unfortunately for consumers, the legislature has not provided OCC with its own subpoena power, so OCC must seek the signing of its subpoenas from the PUCO (where OCC's subpoenas are regularly opposed by vested interests).

If needed, OCC moves the PUCO for a waiver of O.A.C. 4901-1-25(D), per O.A.C. 4901-1-38(B). That rule unfortunately and unlawfully prevents parties from subpoenaing "a member of the commission staff," despite R.C. 4903.082's assurance of parties' discovery rights. Granting a waiver should allow for OCC to seek a discovery deposition as well as related documents from Oxford Advisors (not that a waiver should be needed to obtain documents from an auditor).

These motions are more fully explained in the attached memorandum in support.

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[12] *In the Matter of the Review of Ohio Edison Company, the Cleveland Electric Illuminating Company, and the Toledo Edison Company's Compliance with R.C. 4928.17 and Ohio Adm. Code Chapter 4901:1-37*, Case No. 17-974-EL-UNC, Entry at ¶17 (Nov. 4, 2020).

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MEMORANDUM IN SUPPORT

I. INTRODUCTION

OCC files this motion, per O.A. C. 4901-1-25, to subpoena Oxford Advisors to attend and give testimony at a discovery deposition and to produce all documents relating to its audit, including its preliminary or final recommendations on FirstEnergy's use of distribution modernization rider funds collected from its two million consumers.

The Oxford Advisors' recommendations and findings are certainly relevant to the issues in these cases. The DMR proceeding is supposed to be about whether FirstEnergy improperly used money collected from Ohio consumers through the distribution modernization rider, including for the improper purpose of funding FirstEnergy's political activities. The issues in the DMR audit case carry over into the corporate separation case because DMR funds collected from consumers may have been used to benefit FirstEnergy's subsidiaries, potentially violating Ohio law.

The PUCO hired Oxford Advisors as a “third party monitor to assist the Staff in the review of Rider DMR.”[13] The contract for the Auditor was between the FirstEnergy Utilities and Oxford, with Oxford being paid a significant sum -- $395,000. [14] The scope of the investigation was described by the PUCO in the state-issued RFP as “[t]he Monitor’s continuous review and assessments shall determine if FirstEnergy has implemented its Commission-approved Rider DMR in compliance with” the PUCO Entries in FirstEnergy’s electric security plan case, Case No. 14-1297-EL-SSO.[15] Oxford was to present its findings and recommendations in monitoring and assessment reports, including a publicly filed mid and final assessment.[16] Both the mid and final reports were to “include an executive summary of recommendations.”[17] The PUCO maintained, at that time, that ”[a]ny conclusion, results, or recommendations formulated by the Monitor may be examined by any participant.”[18]

Oxford Advisors filed its mid-term audit report on June 14, 2019. But that report contained no recommendations, just findings. The report did identify issues of concern for consumers. To begin with, the PUCO-hired Auditor stated that FirstEnergy “declined to restrict the use of the funds and did not contemplate a tracking of Rider DMR funds to specific expenditures.”[19] FirstEnergy placed the distribution funds in the “Regulated Utility Money Pool”

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[13] *In the Matter of the Review of the Distribution Modernization Rider of the Ohio Edison Company, The Cleveland Electric Illuminating Company, and the Toledo Edison Company***,** Case No. 17-2474-EL-RDR, Entry (Jan. 24, 2018).

[14] *See* Public Records Request (Attachment).

[15] *In the Matter of the Review of the Distribution Modernization Rider of the Ohio Edison Company, The Cleveland Electric Illuminating Company, and the Toledo Edison Company***,** Case No. 17-2474-EL-RDR, Entry, Request for Proposal at 1(Dec. 13, 2017).

[16] *Id.*, at 4.

[17] *Id.*

[18] *Id*.

[19] *Id.,* Oxford Mid-term Report a 16 (June 14, 2019).

where other non-Ohio regulated companies had borrowing access to the money pool.[20] The Auditor also found that funds in the money pool had been used to pay dividends to FirstEnergy, allowing increased dividends to FirstEnergy during the collection period of the distribution modernization charge.[21]

Within a week after the Oxford issued its concerning findings, the Ohio Supreme Court reversed the PUCO decision (in appeals by OCC and others), finding that the distribution modernization charge was unlawful and unreasonable and should be removed from consumers' bills.[22] But customers did not receive a refund of the nearly half-billion dollars they paid to FirstEnergy prior to the Court's reversal, because the PUCO denied a motion in 2016 that OCC and the Ohio Manufacturers' Association filed to make the charges subject to refund.[23]

Oxford's final report was due to be filed on February 25, 2020; however, on February 18, 2020, one week prior, the PUCO Staff sought an extension until March 31, 2020 to file the final report.[24] About one week later, on February 26, 2020, the PUCO (led by Mr. Randazzo) surprisingly ruled that there would *not* be a final audit report.[25] We have questions for Oxford on this subject.

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[20] *Id.* at 17.

[21] *Id*. at 19.

[22] *In re Application of Ohio Edison Co*., 157 Ohio St.3d 73, 2019-Ohio-2401.

[23] *In the Matter of the Application of Ohio Edison, et al., for Authority to Provide for a Standard Service offer Pursuant to R.C. 4928.143 in the Form of an Electric Security Plan*, Case No. 14-1297-EL-SSO, Finding and Order at ¶15 (Dec. 21, 2016).

[24] *In the Matter of the Review of the Distribution Modernization Rider of the Ohio Edison Company, The Cleveland Electric Illuminating Company, and the Toledo Edison Company*, Case No. 17-2474-EL-RDR, Motion for Extension of Time and Memorandum in Support (Feb. 18, 2020).

[25] *Id.*, Entry (Feb. 26, 2020).

The Deferred Prosecution Agreement, reached between FirstEnergy Corp. and the U.S. Government, contained this partial version of a March 4, 2020 text message from former FirstEnergy CEO Chuck Jones to former FirstEnergy Senior VP Dennis Chack:

> He [the former PUCO Chair] will get it done for us but cannot just jettison all process. ***There is 'a lot of talk going on in the halls of PUCO about does he work there for us? He'll move it as fast as he can.[26]

The full text message was revealed in a recent filing by FirstEnergy Advisors:[27]

> Chack: Any luck on talking with Sam on energy license we just received request for additional comments
>
> Jones: He will get it done for us but cannot just jettison all process. Says the combination of over ruling Staff and other Commissioners on decoupling, getting rid of SEET and **burning the DMR final report** has a lot of talk going on in the halls of PUCO about does he work there or for us? He'll move it as fast as he can. Better come up with a short term work around. (Emphasis added)

Note that the text messages were sent about one week after the PUCO order eliminating the need for a final audit report.

The PUCO has stated that it is "determined to act in a deliberate manner, based upon facts rather than speculation.[28] The PUCO also stated that '[a]ny conclusion, results, or recommendations formulated by the Monitor may be examined by any participant."[29] But the PUCO *must first obtain the facts*, including by approving OCC's subpoena. Granting this motion

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[26] *United States of America v. FirstEnergy Corp.*, Case No. 1:21-cr-86, Deferred Prosecution Agreement, Statement of Facts at 43 (July 22, 2021).

[27] *In the Matter of the Application of Suvon, LLC d/b/a FirstEnergy Advisors for Certification as a Competitive Retail Electric Service Power Broker and Aggregator in Ohio*, Case No. 20-103-EL-AGG, Motion to Withdraw the Certification Application, at Exhibit A (Nov. 2, 2021).

[28] *In the Matter of the Review of Ohio Edison Company, the Cleveland Electric Illuminating Company, and the Toledo Edison Company's Compliance with R.C. 4928.17 and Ohio Adm. Code Chapter 4901:1-37*, Case No. 17-974-EL-UNC, Entry at ¶ 17 (Nov. 4, 2020).

[29] *Id.*

for a subpoena would help achieve Chair French's goal to provide "more transparency…to lift the 'black cloud' of [the] HB 6 scandal."[30]

The PUCO may exercise *in personam* jurisdiction over Oxford Advisors under R.C. 2307.382(A)(1) and (2) because Oxford transacted business in this state and contracted to supply auditing services in this state. Additionally, *in personam* jurisdiction over Oxford Advisors is also established under Ohio Civil Rule 4.3(A)(1), (2).

Accordingly, the PUCO should grant this motion. The motion should be granted to allow OCC to subpoena Oxford Advisors to attend and give testimony at a discovery deposition and to obtain all relevant documents including Oxfords' preliminary and final recommendations, any draft reports and recommendations, and all communications between Oxford Advisors and either PUCO Staff or FirstEnergy relating to their findings and recommendations.

II. LAW AND ARGUMENT

A. OCC's Motion for a subpoena to command Oxford Advisors to attend, give testimony at a deposition, and produce documents is appropriate and should be granted.

OCC satisfies O.A.C. 4901-1-25 and R.C. 4903.082 for the granting of its motion for a subpoena. Essentially, the signing of the subpoena is a ministerial act for the PUCO. The PUCO's consideration of whether a subpoena is "unreasonable or oppressive" is only prompted if another party moves to quash, per O.A.C. 4901-1-25(C).

When it hired Oxford Advisors to perform its contractual duties, including the preparation of the final audit report, the PUCO ordered "that *any* conclusions, results, or

[30] J. Pelzer, *New PUCO Chair Jenifer French: more transparency needed to lift the 'black cloud' of [the] HB 6 scandal,* Cleveland.com (May 18, 2021).

recommendations formulated by the auditor may be examined by *any* participant to this proceeding."[31] This subpoena would serve that objective.

O.A.C. 4901-1-28(E) underscores the importance of an audit report and the testimony of the auditor making or contributing to the report. It provides that when such a report is filed in the docket, it is automatically deemed as admissible evidence in that proceeding.[32] The rule further provides that, if a hearing is scheduled, any person making or contributing to the report may be subpoenaed to testify.[33] Thus, the intent of this rule could be advanced by a subpoena allowing for OCC to depose Oxford on its findings and recommendations.

Under R.C. 4903.082, parties must be given ample rights to discovery. The Ohio Supreme Court recently affirmed OCC and NOPEC's broad statutory rights to discovery (as intervenors), when it reversed the PUCO's ruling that, among other things, denied motions to compel discovery.[34] The Court directed the PUCO to rule on the merits of the discovery motions before issuing a decision on the matters before it.[35]

The testimony of the Oxford Advisors could be an important issue in these cases. The issues relate to whether FirstEnergy used money collected from Ohio consumers through the distribution modernization rider for improper purposes, including to fund its political activities. And if consumer funds were used for political activities that were undertaken to benefit FirstEnergy affiliates, there may be corporate separation violations. The testimony derived from Oxford Advisors may give us important facts related to these issues.

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[31] Entry at ¶ 13 (Jan. 24, 2018)(Emphasis added).

[32] O.A.C. 4901-1-28(E).

[33] *Id.*

[34] *In re Application of FirstEnergy Advisors for Certification as a Competitive Retail Elec. Serv. Power Broker & Aggregator*, Slip Op. No. 2021-Ohio-3630.

[35] *Id.* at ¶41.

B. The PUCO should grant OCC's request for a waiver (if needed) of the PUCO rule regarding PUCO Staff depositions, to allow a subpoena duces tecum for a deposition of PUCO auditor Oxford Advisors in the PUCO's H.B. 6 investigation cases.

