

The Columbus Dispatch

BUSINESS

Akron-based utility fires CEO, two others, in wake of HB6 scandal

Mark Williams The Columbus Dispatch

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FirstEnergy, the Akron-based power company linked to a \$61-million scandal over the bailout of the state's two nuclear power plants, fired its top executive and two other leaders Thursday.

CEO Chuck Jones' termination is effectively immediately along with the senior vice president of product development, marketing and branding, and senior vice president of external affairs, the company said Thursday night. The two officers were not named, but according to FirstEnergy's website, Dennis Chack holds the marketing and branding title while Michael Dowling heads external affairs.

The company said a review by an independent committee of the board found the executives violated FirstEnergy policies and code of conduct.

Jones has been with FirstEnergy since 1978 and became president and CEO in 2015.

The statement did not elaborate on what the violations were, but the company has acknowledged that FirstEnergy, the company's services subsidiary and its political-action committee have been served with subpoenas tied to a federal investigation surrounding the passage of House Bill 6 in the summer of 2019.

The legislation requires consumers to pay a monthly 85-cent fee on their utility bill to bail out the nuclear power plants that are now owned by a former FirstEnergy subsidiary called Energy Harbor. The bailout will cost ratepayers more than a \$1 billion through 2027.

In July, former Ohio House Speaker Larry Householder and four others were arrested in a bribery and racketeering scandal involving HB6. Two of those people struck plea deals with prosecutors Thursday.

FirstEnergy lobbied for the legislation and fought the subsequent unsuccessful attempt to have a state referendum on the law.

"I believe that FirstEnergy acted properly in this matter, and we intend to cooperate fully with the investigation to, among other things, ensure our company and our role in supporting House Bill 6 is understood as accurately as possible," Jones said when the company released its second-quarter financial results in July.

Jones said the company contributed about 25% of the \$61 million at issue. A federal investigation accuses Householder and the others of using so-called dark money from FirstEnergy and related entities to bankroll the campaigns of his supporters and block referendum efforts to overturn the legislation.

Steven E. Strah, FirstEnergy's president, has been appointed acting CEO. Strah was appointed president in May as part of the company's succession planning process, FirstEnergy said. He has been with the company and its subsidiaries since 1984.

"I'm excited for the opportunity to lead FirstEnergy and I am deeply committed to the future of this company," Strah said in a news release. "Together, we will advance our mission for the benefit of customers, communities, and our employees."

The company will release its third-quarter financial results on Monday.

