

## Power companies quietly pushed \$215m into US politics via dark money groups

**Donations have helped utilities increase electricity prices, hinder solar schemes and helped elect sympathetic legislators**

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*Mario Ariza for Floodlight*

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US power companies have made political donations of at least \$215m to dark money groups in recent years, according to a new analysis of 25 for-profit utilities, amid growing concerns around how they wield influence.

Such secretive donations to barely regulated non-profit groups have helped utilities [increase electricity prices](#), [hinder solar schemes](#) and helped [elect](#) sympathetic legislators in recent years.

While dark money giving to tax-exempt groups is legal, a number of utilities have faced criticism for it. In [Arizona](#) and [Alabama](#), power companies faced blowback after they used dark money to aid the election of friendly regulators. In [Michigan](#), regulators barred another company from using dark money entirely after it spent \$43m on politics in just three years.

Sometimes, power company dark money giving hides illegality. In 2021 in Ohio, FirstEnergy Corporation pleaded guilty to using dark money groups to [bribe politicians](#) in exchange for bailouts.

In another instance of ethically questionable actions, Florida Power and Light (FPL) used dark money to interfere with [ballot initiatives](#), and the elections of five [politicians](#) who in part aimed to tackle the high prices of electric bills and environmental and climate goals.

“We are captive payers. To be funding lobbying against clean energy and climate that customers actually want goes against the public interest,” said

Jean Su, a senior attorney at environmental group Center for Biological Diversity.

Customers can also lose out.

This was a scenario in Arizona when, in 2014, power company Arizona Public Service gave \$10.7m to dark money groups that donated to key regulatory commission races. The two Republican commissioners backed by the groups won. In 2017, they went on to support the power company's request for a \$95m-a-year increase in electric bills, which ultimately was passed down to customers.

It took a subpoena from a regulator to finally prove in 2019 that the company had been behind the political spending.

That's because the groups which receive the donations can be mysterious. They often bear generic or patriotic-sounding names, rarely disclose their funding sources and transfer large amounts of money between themselves. Regulations mandating public disclosure of dark money utility political spending are rare at the state level. Federal regulators stopped requiring public, line-by-line accounting of power company political spending in 2002.

Floodlight and the Guardian used public records and self-disclosure data from the Center for Political Accountability (CPA), a non-profit that tracks corporate dark-money, to piece together how much for-profit power companies might be spending. Dark money is difficult to unearth, and the total will be an undercount.

There are 44 regulated for-profit utilities across the US, according to the Edison Electric Institute, their trade association. Twenty-three of them self-disclosed giving nearly \$100m to so-called dark money 501(c)(4) and 501(c)(6) groups between 2014 and 2020.

Some offered more detail than others. Many companies do not report the total amounts they donate, but rather just the amount that cannot be deducted from taxes. Others don't disclose the dark money giving of their subsidiaries. FirstEnergy in Ohio did not self-disclose at all.

Overall, the total amount of dark money uncovered by regulators and the Department of Justice – about \$115m – was greater than the total amount the companies disclosed.

## 10 utility companies donating most dark money in our analysis

From an analysis of 25 for-profit companies' donations from 2014 to 2020

Utility company

Dark money (in millions of dollars)

FirstEnergy

60.0

CMS Energy

45.5

Pinnacle West Capital

21.6

Exelon

21.3

American Electric Power

8.7

Southern Company

8.4

WEC Energy Group

6.6

Public Service Enterprise Group

5.2

Entergy

5.1

Edison International

4.5

Guardian graphic. Sources: Floodlight analysis of Center for Political Accountability database of political spending to 501(c)(4) and 501(c)(6) groups, as well as media reports.

The Edison Electric Institute defended the spending. “Electric companies are subject to the same strict laws and regulations that apply to all businesses,” said Brian Reil, spokesman for the industry group. State regulators add even more scrutiny, he said.

Critics argue the dark money spending is kept private, in part to ensure the disruptive transition to green energy happens on the companies’ terms or not at all, and to hinder oversight.

A rare instance where a utility was held to account for its dark money spending happened this past spring in Ohio.

Back in [2016](#) two nuclear reactors operated by the FirstEnergy Corporation were hemorrhaging money. The company sought help from Larry Householder, a Republican state politician who had just been re-elected and was eyeing the speaker's gavel.