Unfortunately for the public, the PUCO has protected its Staff from discovery in cases. That is, the PUCO's rules of discovery generally do not apply to the PUCO Staff, per O.A.C. 4901-1-1-16(I). In particular, the PUCO's rules on subpoenas (O.A.C. 4901-1-25(D)), allow parties to subpoena "a person, other than a member of the commission staff" to attend depositions or produce designated discovery materials. To the extent that this rule applies to outside auditors (which OCC does not concede), the PUCO should waive this rule for good cause shown under O.A.C. 4901-1-38(B). The good cause relates to certain facts set forth by the U.S. Attorney as well as the recent startling texts that evidence a plan by FirstEnergy to keep Oxford from reporting things like their recommendations for consumer protection. Further, the PUCO's exemption of the Staff from discovery violates R.C. 4903.082.

The PUCO ordered "that *any* conclusions, results, or recommendations formulated by Oxford Advisors may be examined by *any* participant to this proceeding."[36] The PUCO should uphold its order and allow the auditor to be fully deposed. Especially now since it appears that the Auditor did at some point have recommendations that it communicated to the Staff (and perhaps the utilities), as seen by in the Third Interim Quarterly Report obtained by OCC through a public records request.

Although OCC does not concede that auditors are shielded by this rule, to the extent necessary, a waiver of O.A.C. 4901-1-25(D) is hereby requested. The PUCO has inherent power

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[36] Entry at ¶ 13 (Jan. 24, 2018).

to grant waivers of its orders and rules.[37] In addition, O.A.C. 4901-1-38(B) allows for waivers of rules, including "upon a motion filed by a party…for good cause shown…." There is good cause for waiving Rule 25(D), if that is needed, and ordering the deposition of the auditor.

Depositions are a discovery tool used in PUCO proceedings where a witness provides information under oath that may be admissible in evidence.[38] Many times parties use this tool to preview the examination of a witness who will present testimony at the hearing.

In the Rider DMR case, the PUCO originally hired Oxford Advisors to audit whether FirstEnergy was handling the Rider DMR revenues in a manner consistent with the PUCO's order approving Rider DMR. The PUCO later expanded the audit scope to include an investigation of whether FirstEnergy used Rider DMR revenues for H.B. 6 activity.[39] Mr. Jones' text message about Mr. Randazzo "burning the final DMR report" came about one week after the PUCO's order eliminating the requirement to file a final audit report.

The PUCO ordered "that *any* conclusions, results, or recommendations formulated by the auditor may be examined by *any* participant to this proceeding."[40] The Third Interim Quarterly Report of the Oxford contains recommendations for consumer protection that has not been shared with the public. The PUCO-hired auditor should be made available promptly for a deposition to answer questions about its findings and recommendations, including Interim Reports.

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[37] *See, e.g., In the Matter of the Joint Application of Reliant Energy Northeast, LLC and Green Mountain Energy Company for a Waiver of the Commission's Current Suspension of In-Store Marketing to Customers in Ohio,* Case No. 20-1008-GE-WVR, Entry (June 3, 2020).

[38] O.A.C. 4901-1-21(N); Civ. R. 32.

[39] *In the Matter of the Review of the Distribution Modernization Rider of the Ohio Edison Company, The Cleveland Electric Illuminating Company, and the Toledo Edison Company*, Case No. 17-2474-EL-RDR, Entry (Jan. 24, 2018).

[40] *In the Matter of the Review of the Power Purchase Agreement Rider of Ohio Power Company for 2018,* Case No. 18-1004-EL-RDR, Entry at ¶ 11 (Jan. 15, 2020) (Emphasis added).

Under R.C. 4903.082, parties must be given ample rights to discovery. The issue of whether Oxford made any preliminary or final conclusions about FirstEnergy's use of DMR funds collected by consumers is highly relevant to the issues in these cases. Obviously, FirstEnergy would not have been so concerned about "burning the DMR final report" unless it was going to contain unfavorable information. Oxford's non-public Third Interim Report seems to contain such information, including likely recommendations about terminating the Ohio Utilities' participation in the regulated money pool, dividend restrictions, insulating consumers from risks of the FES bankruptcy, and use of funds for grid modernization.

OCC needs to depose the auditor on these points to have ample discovery for case preparation for the hearing and provide a record upon which the PUCO can base its opinion. Based on good cause under Rule 38(B) (if a rule waiver is needed), on the PUCO's prior ruling allowing parties to examine "a]ny conclusion, results, or recommendations formulated by the Monitor" and on R.C. 4903.082, the PUCO should grant OCC's motion for a subpoena to depose the auditor.

III. CONCLUSION

The PUCO has repeatedly stated that it is "determined to act in a deliberate manner, based upon facts rather than speculation."[41] The PUCO aspires "to act on the facts," but the PUCO need to seek the facts including through parties presenting the facts. The PUCO should grant OCC's subpoena duces tecum to allow OCC to depose Oxford Advisors and obtain documents. And if necessary, the PUCO should grant OCC's request for a waiver and allow the deposition to proceed.

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[41] *In the Matter of the Review of Ohio Edison Company, the Cleveland Electric Illuminating Company, and the Toledo Edison Company's Compliance with R.C. 4928.17 and Ohio Adm. Code Chapter 4901:1-37*, Case No. 17-974-EL-UNC, Entry at ¶ 17 (Nov. 4, 2020).

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CERTIFICATE OF SERVICE

I hereby certify that a copy of this Motion was served on the persons stated below via electric transmission this 10th day of December 2021.

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The PUCO's e-filing system will electronically serve notice of the filing of this document on the following parties:

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OCC has redacted the confidential label that appears on this document, provided to OCC in response to a public records request to the PUCO. The PUCO has determined that the document is no longer confidential.

A COMPLIANCE REVIEW OF THE DISTRIBUTION MODERNIZATION RIDER OF OHIO EDISON COMPANY, THE CLEVELAND ELECTRIC ILLUMINATING COMPANY, AND THE TOLEDO EDISON COMPANY

THIRD INTERIM QUARTERLY REPORT

Submitted to the:

Public Utilities Commission of Ohio

180 East Broad Street, 3rd Floor, Columbus, Ohio 43215-3793

October 16, 2018

Introduction

The Third Interim Quarterly Report (this "Report") is being provided to the Staff of the Public Utilities Commission of Ohio ("Staff") by Oxford Advisors ("Oxford") regarding the use of the Rider DMR funds by Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company (the "Ohio Utilities") and FirstEnergy Corp ("FirstEnergy"). This Report will provide a summary of the preliminary areas reviewed by Oxford, discuss areas in need of further review and analysis, and identify the potential risks involved with the use of the Rider DMR funds by the Ohio Utilities and FirstEnergy. The following is a list summarizing the key issues identified by Oxford in its initial review of the use of Rider DMR funds:

- ***Regulated Money Pool*** – FirstEnergy has stated that all Rider DMR revenues "lose their identity" when received by the Ohio Utilities, and are placed into the regulated money pool where all of FirstEnergy's regulated companies have access to use the Rider DMR funds provided by the Ohio Utilities. **Oxford is likely to recommend terminating the Ohio Utilities participation in the regulated money pool for economics and transparency. It may be appropriate for FirstEnergy to establish a separate regulated money pool for the Ohio Utilities only.**

- ***Unregulated Money Pool*** – FirstEnergy can fund the unregulated money pool. We need to make sure that the Ohio Utilities are not subsidizing FirstEnergy's contributions to the Unregulated Money Pool by lowering or offsetting FirstEnergy's contributions to the Regulated Money Pool.

- ***FFO Analysis*** – FFO Metrics have improved due to Rider DMR revenues by increasing cash flow, but the benefits will likely be temporary unless better uses of the funds are implemented and/or other measures (cutting dividends, reducing debt, lowering executive compensation, lowering risk from unregulated companies etc.) are implemented during the term of the Rider to improve its financial metrics.

- ***Rating Agencies*** – FFO Metrics have improved due to Rider DMR revenues by increasing cash flow, but the improvements may be temporary.

- ***Dividend Policy*** – FirstEnergy has not modified its dividend payout ratio since 2014, and continues to fund its dividends from the Ohio Utilities, which have increased since the implementation of Rider DMR. **Oxford is likely to recommend dividend restrictions for some temporary period of time so that Rider DMR revenues can be used to de-lever.**

[redacted]

- ***Equity Investment*** – The $2.5 billion equity investment appears to have been used to reduce debt, fund pensions and enhance the balance sheet.

- ***First Energy Solutions Bankruptcy*** – FirstEnergy has significant potential risk and financial exposure related to creditor demands and related claims in the bankruptcy litigation of First Energy Solutions ("FES"). **FirstEnergy has separated and fully removed FES from its business through the bankruptcy, but at a steep price. Oxford is likely to recommend measures that will insulate the Ohio Utilities from the risks associated with FirstEnergy's weak financial position and unregulated businesses at least until the negative effect of FirstEnergy on the Ohio Utilities is eliminated.**

- ***Tax Net Operating Losses*** – Federal income taxes are being paid by the Ohio Utilities up to FirstEnergy, but FirstEnergy Corp does not currently pay income taxes due to Net Operating Losses ("NOLs") on its balance sheet.

- ***Pensions*** – FirstEnergy has made contributions to pensions and earned a strong return in 2017. It appears that pensions are well funded through 2019/2020.

- ***Post Rider DMR*** – Rider DMR is providing a temporary solution to help maintain the investment grade ratings of FirstEnergy. The critical question is whether FirstEnergy is using Rider DMR funds appropriately and taking such other measures (cutting dividends, reducing debt, lowering executive compensation, lowering risk from unregulated companies etc.) during the term of the Rider that improves its financial metrics so that it is in a better, stronger financial position at the expiration of Rider DMR.