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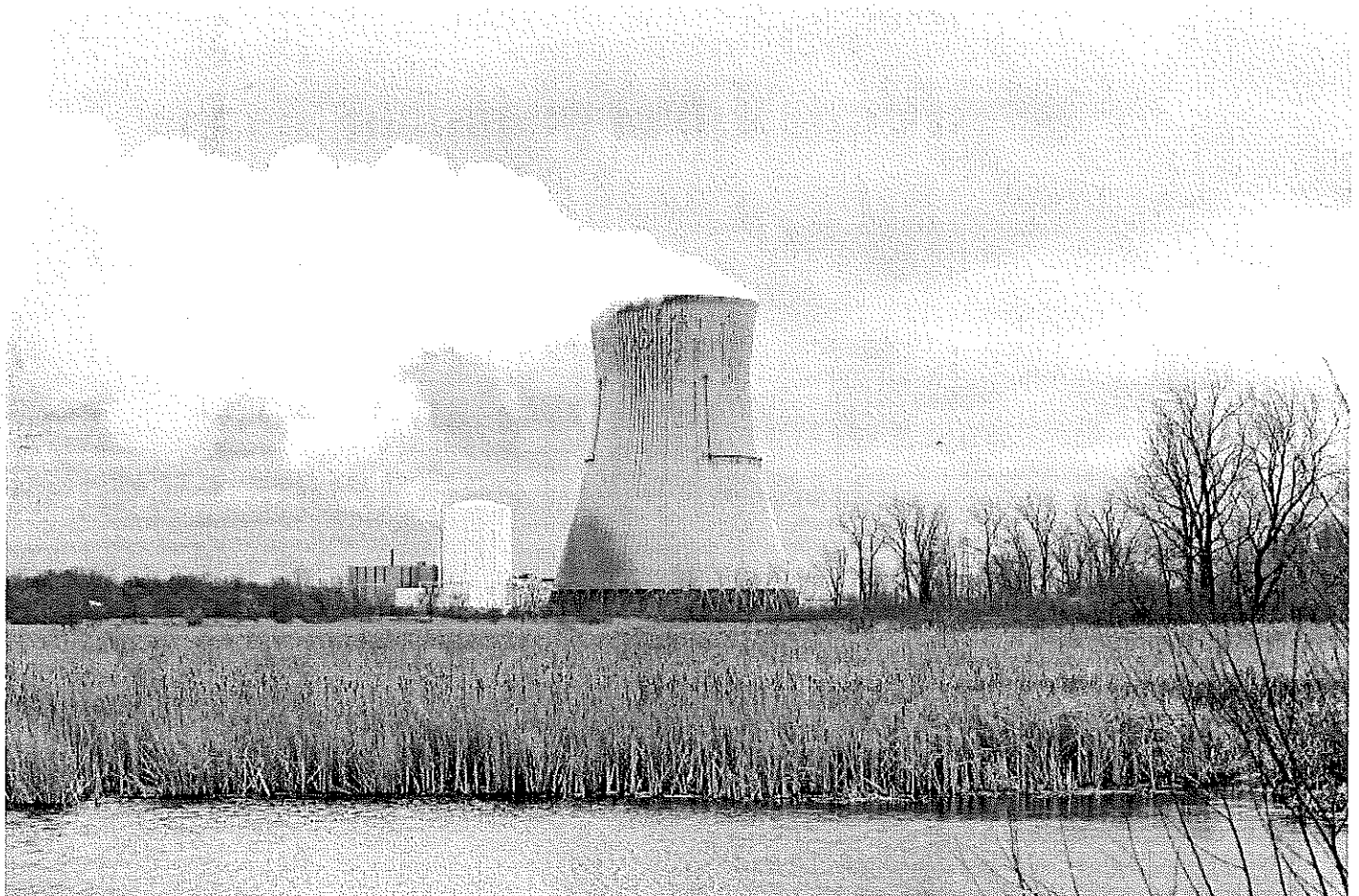
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FirstEnergy Fires Two More Executives As HB6 Repeal Languishes in Legislature



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Ron Schwane / Associated Press

The Davis-Besse Nuclear Power Station on Lake Erie is scheduled to shut down in 2020.

Akron-based FirstEnergy is at the center of a bribery scandal that has rocked Ohio politics as well as the company's front office.

In late October, FirstEnergy fired its CEO and two other executives for violating company

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legal officer and chief ethics officer, have been dismissed.

It all centers around House Bill 6, an energy bill approved last year by the Ohio General Assembly that dramatically altered the state's energy policy. The law grants subsidies to keep open two Ohio nuclear plants owned by Energy Harbor, once a FirstEnergy subsidiary.

Federal authorities allege FirstEnergy funneled millions of dollars through a dark money group to benefit Ohio politicians, centrally former House Speaker Larry Householder, in exchange for securing the bill's passage and preventing a referendum. There have been calls—but no action yet—to repeal HB6 in the legislature.

Reporter and attorney Kathiann Kowalski, who been covering the story for Eye on Ohio, says without repeal, there will be ramifications for Ohio ratepayers.

"If there is no repeal, it will likely mean higher bills for Ohioans," Kowalski said.

On average, the increase is expected to be about \$7 a month "due to the nuclear plant subsidies, subsidies for two 1950s-era coal plants and the elimination of the energy efficiency standard, plus gutting of the renewable energy standard."

Kowalski says HB6 eliminated cost savings provided by the energy efficiency standard.

The current speaker of the Ohio House, state Rep. Bob Cupp (R-Lima), has said that he wants to make repeal of HB 6 a priority for the rest of the lame duck session.

