### BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

)
Case No. 17-974-EL-UNC
)
)

# MEMORANDUM CONTRA TO THE FIRSTENERGY UTILITIES' MOTION FOR A PROTECTIVE ORDER BY OFFICE OF THE OHIO CONSUMERS' COUNSEL

Bruce Weston (0016973) Ohio Consumers' Counsel

Maureen R. Willis (0020847) Counsel of Record John Finnigan (0018689) Connor D. Semple (0101102) Assistant Consumers' Counsel

#### Office of the Ohio Consumers' Counsel

65 East State Street, Suite 700

Columbus, Ohio 43215

Telephone [Willis]: (614) 466-9567 Telephone [Finnigan]: (614) 466-9585 Telephone [Semple]: (614) 466-9565

maureen.willis@occ.ohio.gov john.finnigan@occ.ohio.gov connor.semple@occ.ohio.gov (willing to accept service by email)

### Isaac Wiles & Burkholder, LLC

Brian M. Zets (0066544)

Two Miranova Place, Suite 700

Columbus, Ohio 43215 Telephone: (614) 221-2121

bzets@isaacwiles.com

(willing to accept service by e-mail)

May 24, 2022

Counsel for Office of the Ohio Consumers' Counsel

### **TABLE OF CONTENTS**

			PAGE
I.	INTI	RODUCTION	1
II.	ARC	GUMENT	3
	A.	The FirstEnergy Utilities violated O.A.C. 4901-1-24(B)(3) by failing to file an affidavit of counsel setting forth efforts it undertook to resolve the discovery dispute	3
	В.	OCC's document requests are in consumers' interest and do not violate the procedural schedule for discovery in this case, as the FirstEnergy Utilities wrongly assert.	3
	C.	The FirstEnergy Utilities' Motion asks the PUCO to violate OCC's discovery and case preparation rights	4
	D.	OCC's document requests are relevant and not overly burdensom	e5
III.	CON	ICLUSION	10

### BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

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

## MEMORANDUM CONTRA TO THE FIRSTENERGY UTILITIES' MOTION FOR A PROTECTIVE ORDER BY OFFICE OF THE OHIO CONSUMERS' COUNSEL

#### I. INTRODUCTION

Ohio Attorney General Yost wrote, "[g]overnment of, by and for the people also must be *open* to the people." In the last year and a half, Ohioans have learned a lot about FirstEnergy's *closed* world with the former leaders of the Ohio House and the PUCO.

FirstEnergy Corp. now stands charged with a federal corruption-related crime. It agreed that "the United States would prove the facts set forth below beyond a reasonable doubt...if this case had proceeded to trial." <sup>2</sup>

That brings us to the FirstEnergy Utilities' latest bid to deny OCC its ample rights of discovery necessary to adequately prepare its case – their motion for protection related to OCC's request to produce documents at the deposition of Robert Mattiuz. They do not want to produce the documents to OCC. Mr. Mattiuz is the former Vice President,

14 (Jul. 22, 2021).

<sup>&</sup>lt;sup>1</sup> Protecting the unprotected, Ohio Sunshine laws at i (2022).

<sup>&</sup>lt;sup>2</sup> United States of America v. FirstEnergy Corp., Case No. 1:21-cr-86, Deferred Prosecution Agreement at

Compliance and Regulated Services, who served as the FirstEnergy Utilities' compliance officer on corporate separation matters.

The documents OCC requests are imbued with the public interest and the public domain. But the FirstEnergy Utilities assert that OCC's document requests are "untimely" and "irrelevant and overly burdensome." They do not want to produce the documents. Further, FirstEnergy wants the PUCO to deny OCC its legal rights to discovery. Already, the PUCO has denied OCC its legal rights for case preparation by denying written discovery after November 2021. The PUCO shouldn't stand for any of this.

Further, the FirstEnergy Utilities' Motion is defective. Their Motion is filed under O.A.C. 4901-1-24. O.A.C. 4901-1-24(B)(3) requires the FirstEnergy Utilities to file an "affidavit of counsel." But FirstEnergy didn't file the required affidavit. The FirstEnergy Utilities' Motion should be struck from the record.

The PUCO should deny the FirstEnergy Utilities' Motion for failing to conform to the Ohio Administrative Code regarding the affidavit and for violating OCC's discovery rights necessary for case preparation.

2

<sup>&</sup>lt;sup>3</sup> FirstEnergy Utilities' Motion (May 9, 2022) at 2-4.

<sup>&</sup>lt;sup>4</sup> *Id.* at 4-6.

