FirstEnergy Facts

Why should customers pay for FirstEnergy's mistakes? The Ohio-based electric utility made a string of bad business decisions and keeps asking customers to pay for them.

It all began in 2014 when FirstEnergy introduced a plan to bail out its subsidiary power plants that were struggling to compete in the electricity market. The utility asked the Public Utilities Commission of Ohio (PUCO) to authorize $4 billion in customer-funded subsidies for its aging, inefficient (and dirty) coal and nuclear plants.

The saga has taken many turns since, but FirstEnergy hasn't taken its eyes off the prize: Forcing Ohioans to pay for its mistakes.

Evolution of a bailout

- Although the PUCO approved the initial bailout, failing to protect customers or fair markets, the Federal Energy Regulatory Commission came to the rescue and blocked the subsidies, declaring they would illegally disrupt regional competitive markets.
- FirstEnergy then asked the PUCO to consider "modifications" to its subsidy plan – essentially the same bailout by a different name. In total, the utility tried to obtain $12 billion in subsidies in order to cut debt and improve its credit rating.
- Ohio's rubber-stamp regulators handed over $600 million to FirstEnergy, but that decision is likely to be overturned by the Ohio Supreme Court.
- Claiming to be concerned with carbon pollution, FirstEnergy now has a new bailout plea that seeks $4.8 billion for its two Ohio-based nuclear reactors.

FirstEnergy's justifications fall flat

FirstEnergy regularly adjusts its rationale for subsidies, but its justifications never stand up to reality.

- ***Cost***: FirstEnergy's nuclear plants are losing money. There's no reason for customers to pay above-market prices for power.
- ***Reliability***: The independent manager of the electric grid (PJM) says there's plenty of power in the system even if FirstEnergy's power plants close.
- ***Fuel diversity***: PJM also says there's plenty of nuclear power without FirstEnergy's reactors.
- ***Carbon pollution***: Renewables and energy efficiency are also carbon-free, without nuclear's baggage of costly safety risks and high water use.
- ***In-state versus out-of-state power***: Electrons don't respect state boundaries, and Ohioans shouldn't have to pay more because FirstEnergy's unprofitable power plants happen to be within state lines.
- ***Financial health***: Regulators are supposed to protect the public interest – and to care more about fair customer bills than utility credit ratings.
- ***Jobs***: Prioritizing clean energy will create new local jobs. Solar and wind jobs have grown at rates of about 20 percent annually in recent years and are each creating jobs at a rate 12 times faster than that of the rest of the U.S. economy.

No matter what reasoning the utility touts, FirstEnergy is always looking out for its own profits.

Moreover, FirstEnergy plans to sell the nuclear plants anyway. The utility would continue to collect the proposed rate increase even if the plants are sold, and the buyer would be under no obligation to keep them open.

The utility vaguely threatens its generation subsidiary will declare bankruptcy without the bailout. Yet that's usually the route American companies take when their bad business decisions catch up with them.

Why reward FirstEnergy's history of poor management decisions?