- ***Grid Modernization*** – The purpose of Rider DMR is to improve the financial strength of FirstEnergy so that it can invest in grid modernization. **Oxford is evaluating and likely to recommend that some portion of the Rider DMR funds be used to directly fund grid modernization initiatives.**

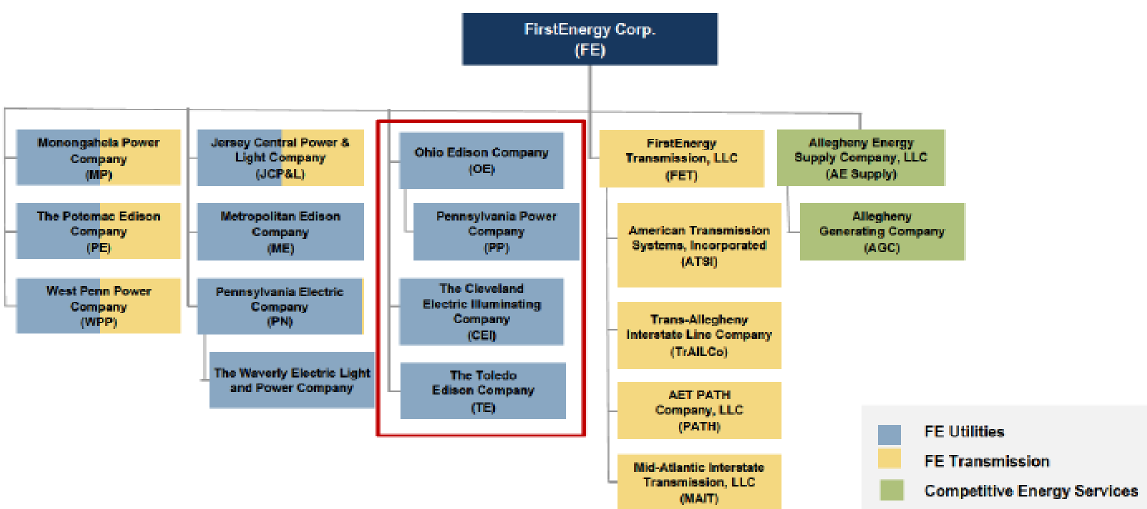
Summary

1. Regulated Money Pool

As described in OA Set 1- INT-037 Attachment 1, FirstEnergy describes how they are using the Rider DMR funds. The pertinent part follows:

> **"The Commission decision authorizing Rider DMR explicitly declined to restrict the use of funds and did not contemplate the tracking of Rider DMR funds to specific expenditures. <u>While the Companies track Rider DMR revenues, the funds received from these revenues lose their identity upon receipt by the Companies. All funds received by the Companies are placed into the Regulated Utility Money Pool.</u>"**

FirstEnergy goes on to state that the Regulated Money Pool was created via an agreement among the Companies and other FirstEnergy Corp. regulated affiliates and allows the regulated companies to borrow from each other, and from the FirstEnergy Corp., to meet their short-term working capital needs. FirstEnergy Corp.'s unregulated subsidiaries do not participate in and do not have access to the Regulated Money Pool. There is a separate Unregulated Non-Utility Money Pool comprised of FirstEnergy Corp. and certain of its unregulated subsidiary companies.



Oxford has identified the following issues associated with the flow of Rider DMR revenues into the Regulated Money Pool.

- The intent of the Rider DMR was to provide funds to the Ohio Utilities to improve the credit metrics of FirstEnergy and the Ohio Utilities.

- We need to ensure that the Rider DMR funds are being used appropriately in the Regulated Money Pool in accordance with the Commission's directives.

- **Currently all of the Rider DMR funds are being placed in the Regulated Money Pool.**

Regulated Money Pool

- Regulated Money Pool was created via an agreement among FirstEnergy Corp. and its regulated subsidiaries, including OH Utilities
- Dollars collected by OH Utilities, including dollars collected through Rider DMR, are contributed to the Regulated Money Pool
- OH Utilities borrow from the Regulated Money Pool to fund their expenditures
- There is a separate non-utility Money Pool comprised of FirstEnergy Corp. and its unregulated subsidiaries
- FirstEnergy Corp. can lend money to the Regulated Money Pool but cannot borrow from it
- PUCO approves OH Utilities' participation and lending limits in the Regulated Money Pool annually
- OH Utilities are required to report details of their participation in the Regulated Money Pool to the PUCO on a quarterly basis

- By moving the Rider DMR funds into the Ohio Utilities Regulated Money Pool – other non-OHIO regulated companies have borrowing access to the Rider DMR funds.

- **No Rider DMR funds are currently being used to pay down debt or for direct investments in Grid Modernization.**

- It appears that FirstEnergy intends to continue to place all of the Rider DMR funds into the Regulated Money Pool throughout the term of the Rider, and its potential extension.

- **The Rider DMR funds improve the FFO metric by adding cash flow in the numerator of the calculation. The benefits of the Rider DMR will be temporary unless FirstEnergy improves its financial position (e.g. pays down debt) before the Rider term expires.**

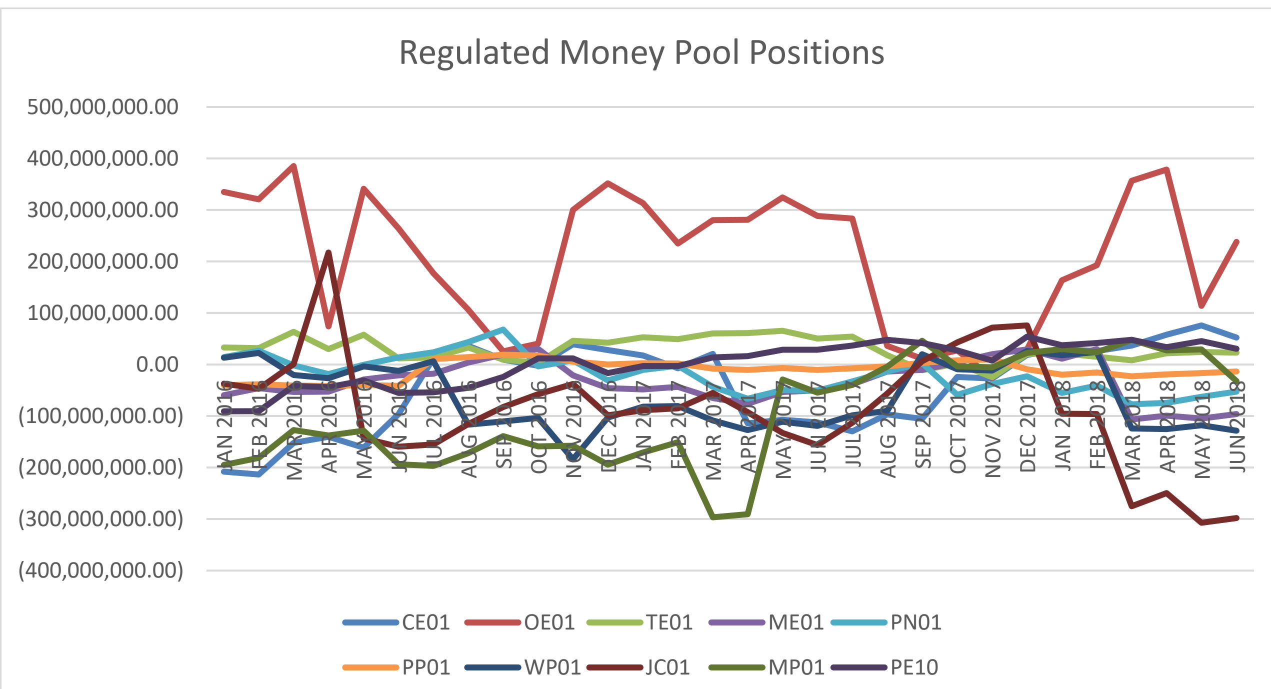
Money Pool Terms:

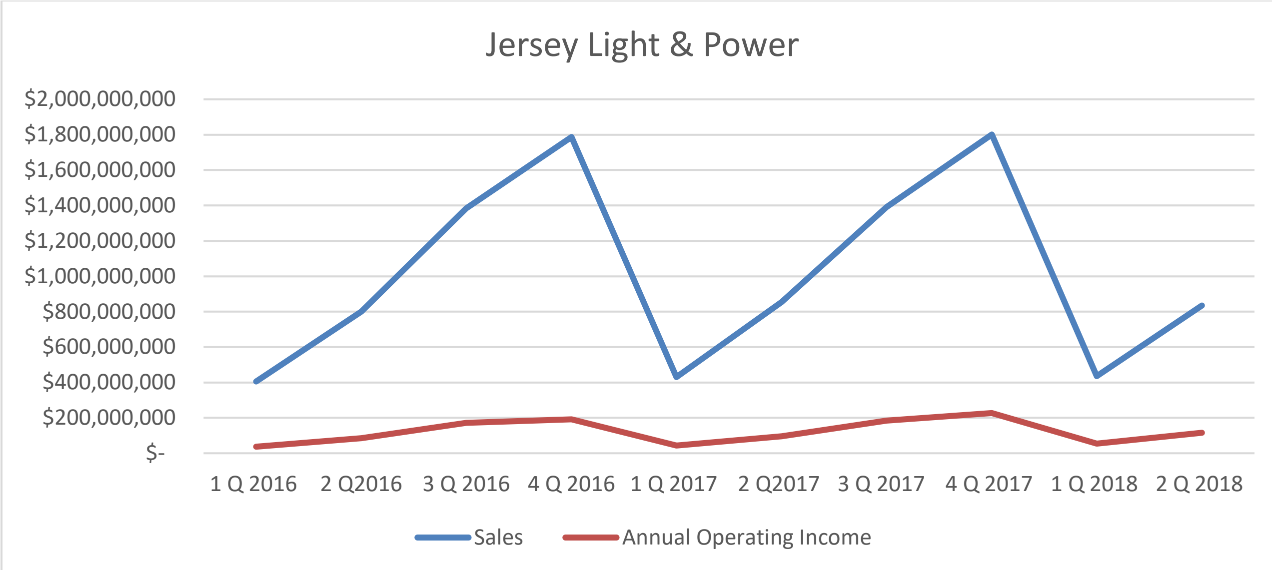
1. The Money pool agreement states the following:

    A. “FirstEnergy Service, as administrator of the Utility Money Pool, will provide each party with periodic activity and cash accounting reports that include, among other things, reports of cash activity, the daily balance of loans outstanding and the calculation of interest charged.”

    B. “If only Internal Funds comprise the daily outstanding balance of all loans outstanding during a calendar month, the interest rate applicable to such daily balances shall be the greater of the 30-day LIBOR rate as quoted in the Wall Street Journal or the money market rate that a lending Subsidiary could have obtained if it placed its excess cash in such an investment.”

The Money Pool Positions provided by FirstEnergy show the trends of the Regulated Businesses. The graph below illustrates the monthly money pool balances in 2016, thru the second quarter of 2018.





Potential Issues:

1. The benefits derived by enhancing cash flow from the use of Rider DMR in the Money Pool is only temporary.

2. The use of Rider DMR funds in the Money Pool may be benefiting non-Ohio regulated companies, specifically Jersey Light & Power when looking over the trends. Their borrowings significantly increased after the Rider began in October 2017, even though Revenues and Net Income have remained consistent since 2016.