#### II. ARGUMENT

A. The FirstEnergy Utilities violated O.A.C. 4901-1-24(B)(3) by failing to file an affidavit of counsel setting forth efforts it undertook to resolve the discovery dispute.

Before a party files a motion for protective order, it must have "exhausted all other reasonable means of resolving any differences with the party seeking discovery." O.A.C. 4901-1-24(B) requires an affidavit of counsel setting forth the efforts the parties have made to resolve discovery differences.<sup>6</sup>

The FirstEnergy Utilities make a make a vague assertion that they "attempted to negotiate a resolution with OCC as to the scope of its document requests[.]" But the Motion is missing the required affidavit of counsel attesting to resolution efforts.

The FirstEnergy Utilities violated the Ohio Administrative Code. For this reason alone, the PUCO should deny the FirstEnergy Utilities' Motion.

B. OCC's document requests are in consumers' interest and do not violate the procedural schedule for discovery in this case, as the FirstEnergy Utilities wrongly assert.

The FirstEnergy Utilities assert that OCC's document requests are "untimely" because discovery is closed.<sup>8</sup> The FirstEnergy Utilities' effort to prevent OCC's fact-finding would violate the law allowing discovery and case preparation for OCC.

The FirstEnergy Utilities ignore the fact that that in the very Entries which set a discovery cut-off, the Attorney Examiner expressly exempted depositions. <sup>9</sup> The Attorney

<sup>&</sup>lt;sup>5</sup> O.A.C. 4901-1-24(B).

<sup>&</sup>lt;sup>6</sup> O.A.C. 4901-1-24(B)(3).

<sup>&</sup>lt;sup>7</sup> FirstEnergy Utilities' Motion at 1.

<sup>&</sup>lt;sup>8</sup> *Id.* at 2-4.

<sup>&</sup>lt;sup>9</sup> Case No. 17-974-EL-UNC, Entry, at ¶ 18(a) (Sept. 17, 2021) ("The deadline for the service of discovery, except for notices of deposition, shall be set for November 1, 2021."); Case No. 17-974-EL-UNC, Entry, at ¶ 24(a) (Oct. 12, 2021) (extending discovery cut-off to Nov. 24, 2021).

Examiner stated: "The deadline for the service of discovery, except for notices of deposition, shall be set for November 1, 2021." Depositions were expressly exempted from the discovery cut-off.

Further, O.A.C. 4901-1-25(A) allows the PUCO (and those acting on its behalf) to issue a subpoena to command such person to produce "books, papers, documents, or other tangible things." O.A.C. 4901-1-25(D) allows parties to subpoena a person to attend and give testimony at a deposition, and "to produce designated books, papers, documents, or other tangible things within the scope of discovery." That is just what OCC has done, consistent with the Entries allowing depositions to go forward, despite a discovery cut-off.

The Attorney Examiner did not deny parties their right to ask for documents to be produced at depositions. Nor did the FirstEnergy Utilities seek clarification of the Examiner's ruling.

The FirstEnergy Utilities' efforts to involve the PUCO in denying OCC its ample rights of discovery to prepare its case should be rejected. The FirstEnergy Utilities' Motion should be denied.

### C. The FirstEnergy Utilities' Motion asks the PUCO to violate OCC's discovery and case preparation rights.

The FirstEnergy Utilities Motion asks the PUCO to violate OCC's discovery and case preparation rights. OCC's discovery and case preparation rights are protected by R.C. 4903.082, which states that "[a]ll parties and intervenors shall be granted ample rights of discovery." *See OCC v. PUC*, 111 Ohio St.3d 300 (2006). The PUCO has also

<sup>&</sup>lt;sup>10</sup> Case No. 17-974-EL-UNC, Entry, at ¶ 18(a) (Sept. 17, 2021).

adopted rules that broadly define the scope of discovery and case preparation. O.A.C. 4901-1-16(B) provides:

any party to a commission proceeding may obtain discovery of any matter, not privileged, which is relevant to the subject matter of the proceeding. It is not a ground for objection that the information sought would be inadmissible at the hearing, if the information sought *appears* reasonably calculated to lead to the discovery of admissible evidence. (Emphasis added.)

The FirstEnergy Utilities' efforts to involve the PUCO in denying OCC its ample rights of discovery to prepare its case should be rejected. It would require the PUCO to violate rights guaranteed by Ohio statue, rule, and Supreme Court precedent.

