

**APPENDIX C TO REPORT OF INVESTIGATION
BY THE SPECIAL INVESTIGATIVE COMMITTEE OF
THE PJM BOM**

TIMELINE

RACIOPPI ALLEGATION

(Bowring alleges that PJM targeted certain employees, including Frank Racioppi, for a position in the Markets Division. Bowring contends that PJM Management created new positions in Performance Compliance for two MMU employees and recruited them for such transfers. Bowring alleges that Ott actively recruited Racioppi on March 20, 2007 and informed Racioppi that management would soon be announcing plans to disband the MMU as an internal entity. On March 29, 2007, Phil Harris told the MMU staff that he intended to externalize the MMU from PJM. On March 30, 2007, PJM posted two job openings in Performance Compliance specifically aimed at Racioppi and another MMU employee.)

(PJM responds that Racioppi successfully applied for a position in the Performance Compliance Group of the Market Services Division which had been posted on March 30, 2007. The CDTF functions which Racioppi performed while a MMU employee are a market rule development function rather than a market monitoring function. PJM notes that after the chair of the CDTF was shifted from Bowring to Ott, Racioppi sought to continue in the role supporting CDTF by becoming an employee in Ott's division.)

We are tasked with investigating the factual circumstances surrounding the transfer of Frank Racioppi from the MMU.

<u>DATE/TIME</u>	<u>DESCRIPTION OF EVENT</u>
10/24/2006	Bowring Memo to Mannheimer re: MMU Organization. Frank Racioppi . . . will be promoted to level 5c supervisor from level 4a.” Attached modified organizational chart with four positions under Racioppi including analyst, MMU employee.
11/7/2006	Power Point referencing current and future state of MMU (including organizational charts) after Booz Allen recommendations and an implementation timeline.
1/1/2007	Racioppi promoted to Level 5c Supervisor

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3/19/07	Meeting between Zibelman, Ott & Bowring where Bowring is told PJM would move responsibility for CDTF to Ott.
3/20/2007	Ott meets with Racioppi re: his transfer to Markets w/CDTF function.
3/20/2007	Bowring e-mail to Zibelman re: issues regarding Ott's "threatening" meeting with Racioppi and Ott's demands that Racioppi transfer to Markets and threats of disbanding the MMU.
3/20/2007	Zibelman e-mail to Ott forwarding Bowring e-mail, stating, "Let's talk."
3/20/2007	Ott e-mail to Zibelman stating he did not threaten Racioppi; Ott talked to Racioppi about role in CDTF and Racioppi stated that half his time would be spent on CDTF issues in the next few months.
3/20/2007	Zibelman e-mail to Mannheimer forwarding prior email thread and asking Mannheimer to call her in the morning.
3/20/2007	Zibelman e-mail to Bowring re: we will talk tomorrow about incident.
3/21/2007	Zibelman e-mail to Harris re: I am having Toby follow up. I will keep you informed.
3/21/2007 8:04 am	Mannheimer e-mail to Bowring re: MMU Issue Audrey spoke to me about CDTF transition and Racioppi. Let's discuss today.
3/21/2007 8:07 am	Mannheimer e-mail to Wright (cc: Ott and Johnston) re: Hold on transfer of Racioppi Johnston e-mail to Mannheimer re: understood. Mannheimer e-mail to Wright re: need 10 min. meeting on issue.