Next Steps:

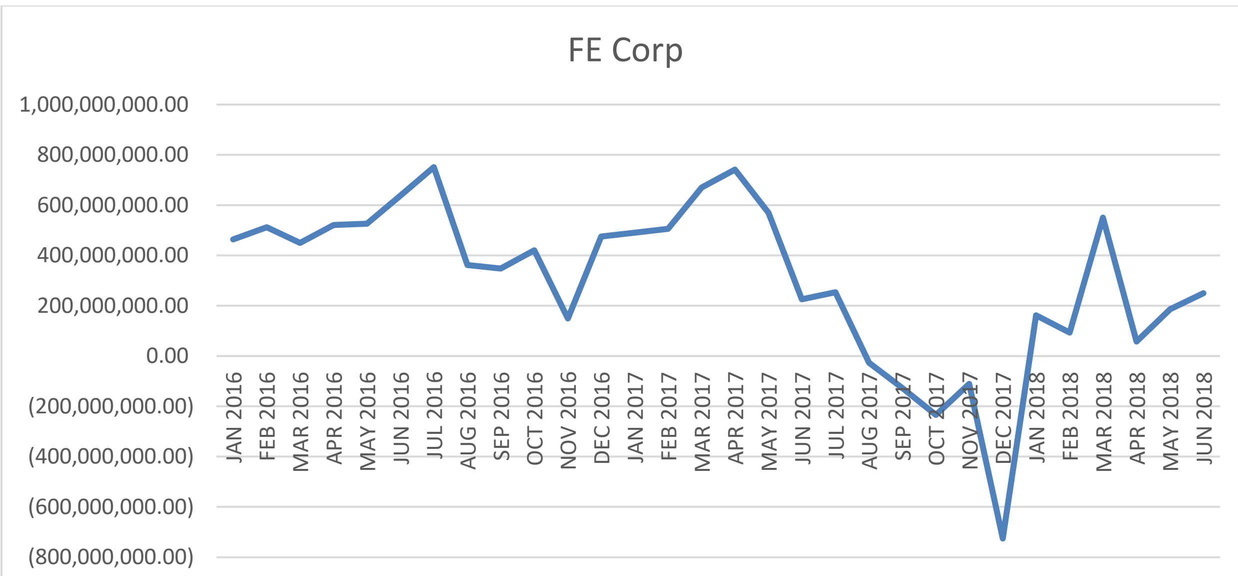
- Oxford will continue to monitor the periodic activity and cash accounting reports from for ALL companies in the regulated money pool including FirstEnergy in order to see the complete picture of the cashflow of money pools and to verify whether the Rider DMR funds are benefiting non-Ohio regulated utilities including FirstEnergy and its unregulated subsidiaries.

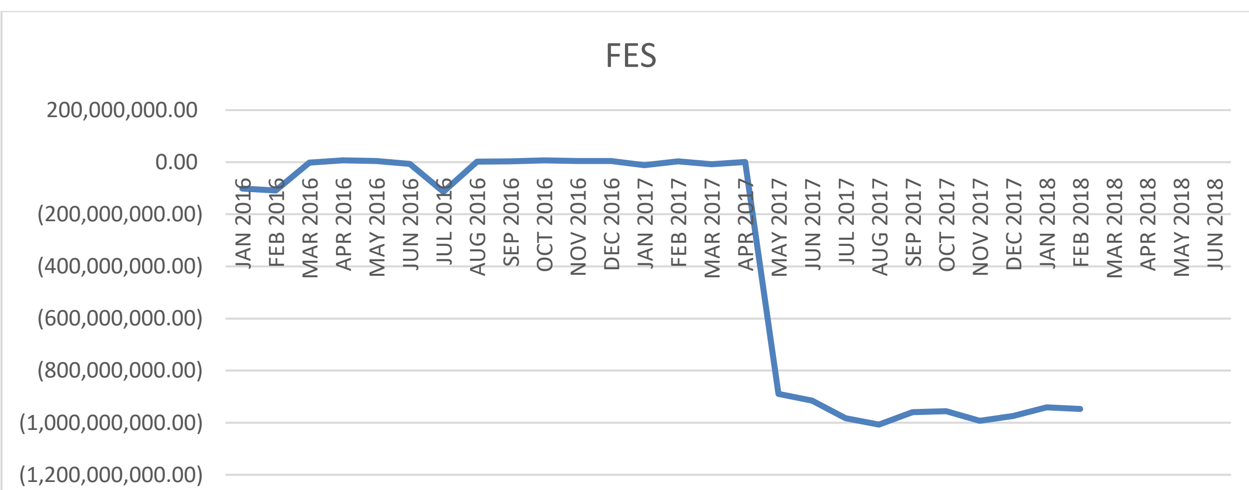
- Oxford will request to see the periodic activity and cash accounting reports that include, among other things, reports of cash activity, the daily balance of loans outstanding and the calculation of interest charged All companies that participate in the Regulated Money Pool and for all loans provided by the Ohio Companies through the Regulated Money Pool since the implementation of Rider DMR.

- Oxford will review and analyze other measures (e.g. paying down debt, lowering dividends and cutting costs) that FirstEnergy can utilize to improve its financial position rather than exclusively using Rider DMR in the Regulated Money Pool to enhance cash flow.

2. Unregulated Money Pool

As noted in the response to OA Set 1- INT-037 Attachment 1, there is a separate Unregulated Non-Utility Money Pool comprised of FirstEnergy Corp. and its unregulated subsidiary companies. Although FirstEnergy provided the Unregulated Money Pool balances of FirstEnergy and its unregulated subsidiaries, as noted above, FirstEnergy has not provided the full details of the Regulated Money Pool balances of FirstEnergy and its non-Ohio regulated utilities.





[redacted]

Potential Issues:

- The intent of the Rider DMR was to provide funds to the Ohio Utilities to improve the credit metrics of FirstEnergy and the Ohio Utilities. It is not intended to fund the unregulated activities of FirstEnergy.

- **The use of Rider DMR funds in the Regulated Money Pool appears to be benefiting FirstEnergy and its unregulated subsidiaries by offsetting funds that FirstEnergy would be lending to the Regulated Money Pool so it can use those funds for unregulated activities primarily the FES bankruptcy.**

- **FES borrowings were hovering close to $1Billion before filing for bankruptcy. FES has reported a zero balance within the money pool in 2018.**

FirstEnergy has referred to the following disclosure from its 8-K filing dated March 16, 2018 for an explanation of the previous balance of FES in the unregulated money pool:

On March 16, 2018, FirstEnergy Solutions Corp. (FES), a wholly owned subsidiary of FirstEnergy Corp. (FE), FES' subsidiaries, and FirstEnergy Nuclear Operating Company (FENOC), a wholly owned subsidiary of FE, withdrew from the unregulated companies' money pool, which included FE, FES, its subsidiaries and FENOC and was operated in accordance with that certain Fifth Amended and Restated Non-Utility Money Pool Agreement, dated as of December 19, 2013, as amended. As of the date of the withdrawal, FES, its subsidiaries and FENOC had approximately $4 million in borrowings in the aggregate under such money pool owed to FE. Also on March 16, 2018, FES, its subsidiaries, FENOC and FirstEnergy Service Company (FESC), a wholly owned subsidiary of FE, entered into the FirstEnergy Solutions Money Pool Agreement (FES Money Pool Agreement). FESC is a party to the FES Money Pool Agreement solely in the role as administrator of the money pool arrangement thereunder.

Next Steps:

- Oxford will continue to monitor the periodic activity and cash accounting reports from for ALL companies in the unregulated money pool including FirstEnergy in order to see the complete picture of the cashflow of money pools and to verify whether the Rider DMR funds are benefiting the unregulated utilities.

- Oxford will request to see the periodic activity and cash accounting reports that include, among other things, reports of cash activity, the daily balance of loans outstanding and the calculation of interest charged. All companies that participate in the Regulated Money

Pool and for all loans provided by the Ohio Companies through the Regulated Money Pool since the implementation of Rider DMR.

- Oxford will get a better understanding of what happened to the $1Billion FES balance in February 2018 although it appears the balance was written off by FirstEnergy as part of the FES bankruptcy.

3. FFO Analysis

The Rider DMR funds have improved the FFO metric by adding cash flow in the numerator of the calculation. FirstEnergy noted that an increase in cash flow versus debt reduction improves the calculation by a ratio of $1 to $8 ($1 increase in cash flow has the same effect on the metric as an $8 reduction to debt from a mathematical perspective). Below are the metrics provided by FirstEnergy in support of its use of Rider DMR funds.

Impact of DMR on Credit Metrics

- Key Credit Metrics have improved due to:
  - FE Corp's 35% dividend reduction in 2014
  - Cash Flow Improvement Plan (CFIP) launched in 2015
  - Other non-Ohio affiliated utilities' recent rate cases
  - Ohio DMR Rider
  - $3.3B of new equity ($2.5B in 2018)

		2015A	2016A	2017E	2017E No DMR	IG Threshold
Moody's (CFO Pre-WC) / Debt	FirstEnergy Corp	12.3%	13.1%	14.0%	13.4%	12%
	Ohio Edison	24.1%	28.1%	30.9%	25.4%	11%
	Cleveland Electric Illuminating	10.2%	11.2%	15.1%	11.7%	11%
	Toledo Edison	13.4%	13.6%	24.3%	18.0%	11%
S&P FFO / Debt	FirstEnergy Corp	12.9%	13.4%	12.5%	11.9%	11-13%
	Ohio Edison	36.9%	37.2%	45.0%	34.5%	9%
	Cleveland Electric Illuminating	8.0%	10.3%	13.6%	9.7%	9%
	Toledo Edison	22.3%	21.5%	20.5%	13.3%	9%

2015-2016 ratios sourced from rating agency research reports. 2017 ratios are FE's calculations using rating agency criteria and methodology.

Without DMR, the post-2017 key credit metrics are at risk of falling below investment grade thresholds, leaving little financial flexibility to manage uncertainties (e.g. major storms)

[redacted]

Oxford has identified the potential concern associated with FirstEnergy's use of Rider DMR.

- Using the Rider DMR funds to improve the FFO metric by adding cash flow in the numerator of the calculation is a temporary improvement to FirstEnergy's metrics as illustrated by the following:

CONFIDENTIAL

OA Set 2-INT-56 Attachment 1 Confidential

Confidential - Forecasted Metrics Including Rider DMR

		2018F	2019F	2020F (1)	2021F (1)
Moody's (CFO Pre-WC / Debt)	FirstEnergy Corp.	10.7%	11.2%	12.5%	12.4%
	Ohio Edison	36.1%	33.3%	34.3%	34.8%
	Cleveland Electric Illuminating	19.0%	18.7%	17.2%	17.5%
	Toledo Edison	26.0%	25.0%	21.0%	20.1%
S&P FFO / Debt	FirstEnergy Corp.	10.1%	10.7%	12.3%	12.2%
	Ohio Edison	42.0%	40.1%	38.9%	36.4%
	Cleveland Electric Illuminating	18.9%	19.3%	17.3%	17.2%
	Toledo Edison	25.7%	24.8%	21.2%	19.6%

Confidential - Forecasted Metrics Excluding Rider DMR (2)

		2018F	2019F	2020F	2021F
Moody's (CFO Pre-WC / Debt)	FirstEnergy Corp.	9.9%	10.3%	12.3%	12.1%
	Ohio Edison	30.7%	27.9%	34.3%	34.7%
	Cleveland Electric Illuminating	15.2%	14.9%	16.6%	16.7%
	Toledo Edison	20.3%	19.2%	21.0%	20.2%
S&P FFO / Debt	FirstEnergy Corp.	9.2%	9.8%	12.0%	11.9%
	Ohio Edison	34.4%	32.2%	38.9%	36.3%
	Cleveland Electric Illuminating	14.7%	14.4%	15.9%	15.8%
	Toledo Edison	19.7%	18.8%	21.4%	19.8%

(1) Estimates for 2020-2021 do not include any Rider DMR revenues, consistent with the Companies' current forecast.

(2) This scenario assumes that the Ohio companies did do not collect Rider DMR in any years.

The above FFO projections provided by FirstEnergy illustrates Oxford's concern that the use of Rider DMR in the Regulated Money Pool to improve cash flow only has a temporary benefit to the FFO metrics as there are relatively small improvements between the projected FFO metrics in years 2020 and 2021 with and without Rider DMR funds.

Next steps:

- Oxford will review and analyze alternative uses of Rider DMR funds and other measures that can be implemented by FirstEnergy to determine if there are better uses of the funds to provide measurable benefits to the credit metrics of FirstEnergy and the Ohio Utilities at the end of the Rider.

4. Rating Agencies

The rating agencies have a positive view of Rider DMR because it improves the cash flow of FirstEnergy and the Ohio Utilities. Below is the rating agency information provided by FirstEnergy in support of its use of Rider DMR.

Rating Agencies' Perspectives

- S&P
  - 4/10/17 release … S&P stated "the ESP includes **the implementation of a DMR for three years as favorable for credit quality**, resulting in our view of a mostly supportive regulatory framework"
  - 3/28/18 release … S&P upgraded Ohio Edison's stand-alone credit profile (SACP) to "a+" from "a"; S&P stated "Ohio Edison Co's (OE) **stand-alone financial measures continue to strengthen, reflecting the cash flow improvement from the company's electric security plan** (ESP) that includes a distribution modernization rider (DMR)"
- Moody's
  - 11/04/16 release … Moody's affirmed FE Corp's Baa3 investment grade rating and changed the rating outlook to stable from negative, attributing their decision in part to "**the cumulative impact of a favorable rate order in Ohio**"
  - 5/8/17 release … Moody's again spoke favorably of the rider as 'an even stronger signal of support for the credit quality of FirstEnergy. It is noteworthy that the DMR was primarily aimed to "provide FirstEnergy with an infusion of capital so that it will be financially healthy enough to make future investments in grid modernization.' The DMR is intended to maintain FirstEnergy's investment-grade financial metrics. In their testimony, the PUCO staff stated their belief that the long-term financial health of FirstEnergy would have benefits for Ohio regulated utilities. PUCO's actions in financially supporting the parent FirstEnergy rather than just its utility subsidiaries are noteworthy and a strong indication of their commitment to credit quality."
- Fitch
  - 11/11/16 Action … Fitch Ratings upgraded FirstEnergy Corp's issuer default rating to BBB- (investment grade) from BB+ (non-investment grade). The ratings upgrade and stable outlook were again attributed, in part, to "credit supportive regulatory decisions in Ohio." Fitch also stated that "Fitch believes **adoption of the DMR is credit supportive for FE**."

Rating Agencies view DMR as providing credit support for FE Corp and OH Utilities

Credit Ratings

- 11/04/16 Moody's **changed outlook to stable from negative** and affirmed FE Corp's Baa3 Issuer and Senior Unsecured investment grade ratings
- 11/11/16 Fitch **upgraded** FE Corp's Issuer Default and Senior Unsecured rating to BBB- from BB+ and changed outlook to stable from positive
- 8/16/17 S&P **changed outlook to stable from negative** and affirmed FE Corp's BBB- Corporate credit investment grade rating
- 3/28/18 S&P **upgraded** Ohio Edison's Stand-Alone Credit Profile (SACP) rating to a+ from a

Current Credit Ratings	Stand-alone Credit Profile (SACP)	Corporate Credit Rating (S&P) / Issuer Rating (Moody's) [1] / Issuer Default (Fitch)			Senior Unsecured			Outlook		
	S&P	S&P	Moody's	Fitch	S&P	Moody's	Fitch	S&P	Moody's	Fitch
FirstEnergy Corp.		BBB-	Baa3	BBB-	BB+	Baa3	BBB-	stable	stable	stable
Cleveland Electric Illuminating	bbb+	BBB-	Baa3	BBB	BBB-	Baa3	BBB+	stable	stable	stable
Ohio Edison Co.	a+	BBB-	Baa1	BBB	BBB-	Baa1	BBB+	stable	stable	stable
Toledo Edison Co.	bbb+	BBB-	Baa3	BBB	-	-	-	stable	stable	stable

Capital Structures

Debt / Capitalization		2015A	2016A	2017E	1Q 2018E*
Ohio Edison	Moody's	51%	47%	46%	
	S&P	53%	46%	39%	
Cleveland Electric Illuminating	Moody's	53%	45%	45%	
	S&P	62%	51%	46%	
Toledo Edison	Moody's	43%	41%	44%	
	S&P	49%	41%	43%	
FirstEnergy Corp.	Moody's	59%	74%	84%	TBD
	S&P	67%	80%	87%	TBD
	Financial Covenant	60%	61%	64%	54%

* $2.5bn new equity impacts included

The Rider DMR is expected to increase the Regulated Operating EPS Growth Target of 5% to 7% -- by 3% to the range of 8% to 10% through 2019 as indicated in FirstEnergy's Confidential response to OA Set 2-Int 52 Attachment 1 as follows:

FirstEnergy

2016 - 2019 Regulated Operating EPS CAGR

5% CAGR Scenario (DMR Excluded)

	A	B	C
	2016	**2019**	**CAGR**
1 **Regulated Operating EPS**	2.46	2.83	5%

A1 = 2016 Regulated Distribution Operating EPS + 2016 Regulated Transmission Operating EPS - Impact of 2016 Weather ($1.81 + $0.78 - $0.13)
B1 = 2019 Forecasted Regulated Earnings (low end) as of January 2018
C1 = (B1/A1)^(1/3)-1

7% CAGR Scenario (DMR Excluded)

	D	E	F
	2016	**2019**	**CAGR**
2 **Regulated Operating EPS**	2.46	3.03	7%

D2 = 2016 Regulated Distribution Operating EPS + 2016 Regulated Transmission Operating EPS - Impact of 2016 Weather ($1.81 + $0.78 - $0.13)
E2 = 2019 Forecasted Regulated Earnings (high end) as of January 2018
F2 = (E2/D2)^(1/3)-1

8% CAGR Scenario (DMR Included)

	G	H	I	J	K
	2016	**2019**	**DMR EPS**	**2019 (w/DMR)**	**CAGR**
3 **Regulated Operating EPS**	2.46	2.83	$ 0.26	$ 3.09	8%

G3 = 2016 Regulated Distribution Operating EPS + 2016 Regulated Transmission Operating EPS - Impact of 2016 Weather ($1.81 + $0.78 - $0.13)
H3 = 2019 Forecasted Regulated Earnings (low end) as of January 2018
I3 = DMR Annual After-tax Revenue/Forecasted Shares Outstanding for 2019 ($132.5/508)
J3 = H3 + I3
K3 = (J3/G3)^(1/3)-1

10% CAGR Scenario (DMR Included)

	L	M	N	O	P
	2016	**2019**	**DMR EPS**	**2019 (w/DMR)**	**CAGR**
4 **Regulated Operating EPS**	2.46	3.03	$ 0.26	$ 3.29	10%

L4 = 2016 Regulated Distribution Operating EPS + 2016 Regulated Transmission Operating EPS - Impact of 2016 Weather ($1.81 + $0.78 - $0.13)
M4 = 2019 Forecasted Regulated Earnings (high end) as of January 2018
N4 = DMR Annual After-tax Revenue/Forecasted Shares Outstanding for 2019 ($132.5/508)
O4 = M4 + N4
P4 = (O4/L4)^(1/3)-1

Items forecasted to contribute to the growth during the period 2016-2019 include:

- New Jersey Distribution Rate Case effective January 1, 2017
- Pennsylvania Distribution Rate Case effective January 27, 2017
- Ohio Distribution Captial Recovery Rider revenue cap increases
- Lower Pension/OPEB costs
- Energizing the Future growth (ATSI, TrAIL, and MAIT)
- Jersey Central Power & Light transmission rate case settlement

On February 20, 2018 FirstEnergy increased its Regulated Operating EPS Growth target for 2018-2021 to 6% - 8%, excluding Rider DMR funds.

OA Set 2-INT-54 Attachment 1

However, FirstEnergy declined to respond to Oxford's request for the calculation of the expected increase in dividends to be paid by the Ohio Utilities to FirstEnergy as a result in the expected increase of CAGR due to Rider DMR.

Oxford is reviewing and analyzing the rating agency and equity research reports to determine if there is a better use of Rider DMR funds than providing cash flow to FirstEnergy through the infusion of funds in the Regulated Money Pool and/or increases to dividends from the Ohio Utilities that will have measurable benefits to its financial metrics at the end of Rider DMR.

5. Dividend Policy

As of December 31, 2017, FirstEnergy's board maintained the annual dividend of $1.44 per share in 2017 resulting in dividends of $770 million per year. FirstEnergy pays dividends on a quarterly basis. The Ohio Utilities pay dividends to FirstEnergy periodically during the year.

FirstEnergy had lowered dividends 4 years' prior in January 2014, in order to provide financial flexibility to pursue regulated growth opportunities. At that time the dividend rate reflected a 58% payout of expected regulated operating earnings.

The Dividend policy has not been changed since January 2014. Oxford requested that FirstEnergy explain why there have not been further reductions in dividend policy to help improve its financial metrics. FirstEnergy responded to OA Set 2-INT 58 as follows:

"Many factors are considered in determining dividends. The payment of dividends is reviewed by Senior Management on an ongoing basis. Several factors are considered and reviewed prior to a dividend recommendation, consideration, and authorization by the Board of Directors of FE Corp., including but not limited to, current and projected earnings, cash, and capital structures. Based on the factors, and the other actions taken, as referenced above, there has not been a subsequent reduction in the FE Corp. dividend."

Oxford reviewed and analyzed the dividends of FirstEnergy and a peer group of following companies:

1. Association of Energy Engineers (AEE)
2. American Electric Power Company Inc. (AEP)
3. AES Corporation (AES)
4. D Energi (D)
5. DTE Energy (DTE)
6. Duke, Entergy Corporation (DUK)
7. Entergy Corporation (ETR)
8. Exelon Corporation (EXC)
9. NextEra Energy Inc. (NEE)
10. Public Service Enterprise Group Inc. (PEG)
11. PPL Corporation, Southern Co. (PPL)
12. Southern Co (SO)
13. Xcel Energy Inc. (XEL)

