Seeking Alpha α
Read. Decide. Invest.

Shareholders Re-elect FirstEnergy Directors

Betty Lin-Fisher| May 18, 2011

Two directors of Allegheny Energy have joined FirstEnergy's board as a result of the merger earlier this year of the power companies.

The change was noted Tuesday as part of FirstEnergy's 2011 shareholders meeting held in Akron where all 13 directors were re-elected. They are: Paul T. Addison; FirstEnergy President and Chief Executive Officer Anthony J. Alexander; Michael J. Anderson; Carol A. Cartwright; William T. Cottle; Robert B. Heisler Jr.; Julia L. Johnson; Ted J. Kleisner; Ernest J. Novak Jr.; Catherine A. Rein; FirstEnergy Chairman of the Board George M. Smart; Wes M. Taylor; and Jesse T. Williams Sr.

The two additions are Johnson and Kleisner.

FirstEnergy acquired Allegheny, based in Greensburg, Pa., for $4.3 billion in stock and the assumption of about $3.8 billion in debt. The merger closed on Feb. 26.

Shareholders also approved four other company-sponsored proposals and did not approve four nonbinding shareholder-sponsored proposals.

Among the shareholder-sponsored proposals were two backed by environmental groups and activists:

- Asking the electric utility to prepare a report on the company's efforts, beyond current compliance, to reduce environmental and health hazards associated with coal combustion waste contaminating water, and how those efforts might reduce legal and other risks to the company's finances and operations (it earned 36 percent approval).
- Asking the company to issue a report by November on the financial risks of continued reliance on coal contrasted with increased investments in efficiency and cleaner energy, including assessment of the cumulative costs of environmental compliance for coal plants compared to alternative generating sources (it earned 31 percent approval).

The two proposals were the first time activist groups have assisted in a shareholder proposal to try to encourage FirstEnergy to move away from its reliance on coal-fired power plants, but it is part of a larger trend at utility annual meetings, said Larry Fahn, president of As You Sow, a San Francisco-based organization that encourages companies to move toward greater environmental sustainability.

''This company has increased its reliance on coal when it should be reducing its reliance on coal,'' said Fahn, who presented one of the proposals and also participated in a protest outside the Knight Center before the meeting.

Fahn was joined by a small group of activists, including members of the Sierra Club and residents affected by coal ash and mountaintop removal.

Activists held six large placards that made up a mural — three black panels had drawings of nuclear power plants and coal plants and dead fish in waterways and a person holding his head as if he had a headache. Another three white placards had drawings of solar panels, windmills, live fish jumping out of the water and the same person looking happy.

Activists who held the placards also displayed signs. One wore a mask with ''coal kills!'' written on her forehead and a sign that said ''Ohio is #1 for air pollution in the nation!''

Mari-Lynn Evans, filmmaker of the documentary *Coal Country* and an Akron resident, said coal is killing people and said shareholders ''are trading others' misery for the bottom line.''

Prior to the short press conference, a few FirstEnergy officials, including Ray Evans — executive director, environmental — came outside to talk to the activists.

Mark Durbin, senior public relations representative who has done a lot of the company's communication of its coal-fired plants, said both sides had a good, positive interaction.

''They appreciated that we came out to chat with them,'' said Durbin. He added that often there is a lot of rhetoric between protesters and companies, but said the interaction was productive.

''At the end of the day, we agree to disagree,'' he said. ''The key is we are very diverse in our generation.''

At the annual meeting, company shareholders ratified the appointment of PricewaterhouseCoopers LLP as the company's independent accounting firm, amended its code of regulations to allow shareholders with 25 percent or more of the outstanding shares to call a special meeting, approved an advisory vote on executive compensation, and approved conducting what is called a ''say-on-pay'' vote every year.

A majority did not approve the other two shareholder-sponsored proposals, including lowering the percentage required for shareholder action by written consent or adopting a majority vote standard for the election of directors.

SOURCE: http://seekingalpha.com/news-article/1109448-shareholders-re-elect-firstenergy-directors