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3/21/2007	<p>Wright Memo to Johnston re: “Cost Development Task Force and Frank Racioppi” summarizing 2 p.m. meeting with Racioppi. Includes description of Racioppi’s conversation with Ott and transfer of CDTF to Markets. Racioppi concurred with transferring CDTF to Markets. Racioppi noted he would have no concerns working with or for Markets. Racioppi expressed that his concern was: “Bowring’s reaction to the news.”</p> <p>Wright’s suggested next steps: “Follow up with Racioppi; Review and create new position description; Meet with MMU management on process and staffing implications; Post position, make selection(s) and transfer work to new department.”</p>
3/21/2007	<p>Wright Memo to Johnston re: “Racioppi discussion and recommendation.” {Except for introduction, this is identical to prior memo so one of the two may have been a draft}</p> <p>The Memo introduction is: “Situation: Should CDTF and the appropriate employee(s) supporting this initiative transfer or be reassigned to the Market Services Division from the MMU?”</p>
3/21/2007 4:25 p.m.	Racioppi e-mail to Wright re: Racioppi Job Functions – Is list of Racioppi’s job functions.
3/21/07	Wright e-mail to Racioppi in response to prior e-mail re job functions. Thanks for meeting with her and expresses appreciation for: “your candor and honesty regarding MMU and Markets”. Also notes: “I hope you can relax a bit and not worry regarding this matter.”
3/21/2007	Bowring e-mail to Mannheimer in response to earlier e-mail re need to discuss CDTF & Racioppi. Notes appreciation for call that morning. Goes on to state: “I have not heard anyone tell me that PJM does not plan to disband the MMU. I would like a clear answer to that question.”
3/21/2007	Mannheimer response to Bowring (bcc: Zibelman) Notes: “Suggest you discuss with Audrey; Understand she scheduled a meeting with MMU staff on March 29.”

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3/21/2007	Bowring e-mail to Zibelman, (cc: Mannheimer) re future of the MMU. "Spoke to Toby who indicated nothing would happen with CDTF or Frank until a review had been completed."
3/21/2007	Zibelman e-mail to Bowring (cc: Mannheimer & Harris) "We need to clarify the CDTF responsibility is being transferred to Ott. Frank will continue in his current capacity under Andy's direction and Andy will post the position post haste. Frank will be free to apply in accordance with our standard policies." "There is no decision made on the structure of the MMU. It is a Board decision and we are recommending that the Board look at all alternatives since no one, including you, believes the current structure is working."
3/22/07	Wright e-mail to Mannheimer attaching document detailing her discussion with Racioppi. Also includes recommendation regarding transition of CDTF work.
3/22/07	Mannheimer e-mail to Zibelman enclosing Wright Memo which discusses the transition of the CDTF work to Market Services. Suggests proceeding with recommendations and next steps. Attaches Wright memo with Mannheimer edits.

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3/23/2007	<p>Zibelman Draft Memo to Bowring re: March 20, 2007 email</p> <p>“I am also surprised by your statement that you do not support moving the CDTF responsibility into Markets. This is directly contrary to your statements to me when we met on this topic several days ago. The decision to move CDTF responsibility to Markets is not a decision that requires the concurrence of the Market Monitoring function or you in particular. This is an administrative decision predicated on the PJM policy that the development of market rules and design of practices belongs with Market Services, not the Market Monitoring. As you agreed during our meeting, historically CDTF resided with Markets. It was moved under your control because of staffing issues. That was a mistake and we are rectifying it now.”.....</p> <p>“We will be posting the position under Market Services for the CDTF. Frank will continue in his role until that posting process is complete, but will be reporting to Stan Williams for that work. This is PJM’s typical practice and will be adhered to here.”</p>
3/23/2007	Meeting with Zibelman, Mannheimer and Bowring re: Racioppi incident and transfer of CDTF function.
3/23/2007	<p>Wright memo to Johnston re: Meeting with Joe Bowring.</p> <p>Joe called the meeting as he was upset regarding his prior discussion with Mannheimer and Zibelman, during which he was advised that his claims regarding Andy Ott threatening his employee were unfounded and during which he was provided with a memo Wright sent dated 3/21/07.</p> <p>Wright was concerned that the memo that she sent in confidence was provided to Bowring, as “it is not our practice to provide copy of this type of documentation for review.” “Due to this incident, I am concerned regarding HR’s creditability with the client.”</p>
3/23/07	Mannheimer prepares memos of meeting with Bowring & Zibelman & the Mannheimer meeting with MMU Employee who made Report re Ott’s conduct with Racioppi.