Over meetings and private jet flights in 2017, Householder and FirstEnergy made a deal: the company would financially support Householder and his political loyalists in statewide elections, and in return, FirstEnergy would get a bailout for its nuclear plants. The conspirators created dark money groups, among them Generation Now and Partners for Progress, and started flooding them with cash.

But the FBI was listening.

David Devillers, the former US attorney for the southern district of Ohio, said in an interview that dark money groups were “the perfect money laundering animal”. With tens of millions from FirstEnergy, Householder won the speakership in January 2019. He later passed a bill that provided \$1.3bn in [taxpayer-funded bailouts](#) for FirstEnergy's nuclear plants.

The bill faced backlash and a ballot initiative to repeal it emerged. But Householder used \$38m in dark money [to fight it](#). Racist and misleading television ads [warning](#) of a “Chinese takeover of Ohio's electric grid” saturated the airwaves, telling Ohioans not to sign the ballot petition against the bailout.



Larry Householder in 2019. Photograph: John Minchillo/AP

In total, FirstEnergy contributed about \$60m in dark money to Householder. FirstEnergy pleaded guilty to conspiracy to commit honest services wire fraud and was forced to pay a \$230m fine. Householder was found guilty this March, and could face up to 20 years in prison when sentenced in late June.

“FirstEnergy has taken significant steps to put past issues behind us,” said Will Boye, a spokesman for the company.

Several groups are calling on the federal government to look more deeply into how power companies wield dark money. The Center for Biological Diversity has petitioned the Federal Trade Commission (FTC) to investigate how power companies pay for their political activity. Another group, Citizens for Responsibility and Ethics in Washington, [filed an FEC \(Federal Election Commission\) complaint](#) last October against half a dozen dark money groups linked to FPL.

During the 2018 and 2020 election cycles in Florida, FPL employed [a consulting group](#) that created at least a half-dozen dark money organizations that spent tens of millions of dollars on political attack ads, private investigators and spoiler candidates to challenge politicians in important races – according [to leaked documents](#) obtained by Floodlight, and reporting in [the Orlando Sentinel](#) and [the Miami Herald](#).

South Miami’s former mayor Philip Stoddard witnessed the power of the company’s dark money network first-hand. When in office he was critical of FPL’s handling of a nearby nuclear plant and was pushing for more rooftop solar.

During his re-election in 2018, a dark money group called A Better Miami Dade published mailers, robocalls and ads [to discredit him](#), according to public records and the group’s former president, Stephen Cody. The group spent over \$200,000 trying to defeat Stoddard, public records show.

Even after Stoddard won, another group called the South Florida Anti-Corruption Task Force filed a complaint against Stoddard at his university job, according to Rick Yabor, the groups president. A private investigator paid by the group also began digging into Stoddard’s personal life.

Stoddard spent last year tracing a complex financial web that winds from the utility through dozens of dark money groups, many of which had direct financial ties to A Better Miami Dade.

“I want to shut down this scam,” Stoddard said in an interview. “This is being used to corrupt the political system.”

If the IRS accepts a whistleblower complaint Stoddard has made, FPL's former political consultants could face up to \$200m in liabilities and Stoddard could get a share of the recovered back taxes.

While leaked records indicate FPL probably donated tens of millions of dollars to dark money groups between 2014 and 2020, its parent company has only self-disclosed about \$1.4m in dark money giving. A spokesman for the company declined to confirm a total.

Through a spokesman, FPL declined to comment for this story.

But despite the recent exposure of dark money's noxious effects in states like Ohio and Florida, experts caution that these networks are rarely brought to task.

While the Internal Revenue Service (IRS) is responsible for overseeing non-profit groups, experts uniformly describe dark money as the "wild west". Between 2015 and 2019, the IRS didn't revoke any tax-exempt group's status for violating political spending rules. And the numbers of IRS agents whose job it is to police the groups has dwindled from nearly 1,000 to fewer than 600, according to Brian Galle, a law professor at Georgetown University who focuses on taxation and non-profits.

"There's very little revenue for the IRS in regulating charities and there's enormous political risk that seems to have been damaging to the IRS's capacity to do other things," Galle said.

He said it was largely a result of the current tax code, which is written to protect the privacy of individuals filing their taxes.

"When we wrote [the code] it didn't really occur to us that this was going to create problems for the political system," Galle said. "It comes from an era where we emphasized individual privacy, maybe more, because we didn't understand the stakes for politics."