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Maryland advocacy office seeks FirstEnergy probe

May 17, 2021



The Maryland Office of People's Counsel Friday petitioned the PSC to open a probe into the circumstances of FirstEnergy's ownership of Potomac Edison, the utility for the Western part of the state. The request came as FirstEnergy has been embroiled in a bribery scandal surrounding a legislative bailout of its nuclear plants in Ohio.

"A full investigation of the FirstEnergy scandal is needed to ensure Potomac Edison can fully perform for Maryland ratepayers and to protect them from the financial woes of its owner," Peoples Counsel David Lapp said in prepared remarks. "The commission should immediately open up a proceeding to assess the harm that the bribery scandal has caused to Potomac Edison's financial standing and all additional risks caused by its affiliation with FirstEnergy.

"The commission is uniquely positioned to ensure that Maryland customers are protected from the consequences of the scandal." FirstEnergy may have financed some of its bribery payments to Ohio officials with ratepayer funds, the office said.

The consumer advocate's request came a little over a week after the New Jersey Board of Public Utilities hired a consultant to look into similar allegations for the firm's Jersey Central Power & Light.

FirstEnergy acknowledged it entered into a deferred prosecution agreement with the Dept of Justice. The scandal meant the utility holding firm has seen its credit ratings drop, including some to below investment-grade level, the people's counsel said. That could wind up having an impact on the firm's ability to serve Maryland customers, or raise the cost of doing so.

Adding to the uncertainty around FirstEnergy is its recent deal with investor Carl Icahn, who wants to add two members to the firm's board (PMT, [May-5](#)). The firm has not sought approval from the PSC for those directors, though the OPC argued it is required.

"The commission should consider as part of its investigation the full range of its remedies to make sure Potomac Edison fully performs for Maryland ratepayers and to protect customers from FirstEnergy's financial problems," Lapp said. "Those remedies could include requiring the corporate divestiture of Potomac Edison from FirstEnergy, providing refunds owed to any customers for costs associated with the scandal, and adopting other measures to reduce FirstEnergy's influence over the utility and protect ratepayers."



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