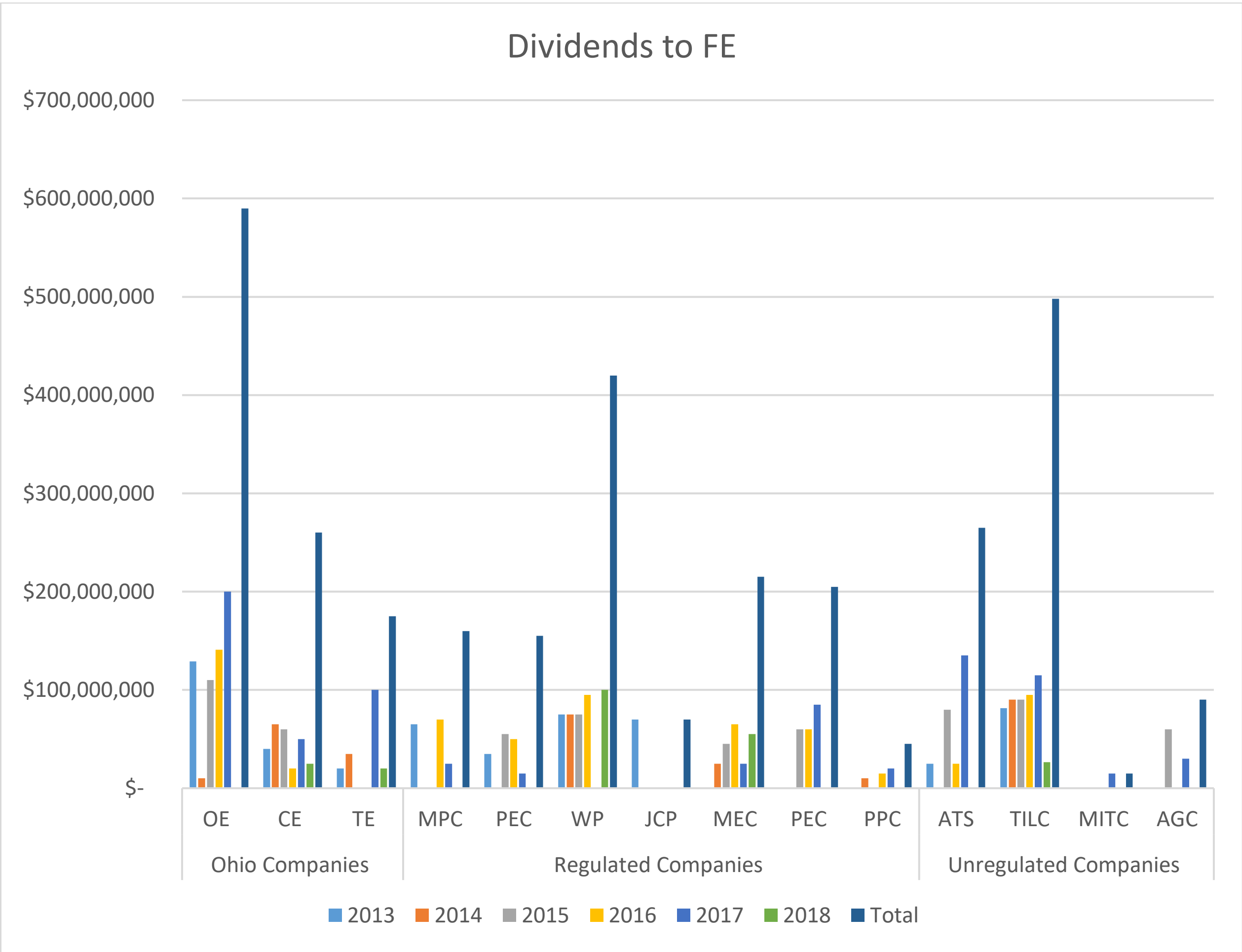
	Ticker	Cash Dividends			Total Revenues
1	AES		0.3	3%	10.5
2	EXC		1.2	4%	33.5
3	FE		0.6	4%	14
4	DTE		0.6	5%	12.6
5	ETR		0.6	5%	11.1
6	XEL		0.7	6%	11.4
7	AEE		0.4	6%	6.2
8	AEP		1.2	8%	15.4
9	PEG		0.9	10%	9.1
10	SO		2.3	10%	23
11	NEE		1.8	10%	17.2
12	DUK		2.5	11%	23.6
13	PPL		1.1	15%	7.5
14	D		1.9	15%	12.6
		Average		1.15	
		Average % of Revenue		8%	

	Ticker	Dividends Per Share			Total Revenues
1	EXC		1.31	4%	33.5
2	AES		0.49	5%	10.5
3	SO		2.3	10%	23
4	FE		1.44	10%	14
5	XEL		1.44	13%	11.4
6	DUK		3.49	15%	23.6
7	AEP		2.39	16%	15.4
8	PEG		1.72	19%	9.1
9	PPL		1.58	21%	7.5
10	NEE		3.93	23%	17.2
11	D		3.04	24%	12.6
12	DTE		3.36	27%	12.6
13	AEE		1.78	29%	6.2
14	ETR		3.44	31%	11.1
		Average		2.265	
		Average % of Revenue		18%	

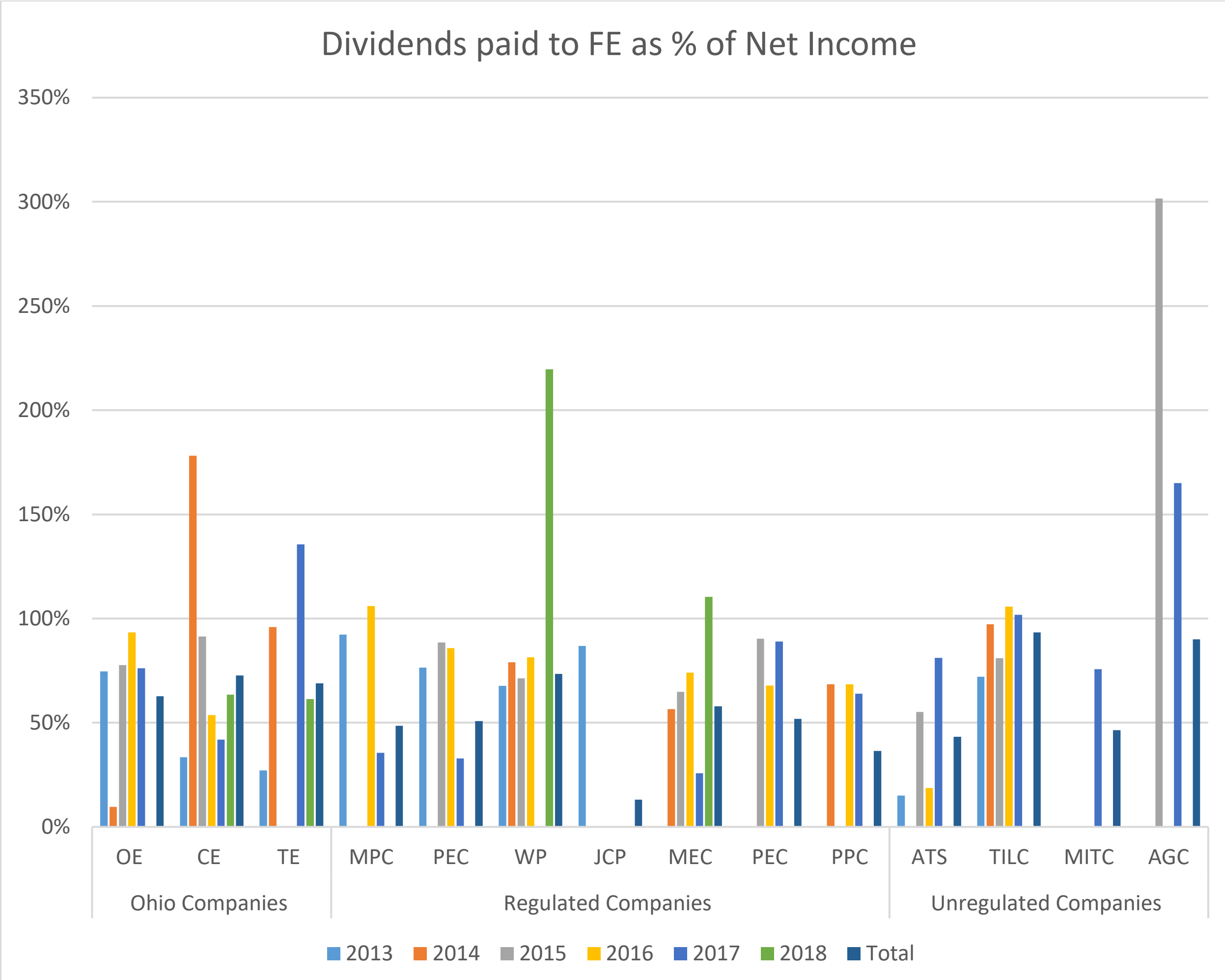
As a percentage of cash dividends to total revenues, FirstEnergy is third in order of lowest to highest, and falls $.55 below the average cash dividends of the fourteen companies presented. As a percentage of dividends per share to total revenues, FirstEnergy is fourth in order of lowest to highest, and falls $.83 below the average dividends per share of the fourteen companies presented.

It appears that FirstEnergy dividends are modest compared to its peer group, however there may be an opportunity to decrease dividends, particularly on a temporary basis until its credit metrics improve, and still be comparable to peers such as AES and EXC.

Below are charts of the dividends paid to FirstEnergy by its regulated and unregulated companies:



[redacted]



Oxford reviewed and analyzed the dividends paid to parent company FirstEnergy by its regulated and unregulated companies and looked specifically at dollar amount of dividends paid from 2013 through Q12018 and dividends as a % of Net Income. Note: Oxford was not provided the data for the following unregulated companies: First Energy Transmission, LLC, AET Path, LLC, and Allegheny Energy Supply Company, LLC.

- 4 out of the 14 companies presented paid over 60% of their net income to FirstEnergy since 2013, and all 3 Ohio Companies are included in those 4.
- OE has paid the most dividends out of all subsidiaries reviewed, a total of $520M since 2013, well above the average of the other companies at $197M

In addition to the dividend analysis above, Oxford supplemented previous interrogatories to include stock price and dividend yield over a three-year period and included additional utilities to the comparison. The comparative results below demonstrate that FirstEnergy's dividend yield has consistently been at the high end of the range from 2015 to 2017.

Dividend Comparison Amongst FE Peers (based on 2015 Data)									
	Company	**Ticker**	**12/31/15 Stock Price**	**12/31/15 Dividend Yield**	**Cash Dividends ($B)**	**Dividends Per Share**	**Total Revenues ($B)**	**# Electric & Gas Distribution Customers (M) (2017)**
FE	FirstEnergy	FE	$31.73	4.54%	$0.61	$1.44	$15.0	6.0
Specified Peers	Duke Energy	DUK	$71.39	4.54%	$2.25	$3.24	$22.4	8.6
	AEP	AEP	$58.27	3.69%	$1.05	$2.15	$16.5	5.4
	Ameren	AEE	$43.23	3.83%	$0.40	$1.65	$6.1	3.3
	Exelon	EXC	$27.77	4.47%	$1.11	$1.24	$29.4	10.0
	The AES Corporation	AES	$9.57	4.28%	$0.28	$0.41	$11.3	2.4
Additional Peers	NextEra Energy	NEE	$103.89	2.96%	$1.39	$3.08	$17.5	5.0
	Entergy	ETR	$68.36	4.89%	$0.60	$3.34	$11.5	2.9
	DTE Energy	DTE	$80.19	3.54%	$0.51	$2.84	$10.3	3.5
	Dominion	D	$67.64	3.83%	$1.53	$2.59	$11.7	4.9
	Southern	SO	$46.79	4.60%	$1.96	$2.15	$17.5	8.5
	PSEG	PEG	$38.69	4.03%	$0.79	$1.56	$10.4	4.0
	PPL	PPL	$34.13	4.39%	$1.01	$1.50	$7.7	10.6
	Xcel Energy	XEL	$35.91	3.56%	$0.65	$1.28	$11.0	5.6
Additional Requested Companies	NiSource	NI	$19.51	4.25%	$0.26	$0.83	$4.7	3.9
	OGE Energy	OGE	$26.29	3.99%	$0.21	$1.05	$2.2	0.8
	CenterPoint Energy	CNP	$18.36	5.39%	$0.43	$0.99	$7.4	5.9
	Alliant Energy	LNT	$31.23	3.52%	$0.25	$1.10	$3.3	1.4
	NRG Energy	NRG	$11.77	4.93%	$0.19	$0.58	$14.7	2.9
	PNM Resources	PNM	$30.57	2.62%	$0.07	$0.80	$1.4	0.8
	CMS Energy	CMS	$36.08	3.22%	$0.32	$1.16	$6.5	3.6
	Pacific Gas and Electric	PCG	$53.19	3.42%	$0.89	$1.82	$16.8	5.4