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3/24/2007	<p>Johnston email to Mannheimer re: Review of Mannheimer memo concerning her discussion with MMU employee..</p> <p>Suggests meeting with MMU employee who made report on Ott’s conduct and sharing with her that Racioppi was not upset with Ott. Goes on to note:</p> <p>“If we do not nip this in the bud all MMU will believe that Andy is an ogre.”</p>
3/25/2007	<p>Bowring’s Draft Memo summarizing 3/23 meeting and proposals for MMU and CDTF function and transfer of Racioppi.</p> <p>“Change in responsibility for the CDTF requires a member process. The MMU’s CDTF role is defined in Manual M-15, Cost Development Guidelines and this role was the result of a member process. The CDTF Charter states that the market monitor is the chair of the CDTF. The Members Handbook states that the MRC is responsible for providing advice and recommendations regarding changes to manuals.”</p> <p>“The CDTF role should remain with the MMU. The role of the CDTF is to recommend changes to the definition of marginal costs. Those costs are relevant only to offer capping units for local market power. The CDTF is not making market rules. The MMU is the appropriate organization to facilitate the CDTF because appropriate offer capping for local market power is in our issue area and in our area of expertise.”</p> <p>“My position on the CDTF does not represent a change of position. I have consistently maintained that the function belongs with the MMU. While the function did reside with Markets, it has been with the MMU for a number of years and we have done an excellent job with it. When asked, I stated to you that the transfer was not “ok” but that I recognized that you apparently have the authority to move the CDTF regardless of my views; Frank Racioppi’s CDTF related work is very minor and involves his facilitation of the CDTF meetings, preparation of meeting agendas and preparation of meeting minutes.”</p>
3/26/2007	<p>Mannheimer e-mail to Zibelman re: forwarding notes from Friday discussion.</p>

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3/26/07	<p>Johnston e-mail to Zibelman & Mannheimer noting the CDTF positions moving to Ott's Group are ready for posting.</p> <p>Suggests that should wait to post them until after the 3/29 meeting with the MMU department so can be explained to group. Notes: "If we do not wait, the concern is that it looks like Ott is stealing another group and the MMU folks, besides Racioppi, will hear about the move from Bowring's perspective not the PJM corporate view and thus further aggravate an already inflamed situation."</p> <p>Zibelman responds: "makes sense."</p>
3/26/2007 2:13 p.m.	Bowring e-mail to Zibelman and Mannheimer re: attaching memo of terms agreed upon relating to job function of Racioppi.
3/26/2007 2:19 p.m.	Zibelman reply e-mail re: "It is not what I said I am extremely angry"
3/26/2007	E-mail thread between Bowring & Zibelman (cc: Mannheimer) re: Bowring's memo. Bowring apologizes if he has misstated. Intent is only to reach agreement with Zibelman. Bowring seeks meeting with either Zibelman or Mannheimer again. Zibelman notes that Toby prepared notes and a meeting is not necessary.
3/26/03	<p>Falco e-mail to Zibelman attaching Mannheimer memo re 3/23/07 meeting notes and Zibelman draft memo to Bowring in response to 3/26 email and memo.</p> <p>Notes: "These are ok to send per Duane & Mannheimer" Vince states: "do not wait for my memo."</p>

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3/26/2007	<p>Zibelman e-mail to Bowring; (cc: Harris & Mannheimer) attaching memo from Zibelman re Friday discussion and Mannheimer’s memo summarizing meeting.</p> <p>Zibelman Memo summarizing meeting and disputing Bowring’s Memo</p> <p>“You question the authority of management to reassign the CDTF function from the MMU to Market Operations. This matter was reviewed by counsel. I requested Vince Duane to prepare a memo that specifically addresses your concern.”</p> <p>{We do not have Duane Memo}</p> <p>“I have requested that the position(s) supporting work for the CDTF be posted as soon as possible enabling Racioppi or others to apply if they choose....”</p>
3/26/2007	<p>Bressler e-mail to Zibelman; (cc: Ott) re: Today’s discussion with Ott and Racioppi</p> <p>Racioppi indicated that Joe had gone “too far” with respect to his characterization of the conversation that Ott had with Racioppi last week.</p> <p>“Frank went on this morning to say that he has had issues with Joe for some time, and if a position in Markets was posted he would apply for it, and would accept a transfer once it were offered to him.”</p>
3/27/2007	Ott forwards Bressler email to Mannheimer