"Honestly, we don't know what form that will take," Kowalski said. "There have been a variety of lawmakers pushing since August for a straight repeal of the bill. They tried to bring those up for a vote in early September. House leadership thwarted those efforts. So although repeal of House Bill 6 is on the agenda, we have to wait and see what form, if any, that will take."

She points out that many legislators who voted in favor of HB6, including Householder, were re-elected this month.

"Householder did not face an opponent on the ballot," Kowalski said. "There were a couple of write-in opponents, so he was re-elected. The rest of the House may or may

Householder has pleaded not guilty to the charges. Last month, two other defendants named in the federal case reached guilty pleas with prosecutors.

The Public Utilities Commission of Ohio (PUCO) announced last week the initiation of an audit of FirstEnergy's compliance with corporate separation laws and regulations. The agency is seeking an independent auditor to complete a report by next April. Kowalski is waiting to see the scope of the audit.

"If it is a very limited review, that may or may not shed much new light on the case," Kowalski said. "There was an audit back in 2018. At that point there were a few recommendations made for corporate separation. But it seemed to be a relatively limited review of the records at that point."

She says a broader view would look into not only the money FirstEnergy took in from its utility operations, but also what the company did with it.

"That kind of review, I'm told, could shed light on corporate governance issues and could actually help the corporation going forward," she said.

Kowalski says criminal charges against individuals currently or formerly with the company could be coming.

"I'm not a criminal lawyer, so I honestly can't say one way or the other," she said. "The federal criminal case does allege that there was a bribery scheme. So arguably somebody was paying a bribe. I would not be surprised to see some charges coming down eventually."

Kowalski says there's also a state court case with allegations against FirstEnergy, Energy Harbor and the defendants in the federal case. No federal charges have been filed yet against FirstEnergy or any current or former employees.

In its filing with the Securities and Exchange Commission Monday, FirstEnergy also noted that new acting CEO Steven Strah's base salary increased by \$150,000 to \$950,000.

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Sarah Taylor

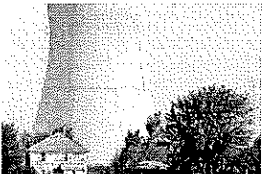
A Northeast Ohio native, Sarah Taylor graduated from Miami University in Oxford, Ohio where she worked at her first NPR station, WMUB. She began her professional career at WCKY-AM in Cincinnati and spent two decades in television news, the bulk of them at WKBN in Youngstown (as Sarah Eisler). For the past three years, Sarah has taught a variety of courses in the School of Journalism and Mass Communication at Kent State, where she is also pursuing a Master's degree. Sarah and her husband Scott, have two children. They live in Tallmadge.

See stories by Sarah Taylor



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Akron Beacon Journal

BUSINESS

FirstEnergy hires new chief legal officer following previous executive 'separations' as part of Householder investigation

Jim Mackinnon Akron Beacon Journal

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FirstEnergy Corp. has a new chief legal officer and senior vice president, Hyun Park.

Park assumes his new job Jan. 11, when he will lead FirstEnergy's legal, risk and internal audit and oversee the company's ethics and compliance program, the Akron utility announced this week.

He succeeds Robert Reffner, who was "separated" from his job as chief legal officer in early November along with Ebony Yeboah-Amankwah, general counsel and chief ethics officer, as part of the fallout involving the utility and the ongoing \$61 million Larry Householder bribery investigation. The two were separated from FirstEnergy "due to inaction and conduct that the board determined was influenced by the improper tone at the top," FirstEnergy said in a regulatory filing.

More: FirstEnergy's top lawyer, chief ethics officer are out; acting CEO gets \$150,000 pay raise

The two executives left the company shortly after FirstEnergy's board on Oct. 29 fired Chuck Jones, its chief executive officer, and two other senior leaders related to the federal investigation into former Ohio House Speaker Larry Householder.

More: FirstEnergy fires CEO Chuck Jones after 2 plead guilty in Householder bribery scheme

Park has experience as general counsel of two publicly held utility companies, including PG&E Corp., and an independent power producer. He most recently was a partner and general counsel at LimNexus LLP, an international law firm.

At PG&E, Park was responsible for all legal affairs, including corporate governance, SEC disclosure, litigation, transactions and regulatory matters, FirstEnergy said in a news release.