### D. OCC's document requests are relevant and not overly burdensome.

The FirstEnergy Utilities assert that some of OCC's document requests are irrelevant and overly burdensome. Specifically, the FirstEnergy Utilities refer to OCC's requests for documents about political and charitable spending, Ms. Yeboah-Amankwah, and FERC-related documents. He FirstEnergy Utilities' assertion to prevent OCC's fact-finding is, once again, wrong.

All of the documents that OCC seeks are relevant. Here is some context for OCC's discovery for "FERC-related" information and FirstEnergy's efforts to avoid this discovery. Under Ohio law, the FirstEnergy Utilities must implement and operate under a

<sup>&</sup>lt;sup>11</sup> FirstEnergy Utilities' Motion at 4-6.

<sup>&</sup>lt;sup>12</sup> *Id.* at 5.

<sup>&</sup>lt;sup>13</sup> *Id*. at 6.

<sup>&</sup>lt;sup>14</sup> *Id*.

corporate separation plan that "satisfies the public interest" and is "sufficient" to protect Ohioans from undue preference or advantage being given to the utilities' affiliate(s). 15

The PUCO-appointed auditor (Daymark) noted that FirstEnergy's compliance approach to corporate separation was set up to meet FERC requirements. It found that "FirstEnergy leans heavily on compliance with FERC requirements as a way to meet Ohio corporate separation requirements." Daymark reported that "[i]n many cases, FirstEnergy had no Ohio-specific processes or documentation; rather they relied on procedures developed to meet FERC's Affiliate Restrictions rules that are laid out in 18 CFR §35.39."<sup>17</sup> Thus, FirstEnergy Corp.'s insistence that FERC regulations on corporate separation compliance are distinct from Ohio corporate separation rules is without merit and should be rejected.

Recently, FERC's Division of Audits and Accounting undertook and completed an audit of FirstEnergy Corp., including its service companies and other companies in the FirstEnergy holding company system.<sup>18</sup> That audit covered a five-year period and evaluated, among other things, compliance with cross-subsidization restrictions on affiliate transactions, service companies accounting and recordkeeping, and accounting and reporting for franchised public utilities for their transactions with associated entities.<sup>19</sup>

<sup>&</sup>lt;sup>15</sup> R.C. 4928.17.

<sup>&</sup>lt;sup>16</sup> Daymark Audit at 28 (Sept. 13, 2021).

<sup>&</sup>lt;sup>17</sup> Id. at 29.

<sup>&</sup>lt;sup>18</sup> (Docket No. FA19-1-000).

<sup>&</sup>lt;sup>19</sup> See link to FERC Audit: https://elibrary.ferc.gov/eLibrary/filedownload?fileid=9DDE513A-470F-CAC6-97AD-7EC4D2800000.

Note that FERC's audit findings included "significant shortcomings" in FirstEnergy and its subsidiaries' internal controls over financial reporting for expenses relating to civic, political and lobbying activities. FERC additionally noted that:

[e]ven more concerning, several factual assertions agreed to by FirstEnergy in DPA [deferred prosecution agreement] and the remedies FirstEnergy agreed to undertake, point towards *internal controls having been possibly obfuscated or circumvented to conceal or mislead* as to the actual amounts, nature, and purpose of the lobbying expenditures made, and as a result, the improper inclusion of lobbying and other nonutility costs in wholesale transmission billing rates. (Emphasis added.)<sup>20</sup>

Given the FirstEnergy Utilities' heavy reliance on maintaining a corporate separation plan that meets FERC requirements, it is crucial to understand whether and to what extent FirstEnergy Corp. and the FirstEnergy Utilities are complying with FERC's rules and regulations on corporate separation. The "FERC-related" documents are highly relevant to this case involving corporate separation compliance. FirstEnergy Corp. and the FirstEnergy Utilities have themselves made them highly relevant.

The Attorney Examiner in Case No. 20-1502 recently issued a ruling on a similar issue where OCC had filed a motion to compel discovery seeking FERC audit related documents.<sup>21</sup> The examiner ruled that OCC is entitled to all documents and communications provided to FERC Staff by all FirstEnergy entities during the course of

<sup>&</sup>lt;sup>20</sup> *Id.*, Audit Report at 48 (Feb. 4, 2022).

<sup>&</sup>lt;sup>21</sup> In the Matter of the Review of the Political and Charitable Spending by Ohio Edison Company et al., Case No. 20-1502-EL-UNC, Prehearing Conference, Tr. 55-59 (Mar. 11, 2022).

the FERC audit, pertaining to the FirstEnergy Utilities.<sup>22</sup> That ruling was affirmed by the PUCO, when it denied the FirstEnergy Utilities' request for an interlocutory appeal.<sup>23</sup>

We note this ruling for several reasons. The utilities (unlike FirstEnergy Corp.) did not claim the information was not relevant to the proceeding. Additionally, the FERC documents at issue here pertain to the same audit. The PUCO should, consistent with its ruling in Case No. 20-1502, require the production of these documents at the deposition.