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3/27/2007	<p>E-mail from Johnston to herself; (cc: Mannheimer & Wright) re: Frank Racioppi file</p> <p>Met with Racioppi to ensure he did not feel threatened or coerced by Ott. He said he did not feel threatened. He only spoke to one person after the Ott meeting but he assumed that [it was the MMU employee who made the report] who said something. He wants to apply for the position but is worried that Bowring will think he is disloyal. "If Audrey could say something at the Thursday meeting about the work being transferred and we hope those who currently do the work will apply for the positions it would be best for PJM."</p>
3/27/2007	<p>Mannheimer Memo to File</p> <p>Follow up meeting with MMU employee who made the report on Ott's behavior re: no code of conduct violation; Zibelman will be meeting with MMU on 3/29/2007.</p>
3/29/07	<p>Harris meeting with MMU Staff to discuss PJM Strategic Report</p>
3/30/2007	<p>Job Postings for Markets Performance Compliance Positions (Sr. Lead Engineer and Sr. Analyst) in PJM Newsletter</p>
	<p>Frank Racioppi's 2006 and 2007 Goals</p>
3/30/07	<p>PJM Staffing Requisition Form for Sr. Analyst Position, Performance Compliance</p>
4/2/2007	<p>Racioppi interviewed with Williams for Senior Lead Engineer, Performance Compliance</p>
4/9/2007	<p>Johnston Memo to Bowring re staffing & awards.</p> <p>Two positions posted to reflect work transferred to Markets; Recommends backfilling positions based on the fact that some of the MMU work "has been or is being transferred and in some cases following the employees to Markets."</p>

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4/9/2007	Bowring e-mail to Johnston (cc: Wright) re: transition plans for Racioppi “given that Markets does not currently perform any of the functions that Frank now performs for the MMU...” – Bowring specifically mentions RPM auctions.
4/9/07	Johnston forwards Bowring e-mail to Ott (cc: Mannheimer & Wright) seeking Ott’s input.
4/9/2007	Ott e-mail to Johnston; (cc: Mannheimer & Wright) re: Notes Bowring’s second sentence is incorrect. Contends Racioppi states CDTF is 60% of his time.
4/10/2007	Racioppi receives and signs his offer letter. Contends he can transfer out by 5/1/07.
4/13/2007	MMU employee asks Racioppi if he applied for job in Markets; Racioppi responds, “He had to.”
4/23/07	E-mail string between Bowring & Wright re need for written transition plans.
4/25/2007	Wright e-mail to Bowring re: employee issues, including transition plan for MMU employees to Markets Notes believes transition dates are 5/1 and 5/15.
4/26/07	Johnston Memo to Racioppi re: Transition to Markets on 5/1/07
4/28/07	Zibelman email to Bowring, Ott & Johnston re: MMU employee Transition Plan - seeks MMU’s concurrence in the process. Bowring responds that while he does not concur in overall process believes transition issues can be resolved.
4/29/07	E-mail chain between Ott, Johnston & Wright re Transition memos.

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4/29/07	<p>E-mail chain between Johnston, Zibelman, Mannheimer, Duane, & Ott (cc: Wright) re postings for MMU Senior Analyst position. Notes has not posted for one position and has not replaced MMU employee. Encouraging Bowring to use contractor for one position and believes some MMU work has been picked up by Markets.</p> <p>Zibelman inquires whether Bowring agrees with the position.</p> <p>Johnston responds Bowring would rather have full time employees and does not know his position on replacing employee for employee.</p>