

Message

From: Sidoti, Elizabeth [/O=MSXBP/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/[REDACTED]]
Sent: 24/04/2018 19:29:49
To: Magruder, Kathleen [/O=MSXBP/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/[REDACTED]]; Swink, Suzanne [/O=MSXBP/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/[REDACTED]]; [REDACTED]@hamiltonps.com; Constantin, Dawn M [/O=MSXBP/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/[REDACTED]]; Stultz, Mark [/O=MSXBP/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/[REDACTED]]; Williams, Lance [/O=MSXBP/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/[REDACTED]]
CC: Stout, Robert [/O=MSXBP/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/[REDACTED]]
Subject: RE: Alert: FirstEnergy Still Looks to Trump After Pact With Bankrupt Unit

Redacted - Privilege

From: Magruder, Kathleen
Sent: Tuesday, April 24, 2018 3:26 PM
To: Swink, Suzanne <[REDACTED]@bp.com>; Sidoti, Elizabeth <[REDACTED]@bp.com>; [REDACTED]@hamiltonps.com; Constantin, Dawn M <[REDACTED]@bp.com>; Stultz, Mark <[REDACTED]@bp.com>; Williams, Lance <[REDACTED]@bp.com>
Subject: RE: Alert: FirstEnergy Still Looks to Trump After Pact With Bankrupt Unit

Redacted - Privilege

From: Swink, Suzanne
Sent: Monday, April 23, 2018 2:09 PM
To: Sidoti, Elizabeth <[REDACTED]@bp.com>; [REDACTED]@hamiltonps.com; Constantin, Dawn M <[REDACTED]@bp.com>; Magruder, Kathleen <[REDACTED]@bp.com>; Stultz, Mark <[REDACTED]@bp.com>; Williams, Lance <[REDACTED]@bp.com>
Subject: FW: Alert: FirstEnergy Still Looks to Trump After Pact With Bankrupt Unit

fyi

From: Bloomberg Government]
Sent: Monday, April 23, 2018 3:04 PM
To: Swink, Suzanne <[REDACTED]@bp.com>
Subject: Alert: FirstEnergy Still Looks to Trump After Pact With Bankrupt Unit



FirstEnergy Still Looks to Trump After Pact With Bankrupt Unit

FirstEnergy Corp. is still pleading for government aid to rescue its bankrupt power generation unit, even after it won a tentative agreement with most creditors to reorganize that business.

The utility holding company said it will transfer assets to its failed unit, FirstEnergy Solutions. In return, creditors of the bankrupt business would agree not to try to extract money from FirstEnergy Corp., which isn't bankrupt. The deal still faces some hurdles, but is a step toward separating the bankrupt competitive power generation business from its regulated parent entity, which has otherwise slimmed itself into an owner of regulated utilities with predictable earnings.

"Bondholders and shareholders both saw a benefit from concluding a deal," Kit Konolige, a utilities analyst for Bloomberg Intelligence, said Monday. "It narrowed the substantial uncertainty over the size of the payment, and, in the case of bondholders, whether there would be any payment at all in the near term."

FirstEnergy Solutions filed for bankruptcy in March after getting pummeled by low power prices. The company owns a fleet of coal and nuclear plants in Ohio and Pennsylvania that struggled to compete with cheaper electricity from natural gas-fired plants and renewable energy like solar. Before failing, First Energy Solutions called on Energy Secretary Rick Perry to intervene in energy markets to guarantee profit for money-losing nuclear and coal plants.



Chuck Jones, chief executive of the parent entity FirstEnergy, said in an earnings call Monday that the company still supports the bankrupt unit's call for federal aid. The creditor pact would let the two units share the benefit of any government help, he said. FirstEnergy has said it will pay for regulatory and government matters without billing its bankrupt unit.

"We're highly motivated to get support for those generating assets because it would be a mistake for our country for them to close," Jones said.

The pact includes a group of holders of pollution control revenue bonds, unsecured notes from FirstEnergy Solutions and certificates related to Bruce Mansfield, a plant in Shippingport, Pennsylvania. It's still subject to approval of the bankruptcy court. Creditors seek to have an official committee of creditors join the pact by June 15.

Standard & Poor's analyst Gabe Grosberg said in a research note Monday that the settlement means the bankruptcy "will likely be resolved at an expedited pace compared to our prior expectations," and is a positive for FirstEnergy, which will be less distracted by its unit's bankruptcy.

Assets transferred to creditors of the bankrupt unit include payments for unfunded pension benefits, \$225 million of cash, \$628 million in tax notes and ownership of the Pleasants Power Station, a 1,300-megawatt plant in West Virginia, enough to power about 1 million U.S. homes. The two companies have a shared services agreement to reduce overall costs to FirstEnergy Solutions and FENOC, the nuclear unit, according to a Monday regulatory filing.

FirstEnergy Solutions suffered from an ill-timed bet on fossil fuels. It bought coal-plant owner Allegheny Energy in 2011 for about \$4.3 billion in stock, expecting to sell power in the biggest market in the U.S. After the gas-shale boom, power prices plunged by around 25 percent.

The case is: FirstEnergy Solutions Corp., 18-50757; Northern District of Ohio (Akron).

To contact the reporters on this story:

Tiffany Kary in New York at [REDACTED]@bloomberg.net;

Jim Polson in New York at [REDACTED]@bloomberg.net

To contact the editors responsible for this story:

Rick Green at [REDACTED]@bloomberg.net

Dan Wilchins

Energy Policy News News Alert

© 2018 BGOV LLC. All Rights Reserved. | [Privacy Policy](#) | [Manage Alerts](#)