Regarding OCC's request for documents regarding Ms. Yeboah-Amankwah, they are equally relevant. OCC has explained in detail the importance of obtaining information (testimony and documents) concerning Ms. Yeboah-Amankwah, who was FirstEnergy Corp.'s former Vice President, General Counsel and Chief Ethics Officer.<sup>24</sup> Reiterating, Ms. Yeboah-Amankwah was ultimately responsible for corporate separation compliance during most of the time-period being investigated here.<sup>25</sup> OCC's explanation is equally applicable here in response to the FirstEnergy Utilities' objection to us obtaining information concerning Ms. Yeboah-Amankwah.

The importance of obtaining information concerning Ms. Yeboah-Amankwah is highlighted by the finger-pointing between her and FirstEnergy Corp. in response to OCC subpoenas. Ms. Yeboah-Amankwah has asserted that documents we subpoenaed from her are FirstEnergy Corp.'s property and that she returned all documents to FirstEnergy Corp.

<sup>&</sup>lt;sup>22</sup> *Id.* Tr. 37, 56-59.

<sup>&</sup>lt;sup>23</sup> In the Matter of the Review of the Political and Charitable Spending by Ohio Edison Company, the Cleveland Electric Illuminating Company, and the Toledo Edison Company, Case No. 20-1502-EL-UNC, Entry (Apr. 6, 2022).

<sup>&</sup>lt;sup>24</sup> See OCC's Memorandum Contra Motion to Quash (Mar. 22, 2022).

<sup>&</sup>lt;sup>25</sup> See generally Id.

at the time of her separation.<sup>26</sup> The FirstEnergy Utilities are now asserting that Ms. Yeboah-Amankwah has the documents.<sup>27</sup>

Regarding OCC's requests for documents concerning political and charitable spending, the FirstEnergy Utilities get it flat wrong. In support of their objection to these document requests, the FirstEnergy Utilities cite to request numbers 11 and 15-17.<sup>28</sup>

Request number 11 relates to Ms. Yeboah-Amankwah – *not* political and charitable spending.<sup>29</sup> Request numbers 15-17 all relate to charges or allocations for political and charitable spending *to the FirstEnergy Utilities*.<sup>30</sup> Clearly, whether political and charitable contributions that benefited FirstEnergy Corp. or non-Ohio affiliates were charged to the FirstEnergy Utilities is relevant in this corporate separation proceeding.

Finally, the FirstEnergy Utilities make a flawed claim that "many" of OCC's discovery requests are vague, ambiguous, and overbroad.<sup>31</sup> This statement is conclusory at best. The FirstEnergy Utilities must do more than simply repeat the familiar litany that the discovery is vague, ambiguous, and overbroad. Federal case law<sup>32</sup> has held that, when a party objects to an interrogatory based on being overly broad or an undue burden, that

<sup>&</sup>lt;sup>26</sup> See Ebony Yeboah-Amankwah's Motion to Quash the Office of the Ohio Consumer Counsel's Subpoena (Mar. 7, 2022) at 6.

<sup>&</sup>lt;sup>27</sup> FirstEnergy Utilities' Motion at 6.

<sup>&</sup>lt;sup>28</sup> Id. at 5, n. 21; see also Id. at Ex. A (OCC's Notice), request numbers 11; 15-17.

<sup>&</sup>lt;sup>29</sup> *Id.* at request number 11.

<sup>&</sup>lt;sup>30</sup> *Id.* at request number 15-17.

<sup>&</sup>lt;sup>31</sup> *Id.* at 5-6.

<sup>&</sup>lt;sup>32</sup> Although federal case law is not binding upon the PUCO with regard to interpreting the Ohio Civil Rules of Practice (upon which the PUCO discovery rules are based), it is instructive where, as here, Ohio's rule is similar to the federal rules. Ohio Adm. Code 4901-1-24 allows a protective order to limit discovery to protect against "undue burden and expense." C.R. 26(c) similarly allows a protective order to limit discovery "to protect against undue burden and expense." Cf. In the Matter of the Investigation into Perry Nuclear Power Station, Case No. 85-521-ELCOI, Entry at 14-15 (Mar. 17, 1987), where the Commission opined that a motion for protective order on discovery must be "specific and detailed as to the reasons why providing the responses to matters\*\*\*will be unduly burdensome."

party must show specifically how, despite the broad and liberal construction afforded discovery rules, each interrogatory is overly broad, burdensome, or oppressive.<sup>33</sup> Here, other than offering conclusory statements, the FirstEnergy Utilities have failed to show how the discovery requests are overly broad or vague. Because the burden falls upon the party resisting discovery to clarify and explain its objections and to provide support<sup>34</sup> and the FirstEnergy Utilities have failed to do so, the PUCO should reject the Motion.