"Hyun's significant experience in managing complex legal issues and addressing corporate challenges makes him the ideal leader for this role," Donald T. Misheff, FirstEnergy's non-executive chairman, said in the release. "The board looks forward to working with him and the rest of the management team as we continue to rebuild trust with our stakeholders, strengthen the company's corporate governance, and position FirstEnergy for the future."

Hyun will support FirstEnergy efforts to evaluate and advance its ethics and compliance program, said Steven E. Strah, acting chief executive officer and president. "This work is intended to ensure FirstEnergy has the right processes and culture in place as we continue to successfully execute our strategy and deliver value for all our stakeholders."

"I'm pleased to join FirstEnergy at this time of change and share the company's commitment to fostering trust and transparency at all levels," Park said. "I look forward to working with the FirstEnergy team to accomplish this goal while furthering the company's mission for the benefit of customers, communities, employees, and shareholders."

Prior to joining LimNexus in October 2019, Park was counsel at Latham & Watkins LLP.

From 2006 to 2017, Park served as senior vice president and general counsel for PG&E Corp. and its businesses. Before that, he was vice president, general counsel and secretary of Allegheny Energy Inc. He also was senior vice president, general counsel and secretary of Sithe Energies Inc.

Park received his law degree from Harvard Law School. He has a graduate degree in economics from Oxford University and a bachelor's degree in economics from Columbia University. He is a member of the State Bar of California and serves on the board of directors of the San Francisco Marin Food Bank.

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Ohio Politics

Sam Randazzo resigns as Public Utilities Commission of Ohio chair

Updated Nov 20, 2020; Posted Nov 20, 2020



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By [Jeremy Pelzer, cleveland.com](#)

COLUMBUS, Ohio—Sam Randazzo has resigned as chair of the Public Utilities Commission of Ohio, just days after the FBI searched his Columbus home as part of an investigation into the House Bill 6 bribery scandal, according to Gov. Mike DeWine's office.

Randazzo's resignation comes a day after FirstEnergy Corp. revealed that it fired CEO Chuck Jones and two other senior executives last month over a questionable \$4 million payment the company made in early 2019 to an entity associated with an unnamed person who subsequently was hired by the state to regulate utilities.

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In a resignation letter, Randazzo said the impression left by the FBI raid and FirstEnergy's filing, along with the accompanying publicity, "will, right or wrong, fuel suspicions about and controversy over decisions I may render in my current capacity.

"In present times, when you, good sir, are valiantly battling to save Ohioans from the surging attack of COVID-19, there is no room or time for me to be a distraction," Randazzo wrote to DeWine.

"I regret that I must step away but it is the right and necessary thing to do," he concluded.

PUCO Vice Chair M. Beth Trombold will serve the acting PUCO chair until DeWine selects a new chair.

DeWine, speaking with reporters Friday morning, thanked Randazzo for his service on the PUCO. "He has done very, very good work as chair," the governor said.

The governor said Tuesday, after the FBI searched Randazzo's home, that there was "no indication" Randazzo is the target of an investigation.

Randazzo, a longtime utility lawyer and consultant, was appointed by DeWine in 2019.

Randazzo did work for FirstEnergy Solutions, then a FirstEnergy subsidiary.

FirstEnergy Solutions, now a separate company called Energy Harbor, is the owner of two Northern Ohio nuclear power plants set to receive a \$1 billion-plus ratepayer bailout starting in January, thanks to HB6.

In July, then-Ohio House Speaker Larry Householder and four allies were arrested and charged with running a \$60 million bribery scheme using FirstEnergy money to secure the passage of HB6 and fend off a potential referendum to overturn it.

Two of Householder's allies -- political aide Jeff Longstreth and ex-FirstEnergy Solutions lobbyist Juan Cespedes -- have pleaded guilty to their roles in the scandal, though Householder and the other two remaining defendants have maintained their innocence.

Neither Randazzo, nor any FirstEnergy or Energy Harbor officials, have been charged with any wrongdoing so far.

Read Randazzo's full resignation letter here: