

Big Bucks for Bad Actors



FirstEnergy Corp. is under increased scrutiny for allegedly neglecting to maintain its Davis-Besse nuclear power plant in Ohio. Instead of cracking down on corporate abuse, will Congress reward FirstEnergy Corp. with new tax breaks and subsidies in its final energy legislation?

FirstEnergy Corporate Irresponsibility

Threatening Public Health and Safety:

U.S. Rep. Dennis Kucinich is calling for federal investigations into the Nuclear Regulatory Commission's decision to allow FirstEnergy's Davis-Besse nuclear power plant to continue operating when it suspected that nozzles were cracked and leaking radioactive coolant. NRC's staff initially proposed shutting down the reactor. However, FirstEnergy Corp. launched a vigorous campaign and convinced the NRC to allow the plant to operate another 75 days. The company idled the plant in February 2002.¹

Air Pollution: FirstEnergy, through its subsidiaries, owns and operates some of the dirtiest power plants in Ohio and Pennsylvania, emitting pollutants that cause smog (NOx), soot (SO₂) and global warming (CO₂).

Emissions from FirstEnergy's Dirtiest Plants (2001)

	SO ₂ (tons)	CO ₂ (tons)	NOx (tons)
Ashtabula (OH)	11,882	1,575,789	3,075
Bay Shore (OH)	12,585	3,613,839	9,959
B. Mansfield (PA)	25,580	13,444,272 (31 st)	24,411 (46 th)
Eastlake (OH)	46,852 (61 st)	5,061,132	13,557
R.E. Burger (OH)	50,657 (52 nd)	2,133,118	7,926
Sammis (OH)	115,479 (9 th)	13,481,354 (30 th)	29,786 (26 th)

Source: EPA's Acid Rain Database. Rank of power plants in top 100 nationally for emissions in parentheses.

FirstEnergy Energy Policy: Throwing Good Money After Bad Actors

FirstEnergy, as a diversified holding company with numerous subsidiaries, stands to benefit from the tax breaks and subsidies included in the House and Senate energy bills for coal, oil and gas, and nuclear power.

Handouts for Dirty Power. FirstEnergy stands to benefit from several of the provisions designed to increase electricity generation from "clean" coal in the House and Senate energy bills. There is no such thing as "clean" coal, as coal pollutes air, land and water from the point of mining to combustion. The Senate bill contains \$1.9 billion in tax breaks for "clean" coal; the House bill contains more than \$3 billion in tax breaks and an additional \$2.5 billion in subsidies for research and development. FirstEnergy operates 16 power plants, generating 56% of its electricity from coal-fired plants.²

Giveaways to Big Oil and Gas. FirstEnergy is involved in the exploration, production, transmission and marketing of oil and natural gas. The company has interests in more than 7,700 oil and gas wells and oil and natural gas drilling rights to nearly one million acres in the Appalachian Basin. The company also operates approximately 5,000 miles of pipelines.³

As such, FirstEnergy could benefit from the enormous tax breaks and subsidies for the oil and gas industry in the House and Senate energy bills. The House energy bill includes \$23.7 billion in tax breaks and subsidies for the oil and gas industry. The Senate energy bill contains \$5.6 billion in tax breaks for oil and gas.

New Handouts for Nuclear Power.

FirstEnergy generates 29% of its electricity from nuclear plants, including the Davis-Besse and Perry nuclear plants in Ohio and the Beaver Valley Plants in Pennsylvania.⁴ The company therefore stands to benefit from the \$2.9 billion in research subsidies and tax breaks for the nuclear industry contained in the House energy bill. The Senate bill contains \$1.1 billion in tax breaks and proposes allocating additional funding for research into reprocessing spent nuclear fuel and other dangerous technology.

FirstEnergy FirstEnergy's Political Influence

FirstEnergy won these concessions in the House and Senate energy bills by helping to elect industry-friendly Members of Congress, buying access with campaign contributions and lobbyists, and tapping into its high level of access with the Bush administration.

FirstEnergy's Lobbying Expenditures and Contributions to Presidential and Congressional Candidates

	Total
PAC \$ (2000-2002 cycles)	\$353,550
Hard \$ to Energy Bill Conferees* (2000-2002 cycles)	\$71,800
Soft \$ (2000-2002 cycles)	\$1,183,681
Lobbying Expenses 2001	\$1,505,278

Data collected from www.opensecrets.org and Senate Office of Public Records at <http://sopr.senate.gov/>.

* Includes PAC money and individual hard money contributions

Access to the Bush Administration

- Tony Alexander, President of FirstEnergy, was a member of the Bush administration's energy transition team. He likely secured this position by being a Bush "pioneer," raising more than \$100,000 for the President's campaign.⁵
- Tony Alexander met with Energy Secretary Abraham's Chief of Staff on July 23, 2001 with CEOs and executives from Duke Power, TXU, Southern Company, Tennessee Valley Authority and other utilities.⁶
- Tony Alexander gave \$100,000 to the Bush-Cheney 2001 Presidential Inaugural Committee.⁷

FirstEnergy Company Background

FirstEnergy Corp. is the holding company of electric utility subsidiaries, including Ohio Edison Company, Cleveland Electric Illuminating Company, Pennsylvania Power Company, Toledo Edison Company, American Transmission Systems, Jersey Central Power & Light Company, Metropolitan Edison Company and Pennsylvania Electric Company.

Headquarters: Akron, OH
Revenues (6 mos. Ending 6/30/02): \$5.7 billion⁸
CEO Salary (2001): \$2 million⁹
President Salary (2001): \$1.2 million¹⁰

Company Contact Information:
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¹ John Funk and John Mangels. "Kucinich seeks probes into NRC's Davis-Besse decision." *Cleveland Plain-Dealer*. August 6, 2002.

² FirstEnergy website, www.firstenergycorp.com.

³ FirstEnergy website, www.firstenergycorp.com.

⁴ FirstEnergy website, www.firstenergycorp.com.

⁵ NRDC, <http://www.nrdc.org/air/energy/aplayers2.asp>.

⁶ A copy of the Chief of Staff's schedule can be found at <http://www2.nrdc.org/air/energy/taskforce/pdf/379.pdf>.

⁷ Center for Responsive Politics, <http://www.opensecrets.org/2000elect/other/bush/inaugural.asp>.

⁸ Yahoo! Market Guide, <http://biz.yahoo.com/p/f/fe.html>.

⁹ Yahoo! Market Guide, <http://biz.yahoo.com/p/f/fe.html>.

¹⁰ Yahoo! Market Guide, <http://biz.yahoo.com/p/f/fe.html>.