### III. CONCLUSION

"Sunlight is said to be the best of disinfectants." <sup>35</sup> These words were written by Louis Brandeis before his appointment to the U.S. Supreme Court.

FirstEnergy has violated the Ohio Administrative Code by failing to file a required affidavit of counsel explaining efforts to resolve the discovery dispute. And OCC's document requests are timely, relevant, and not overly burdensome. Its Motion should be struck and, if not struck, then denied.

<sup>33</sup> Trabon Engineering Corp. v. Eaton Manufacturing Co., (N.D. Ohio 1964), 37 F.R.D. 51, 54.

<sup>&</sup>lt;sup>34</sup> Gulf Oil Corp, v Schlesinger, (E.D.Pa. 1979), 465 F.Supp. 913, 916-917.

<sup>&</sup>lt;sup>35</sup> Louis D. Brandeis, What Publicity Can Do, Harpers Weekly, Vol. 58, No. 2974 (Dec. 20, 1913).

Respectfully submitted,

Bruce Weston (0016973) Ohio Consumers' Counsel

/s/ Maureen R. Willis

Maureen R. Willis (0020847) Counsel of Record John Finnigan (0018689) Connor D. Semple (0101102) Assistant Consumers' Counsel

### Office of the Ohio Consumers' Counsel

65 East State Street, Suite 700 Columbus, Ohio 43215 Telephone [Willis]: (614) 466-9567 Telephone [Finnigan]: (614) 466-9585 Telephone [Semple]: (614) 466-9565

maureen.willis@occ.ohio.gov john.finnigan@occ.ohio.gov connor.semple@occ.ohio.gov (willing to accept service by email)

### Isaac Wiles & Burkholder, LLC

Brian M. Zets (0066544) Two Miranova Place, Suite 700 Columbus, Ohio 43215 Telephone: (614) 221-2121 bzets@isaacwiles.com (willing to accept service by e-mail)

Counsel for Office of the Ohio Consumers' Counsel

### **CERTIFICATE OF SERVICE**

I hereby certify that a copy of this Memorandum Contra to the FirstEnergy Utilities' Motion for a Protective Order was served on the persons stated below via electric transmission this 24<sup>th</sup> day of May 2022.

/s/ Maureen R. Willis
Maureen R. Willis
Senior Counsel

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

### **SERVICE LIST**

thomas.lindgren@ohioAGO.gov werner.margard@ohioAGO.gov joliker@igsenergy.com Mnugent@igsenergy.com bethany.allen@igs.com evan.betterton@igs.com gkrassen@bricker.com dstinson@bricker.com whitt@whitt-sturtevant.com fykes@whitt-sturtevant.com trent@hubaydougherty.com mwise@mcdonaldhopkins.com mkurtz@BKLlawfirm.com kboehm@BKLlawfirm.com jkylercohn@BKLlawfirm.com talexander@beneschlaw.com khehmeyer@beneschlaw.com

Attorney Examiners: megan.addison@puco.ohio.gov jacqueline.st.john@puco.ohio.gov

edanford@firstenergycorp.com cwatchorn@firstenergycorp.com bknipe@firstenergycorp.com mrgladman@jonesday.com mdengler@jonesday.com radoringo@jonesday.com marcie.lape@skadden.com iavalon@taftlaw.com kverhalen@taftlaw.com mpritchard@mcneeslaw.com rdove@keglerbrown.com bojko@carpenterlipps.com tdougherty@theOEC.org ctavenor@theOEC.org iweber@elpc.org trhayslaw@gmail.com leslie.kovacik@toledo.oh.gov sgoval@jonesday.com calee@ionesday.com glpetrucci@vorys.com dparram@bricker.com rmains@bricker.com

## This foregoing document was electronically filed with the Public Utilities Commission of Ohio Docketing Information System on

5/24/2022 4:51:47 PM

in

Case No(s). 17-0974-EL-UNC

Summary: Memorandum Memorandum Contra to the FirstEnergy Utilities' Motion for a Protective Order by Office of the Ohio Consumers' Counsel electronically filed by Ms. Alana M. Noward on behalf of Willis, Maureen R.