SOURCES:
Stock Price - Bloomberg
Dividend Information - Bloomberg (Reported 2015 Actuals)
Dividend Yield = Dividend Per Share / Stock Price
Revenue Information - Bloomberg (Reported 2015 Actuals)
Customer Information - Company SEC Filings and IR Materials

Dividend Comparison Amongst FE Peers (based on 2016 Data)								
	Company	Ticker	12/30/16 Stock Price	12/30/16 Dividend Yield	Cash Dividends ($B)	Dividends Per Share	Total Revenues ($B)	# Electric & Gas Distribution Customers (M) (2017)
FE	FirstEnergy	FE	$30.97	4.65%	$0.61	$1.44	$14.6	6.0
Specified Peers	Duke Energy	DUK	$77.62	4.33%	$2.33	$3.36	$22.7	8.6
	AEP	AEP	$62.96	3.61%	$1.12	$2.27	$16.4	5.4
	Ameren	AEE	$52.46	3.27%	$0.42	$1.72	$6.1	3.3
	Exelon	EXC	$35.49	3.56%	$1.17	$1.26	$31.4	10.0
	The AES Corporation	AES	$11.62	3.87%	$0.30	$0.45	$10.3	2.4
Additional Peers	NextEra Energy	NEE	$119.46	2.91%	$1.61	$3.48	$16.2	5.0
	Entergy	ETR	$73.47	4.65%	$0.61	$3.42	$10.8	2.9
	DTE Energy	DTE	$98.51	3.11%	$0.55	$3.06	$10.6	3.5
	Dominion	D	$76.59	3.66%	$1.73	$2.80	$11.7	4.9
	Southern	SO	$49.19	4.52%	$2.10	$2.22	$19.9	8.5
	PSEG	PEG	$43.88	3.74%	$0.83	$1.64	$9.1	4.0
	PPL	PPL	$34.05	4.46%	$1.03	$1.52	$7.5	10.6
	Xcel Energy	XEL	$40.70	3.34%	$0.69	$1.36	$11.1	5.6
Additional Requested Companies	NiSource	NI	$22.14	2.89%	$0.21	$0.64	$4.5	3.9
	OGE Energy	OGE	$33.45	3.45%	$0.23	$1.15	$2.3	0.8
	CenterPoint Energy	CNP	$24.64	4.18%	$0.44	$1.03	$7.5	5.9
	Alliant Energy	LNT	$37.89	3.10%	$0.27	$1.17	$3.3	1.4
	NRG Energy	NRG	$12.26	1.96%	$0.08	$0.24	$10.5	2.9
	PNM Resources	PNM	$34.30	2.57%	$0.07	$0.88	$1.4	0.8
	CMS Energy	CMS	$41.62	2.98%	$0.35	$1.24	$6.4	3.6
	Pacific Gas and Electric	PCG	$60.77	3.18%	$0.97	$1.93	$17.7	5.4

SOURCES:
Stock Price - Bloomberg
Dividend Information - Bloomberg (Reported 2016 Actuals)
Dividend Yield = Dividend Per Share / Stock Price
Revenue Information - Bloomberg (Reported 2016 Actuals)
Customer Information - Company SEC Filings and IR Materials

[redacted]

Dividend Comparison Amongst FE Peers (based on 2017 Data)								
	Company	Ticker	12/29/17 Stock Price	12/29/17 Dividend Yield	Cash Dividends ($B)	Dividends Per Share	Total Revenues ($B)	# Electric & Gas Distribution Customers (M)
FE	FirstEnergy	FE	$30.62	4.70%	$0.64	$1.44	$14.0	6.0
Specified Peers	Duke Energy	DUK	$84.11	4.15%	$2.45	$3.49	$23.6	8.6
	AEP	AEP	$73.57	3.25%	$1.18	$2.39	$15.4	5.4
	Ameren	AEE	$58.99	3.01%	$0.43	$1.78	$6.2	3.3
	Exelon	EXC	$39.41	3.32%	$1.24	$1.31	$33.5	10.0
	The AES Corporation	AES	$10.83	4.52%	$0.32	$0.49	$10.5	2.4
Additional Peers	NextEra Energy	NEE	$156.19	2.52%	$1.84	$3.93	$17.2	5.0
	Entergy	ETR	$81.39	4.23%	$0.62	$3.44	$11.1	2.9
	DTE Energy	DTE	$109.46	3.07%	$0.60	$3.36	$12.6	3.5
	Dominion	D	$81.06	3.74%	$1.93	$3.04	$12.6	4.9
	Southern	SO	$48.09	4.78%	$2.30	$2.30	$23.0	8.5
	PSEG	PEG	$51.50	3.34%	$0.87	$1.72	$9.1	4.0
	PPL	PPL	$30.95	5.11%	$1.09	$1.58	$7.4	10.6
	Xcel Energy	XEL	$48.11	2.99%	$0.74	$1.44	$11.4	5.6
Additional Requested Companies	NiSource	NI	$25.67	2.80%	$0.24	$0.72	$4.9	3.9
	OGE Energy	OGE	$32.91	3.86%	$0.25	$1.27	$2.3	0.8
	CenterPoint Energy	CNP	$28.36	4.75%	$0.58	$1.35	$9.6	5.9
	Alliant Energy	LNT	$42.61	2.96%	$0.29	$1.26	$3.4	1.4
	NRG Energy	NRG	$28.48	0.42%	$0.04	$0.12	$10.6	2.9
	PNM Resources	PNM	$40.45	2.40%	$0.08	$0.97	$1.4	0.8
	CMS Energy	CMS	$47.30	2.81%	$0.38	$1.33	$6.6	3.6
	Pacific Gas and Electric	PCG	$44.83	3.46%	$0.80	$1.55	$17.1	5.4

SOURCES:
Stock Price - Bloomberg
Dividend Information - Bloomberg (Reported 2017 Actuals)
Dividend Yield = Dividend Per Share / Stock Price
Revenue Information - Bloomberg (Reported 2017 Actuals)
Customer Information - Company SEC Filings and IR Materials

Oxford is conducting an analysis on whether FirstEnergy should cut its dividends, or whether the Commission should impose dividend restrictions for some temporary period of time on the Ohio Regulated Utilities if Rider DMR is extended. A reduction in dividends for some period of time could be used to improve FirstEnergy's balance sheet and financial strength by deleveraging.

6. Equity Investment

On January 22, 2018, FirstEnergy Corp. announced a transformational $2.5 billion equity investment from investors, including affiliates of Elliott Management Corporation (Elliott), Bluescape, GIC, and Zimmer Partners, LP (Zimmer). The $2.5 billion investment includes $1.62 billion in mandatorily convertible preferred equity with an initial conversion price of $27.42 per share and $850 million of common equity issued at $28.22 per share. Elliott, Bluescape and GIC are preferred equity investors. Zimmer is the common equity investor.

In response to Interrogatory 10, FirstEnergy stated that the proceeds from the investment were used to reduce FirstEnergy holding company debt by $1.45 billion, fund FirstEnergy's pension by $750 million, with the remainder used for general corporate purposes.

FirstEnergy has also stated that the equity investment:

- Significantly strengthens FirstEnergy's balance sheet and enhances its credit metrics.

- Supports FirstEnergy's regulated growth strategy and positions FirstEnergy for additional future investments across its utility footprint, including near-term opportunities for grid modernization in Ohio.

Next Steps:

- While the equity investment appears beneficial to the financial position of FirstEnergy, Oxford will review and analyze the terms of the equity investment and determine whether there are any terms and/or covenants that could impact key financial decisions of the Ohio Utilities and FirstEnergy such as changes to dividend policies, debt issuances and potential changes to the board of directors.

7. First Energy Solutions Bankruptcy

FirstEnergy Solutions Corp. and its subsidiaries ("FES") filed a voluntary petition for bankruptcy protection under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Ohio on March 31, 2018. On April 4, 2018 FE filed an 8-K with unaudited pro forma consolidated financial information where FES and FENOC are deconsolidated from FirstEnergy's financial statements as of the Petition Date. The 8-K details pro forma income statements for the fiscal years ending in 2015, 2016 and 2017 and the balance sheet as of December 31 2017.

Below are the terms of FirstEnergy's Agreement-in-Principle with certain creditors from OA Set 2-INT-64 Attachment 1:

Agreement-in-Principle

- On April 23, 2018, FE announced an agreement-in-principle with ad hoc groups of key FES creditors representing (1) a majority of all outstanding secured and unsecured funded debt at FES and its subsidiaries and (2) a majority of Bruce Mansfield certificate holders
- Agreement affirms $1.7B of previously disclosed guarantees and assurances, including:
  - Unfunded Pension / OPEB / Other Employee Benefits (non-cash)
  - Surety Bond Support (utilized)
  - Rail Settlements (paid)
  - Energy Contracts and Other Guarantees and Assurances (paid)
  - $500M Secured Credit Facility (drawn)
- In addition, other major terms effective at emergence include:
  - Full release of all claims against FE and related parties
  - $225M cash payment from FE net, including $88M reversal of the NOL prefiling purchase
  - Up to $628M tax certificate note due December 31, 2022, which represents FE's estimated value of the worthless stock deduction and designed to trade at the par value of the note when issued
  - Transfer of Pleasants Power Station to FES for the benefit of creditors (book value as of March 31, 2018 of $67M)
  - A right of FE to share in recoveries after an agreed-upon threshold is met

Agreement is a significant step toward FES ultimately emerging from bankruptcy

The agreement is subject to approval by the FE, FES and its subsidiaries, FENOC and AE Supply boards of directors, the execution of definitive agreements, the approval of the Bankruptcy Court and certain other conditions.

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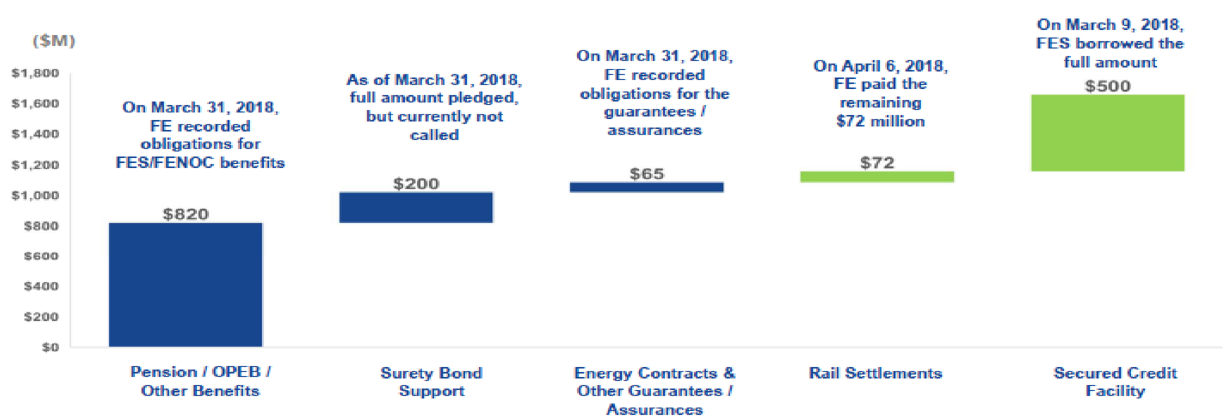
FE Obligations

Resulting from FES / FENOC Chapter 11 Filing



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- On August 26, 2018, (i) FirstEnergy, the FES Creditor Groups, the FES Debtors and the Unsecured Creditors Committee entered into a definitive settlement agreement (the "Settlement Agreement") and (ii) the FES Debtors filed a motion with the Bankruptcy Court seeking approval of the Settlement Agreement. The terms of the Settlement Agreement are materially consistent with the terms of the Amended Agreement in Principle.

- FES was restructured in the bankruptcy to separate and fully remove FirstEnergy from the competitive businesses.

- FirstEnergy is providing $1.7B in guarantees and assurances by way of FirstEnergy issuing $628 million of tax notes that mature in 2022, with principal payments being funded by the deduction in stock value stemming from FES, as well as a $225 million cash payment.

- FirstEnergy amended the settlement agreement increasing its payments by approximately $200.5 million, giving up a reversal of a net operating loss payment of $88 million originally to FirstEnergy and credit for $112.5 million of FES/FENOC shared services costs that FirstEnergy will not collect.

- The separation of FirstEnergy from FES is credit positive in that it limited the negative impact on its FFO metrics and allows them to focus on the regulated business.

- On September 26, 2018, FirstEnergy announced that the bankruptcy court has approved the company's definitive settlement agreement in the Chapter 11 proceedings of FirstEnergy Solutions (FES), its subsidiaries and FirstEnergy Nuclear Operating Company (FENOC).

- Substantial risks remain from the FES bankruptcy including the potential impact on credit ratings – specifically FFO/Debt ratio.

- Oxford will evaluate whether additional restrictions should be put on the use of Rider DMR funds to prevent them from funding the bankruptcy of FES.

8. Net Operating Losses – Taxes

Federal income taxes are being paid by the Ohio Utilities up to FirstEnergy, but FirstEnergy Corp does not currently pay income taxes due to Net Operating Losses ("NOLs") on its balance sheet. FirstEnergy indicated that the recent federal tax cuts have negatively affected cash flow to FirstEnergy. FirstEnergy also indicated that their NOLs will expire in 2019 and that they will have to pay federal taxes in 2020 negatively affecting cash flow.

Oxford reviewed the tax sharing agreement and noted the following in Section 2.1, e, I:

"Any consolidated net operating loss ("NOL") shall be allocated among the group Members pursuant to Regulations Section 1.1502-21 (b). To the extent the consolidated NOL is carried back, any Member's individually allocable NOL shall be deemed carried back and utilized in proportion to the amount that the Member's NOL bears to the consolidated NOL. Analogous principles shall apply in the case of NOL carryforwards;"

2015	Ohio Edison		Cleveland Electric		Toledo Edison	
Taxable Income	$84,327,432		$81,960,451		$10,314,457	
Total of all Gain Companies	$717,624,985		$717,624,985		$717,624,985	
	11.75%		11.42%		1.44%	
FirstEnergy Allocated Loss	($18,011,431)		($18,011,431)		($18,011,431)	
Holding Company Loss Allocation	(2,116,506)	RC	(2,057,098)	RC	(258,879)	RC

2016	Ohio Edison		Cleveland Electric		Toledo Edison	
Taxable Income	$31,941,221		$14,172,194		$7,172,794	
Total of all Gain Companies	$457,979,937		$457,979,937		$457,979,937	
	6.97%		3.09%		1.57%	
FirstEnergy Allocated Loss	($32,230,448)		($32,230,448)		($32,230,448)	
Holding Company Loss Allocation	(2,247,871)	RC	(997,372)	RC	(504,787)	RC

[redacted]

Issue:

- The Ohio Companies have been taxed at a rate of 35% in 2015, 2016 and the estimated 2017, while FirstEnergy utilizes the consolidated NOL, which results in no tax payments. $18 million of the $4 billion in NOL's has been allocated to the Ohio companies as shown in the above chart, less than 1%.

Next Steps:

- Continue to monitor NOL allocations and tax payments made by the Ohio companies.

- Get a better understanding of how the $18M of allocated loss was calculated.

9. Pensions

FirstEnergy has made contributions to pensions and earned a strong return of 16.6% in 2017. It appears that pensions are well funded through 2019/2020. Below is the pension information provided by FirstEnergy in support of Rider DMR.

Pension

- Since 2015, FE Corp has contributed ~ $2.3B into the Pension Plan
  - $1,250M of these contributions was funded with new Equity issued by FE Corp

Contributions to Qualified Pension Plan
($millions)

	2015	2016	2017	YTD 2018	Total
Ohio Edison	0	121	0	15	136
CEI	0	71	0	31	102
Toledo Edison	0	8	0	11	19
Ohio Total	0	200	0	57	257
All Other FE Entities	143	683	0	1,193	2,019
FirstEnergy Corp	143	883	0	1,250	2,276

- Funded Status:

Pension Benefit Obligation (PBO) Funded Status for Qualified Pension

	2015	2016	2017	2/28/2018
Ohio Edison	75%	89%	93%	95%
CEI	69%	87%	87%	95%
Toledo Edison	85%	87%	90%	96%
FirstEnergy Corp	63%	69%	69%	82%

Pension is well funded, particularly for OH Utilities; however, asset performance, demographics, and interest rates could unfavorably impact the funded status

Pensions appear to be well funded through 2019/2020.

10. Post Rider DMR

Rider DMR is providing a temporary solution to help maintain the investment grade ratings of FirstEnergy. The critical question is whether FirstEnergy is using Rider DMR funds appropriately and taking such other measures during the term of the Rider that improves its financial metrics and strengthens its financial position at the expiration of Rider DMR.

Next Steps:

- Determine whether FirstEnergy is utilizing Rider DMR funds and taking such other measures that are needed during the term of the Rider to improve its financial metrics:
    - Money Pools
    - Dividend Payouts of FirstEnergy
    - Dividend Restrictions on the Ohio Utilities
    - Debt Reduction
    - Debt Covenant Restrictions on the Ohio Utilities
    - Tax Policy
    - Executive Compensation / Cost Reductions
    - Lowering Risk of Unregulated Companies
    - Implementing Ring Fencing Provisions to Limit Risk of Ohio Utilities
    - Investments in Grid Modernization

Leming, Donald

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

From: Mccarter, Doris
Sent: Tuesday, November 19, 2019 2:50 PM
To: Fanelli, Santino L <sfanelli@firstenergycorp.com>
Cc: Paul Corey <pcorey@oxfordadvice.com>; Mackey, Devin <Devin.Mackey@puco.ohio.gov>; Sweeney, Karen A. <ksweeney@firstenergycorp.com>
Subject: RE: Oxford FE invoices

The amount of the bid was not to exceed $395,000 so that is all there is authorization to pay.

From: Fanelli, Santino L <sfanelli@firstenergycorp.com>
Sent: Tuesday, November 19, 2019 2:45 PM
To: Mccarter, Doris <doris.mccarter@puco.ohio.gov>

Cc: Paul Corey <pcorey@oxfordadvice.com>; Mackey, Devin <Devin.Mackey@puco.ohio.gov>; Sweeney, Karen A. <ksweeney@firstenergycorp.com>
Subject: RE: Oxford FE invoices

Good afternoon.

According to our records, the cumulative total of all invoices received to-date is $444,360.82, which exceeds the cap amount of $395,000 specified in the PO (attached for reference, see page 3).

Assuming we have this correct, we are planning to process payments up to the contracted cap of $395,000 only.

Oxford Advisors		
Feb-18	$18,944.00	paid
Mar-18	$22,616.50	paid
Apr-18	$62,153.57	paid
May-18	$23,644.50	paid
Jun-18	$35,451.97	paid
Jul -18	$39,262.64	paid
Aug-18	$10,436.50	paid
Sep-18	$19,376.00	paid
Oct-18	$34,508.68	paid
Nov-18	$9,429.00	Invoice Dated 10/11/19
Dec-18	$19,232.50	Invoice Dated 10/11/19
Jan-19	$21,112.50	Invoice Dated 10/21/19
Feb-19	$23,708.46	Invoice Dated 10/23/19
Mar-19	$19,041.50	Invoice Dated 10/28/19
Apr-19	$18,660.00	Invoice Dated 10/31/19
May-19	$32,907.50	Invoice Dated 11/4/19
Jun-19	$29,875.00	Invoice Dated 11/6/19
Total	$444,360.82	

If anyone disagrees or has other thoughts, please let us know.

Thanks,
Sonny

From: Fanelli, Santino L
Sent: Friday, November 15, 2019 10:50 AM
To: doris.mccarter@puco.ohio.gov
Cc: Paul Corey <pcorey@oxfordadvice.com>; Devin.Mackey@puco.ohio.gov
Subject: RE: Oxford FE invoices

Hi Doris, Devin, and Paul. I hope all is well.

I just wanted to let you know that we received the invoices and are working to process payment on our end.

Have a good weekend.

Thanks,

STATE OF OHIO
PUBLIC UTILITIES COMMISSION
180 E. EAST BROAD STREET
COLUMBUS OHIO 43266-0573

Michael DeWine

GOVERNOR

PUBLIC UTILITIES COMMISSION OF OHIO
SUBPOENA DUCES TECUM

TO: Oxford Advisors, L.L.C.
c/o Statutory Agent
Ryan Geoffrey Dolan
2200 W. 5th Ave. Suite 120
Columbus, Ohio 43215

Upon application of the Office of the Ohio Consumers' Counsel ("OCC"), Oxford Advisors LLC is hereby required to appear for deposition at 10:00 a.m. on January 6, 2022 at the Offices of the Ohio Consumers' Counsel, 65 East State Street, 7th Floor, Columbus, Ohio 43215 and to produce, a full day before the deposition, the following documents:

1. All books, papers, documents and other tangible things that contain findings or recommendations by Oxford concerning FirstEnergy's use of distribution modernization rider funds, whether in draft form or otherwise.
2. All communications between Oxford Advisors and FirstEnergy and/or the PUCO pertaining to Oxford's findings or recommendations, whether preliminary or otherwise, concerning FirstEnergy's use of distribution modernization rider funds.

The documents will be produced in connection with the proceedings styled: *In the Matter of the Review of the Distribution Modernization Rider of Ohio Edison Company, The Cleveland Electric Illuminating Company, and the Toledo Edison Company*, Case No. 17-2474-RDR and *In the Matter of the Review of The Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company's Compliance with R.C. 4928.17 and the Ohio Adm. Code Chapter 4901:1-37,* Case No. 17-974-EL-UNC.

Dated at Columbus, Ohio, this _____ day of December, 2021.

____

Attorney Examiner

NOTICE: If you are not a party or an officer, agent, or employee of a party to this proceeding, then witness fees for attending under this subpoena are to be paid by the party at whose request the witness is summoned. Every copy of this subpoena for the witness must contain this notice.