

CLEVELAND ELECTRIC ILLUMINATING CO
Form 10-Q
May 04, 2010

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2010

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period
from

to

Commission File Number	Registrant; State of Incorporation; Address; and Telephone Number	I.R.S. Employer Identification No.
333-21011	FIRSTENERGY CORP. (An Ohio Corporation) 76 South Main Street Akron, OH 44308 Telephone (800)736-3402	34-1843785
000-53742	FIRSTENERGY SOLUTIONS CORP. (An Ohio Corporation) c/o FirstEnergy Corp. 76 South Main Street Akron, OH 44308 Telephone (800)736-3402	31-1560186
1-2578	OHIO EDISON COMPANY (An Ohio Corporation) c/o FirstEnergy Corp. 76 South Main Street Akron, OH 44308 Telephone (800)736-3402	34-0437786
1-2323	THE CLEVELAND ELECTRIC ILLUMINATING COMPANY	34-0150020

(An Ohio Corporation)
c/o FirstEnergy Corp.
76 South Main Street
Akron, OH 44308
Telephone (800)736-3402

1-3583 THE TOLEDO EDISON COMPANY 34-4375005

(An Ohio Corporation)
c/o FirstEnergy Corp.
76 South Main Street
Akron, OH 44308
Telephone (800)736-3402

1-3141 JERSEY CENTRAL POWER & LIGHT
COMPANY 21-0485010

(A New Jersey Corporation)
c/o FirstEnergy Corp.
76 South Main Street
Akron, OH 44308
Telephone (800)736-3402

1-446 METROPOLITAN EDISON COMPANY 23-0870160

(A Pennsylvania Corporation)
c/o FirstEnergy Corp.
76 South Main Street
Akron, OH 44308
Telephone (800)736-3402

1-3522 PENNSYLVANIA ELECTRIC COMPANY 25-0718085

(A Pennsylvania Corporation)
c/o FirstEnergy Corp.
76 South Main Street
Akron, OH 44308
Telephone (800)736-3402

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes (X) No () FirstEnergy Corp., FirstEnergy Solutions Corp., Ohio Edison Company, The Cleveland Electric Illuminating Company, The Toledo Edison Company, Jersey Central Power & Light Company, Metropolitan Edison Company and Pennsylvania Electric Company

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes (X) No () FirstEnergy Corp.

Yes () No () FirstEnergy Solutions Corp., Ohio Edison Company, The Cleveland Electric Illuminating Company, The Toledo Edison Company, Jersey Central Power & Light Company, Metropolitan Edison Company, and Pennsylvania Electric Company

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer (X) FirstEnergy Corp.

Accelerated Filer () N/A

Non-accelerated Filer (Do not check if a smaller reporting company) (X) FirstEnergy Solutions Corp., Ohio Edison Company, The Cleveland Electric Illuminating Company, The Toledo Edison Company, Jersey Central Power & Light Company, Metropolitan Edison Company and Pennsylvania Electric Company

Smaller Reporting Company () N/A

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes () No (X) FirstEnergy Corp., FirstEnergy Solutions Corp., Ohio Edison Company, The Cleveland Electric Illuminating Company, The Toledo Edison Company, Jersey Central Power & Light Company, Metropolitan Edison Company and

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Pennsylvania Electric Company

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

CLASS	OUTSTANDING AS OF APRIL 30, 2010
FirstEnergy Corp., \$.10 par value	304,835,407
FirstEnergy Solutions Corp., no par value	7
Ohio Edison Company, no par value	60
The Cleveland Electric Illuminating Company, no par value	67,930,743
The Toledo Edison Company, \$5 par value	29,402,054
Jersey Central Power & Light Company, \$10 par value	13,628,447
Metropolitan Edison Company, no par value	859,500
Pennsylvania Electric Company, \$20 par value	4,427,577

FirstEnergy Corp. is the sole holder of FirstEnergy Solutions Corp., Ohio Edison Company, The Cleveland Electric Illuminating Company, The Toledo Edison Company, Jersey Central Power & Light Company, Metropolitan Edison Company and Pennsylvania Electric Company common stock.

This combined Form 10-Q is separately filed by FirstEnergy Corp., FirstEnergy Solutions Corp., Ohio Edison Company, The Cleveland Electric Illuminating Company, The Toledo Edison Company, Jersey Central Power & Light Company, Metropolitan Edison Company and Pennsylvania Electric Company. Information contained herein relating to any individual registrant is filed by such registrant on its own behalf. No registrant makes any representation as to information relating to any other registrant, except that information relating to any of the FirstEnergy subsidiary registrants is also attributed to FirstEnergy Corp.

FirstEnergy Web Site

Each of the registrants' Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed with or furnished to the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 are also made available free of charge on or through FirstEnergy's internet Web site at www.firstenergycorp.com.

These reports are posted on the Web site as soon as reasonably practicable after they are electronically filed with the SEC. Additionally, the registrants routinely post important information on the Web site and recognize the Web site is a channel of distribution to reach public investors and as a means of disclosing material non-public information for complying with disclosure obligations under SEC Regulation FD. Information contained on FirstEnergy's Web site shall not be deemed incorporated into, or to be part of, this report.

OMISSION OF CERTAIN INFORMATION

FirstEnergy Solutions Corp., Ohio Edison Company, The Cleveland Electric Illuminating Company, The Toledo Edison Company, Jersey Central Power & Light Company, Metropolitan Edison Company and Pennsylvania Electric Company meet the conditions set forth in General Instruction H(1)(a) and (b) of Form 10-Q and are therefore filing this Form 10-Q with the reduced disclosure format specified in General Instruction H(2) to Form 10-Q.

Forward-Looking Statements: This Form 10-Q includes forward-looking statements based on information currently available to management. Such statements are subject to certain risks and uncertainties. These statements include declarations regarding management's intents, beliefs and current expectations. These statements typically contain, but are not limited to, the terms "anticipate," "potential," "expect," "believe," "estimate" and similar words. Forward-looking statements involve estimates, assumptions, known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Actual results may differ materially due to:

- The speed and nature of increased competition in the electric utility industry and legislative and regulatory changes affecting how generation rates will be determined following the expiration of existing rate plans in Pennsylvania.
 - The impact of the regulatory process on the pending matters in Ohio, Pennsylvania and New Jersey.
 - Business and regulatory impacts from ATSI's realignment into PJM.
 - Economic or weather conditions affecting future sales and margins.
 - Changes in markets for energy services.
 - Changing energy and commodity market prices and availability.
 - Replacement power costs being higher than anticipated or inadequately hedged.
- The continued ability of FirstEnergy's regulated utilities to collect transition and other charges or to recover increased transmission costs.
 - Operation and maintenance costs being higher than anticipated.
- Other legislative and regulatory changes, and revised environmental requirements, including possible GHG emission regulations.
- The potential impacts of the U.S. Court of Appeals' July 11, 2008 decision requiring revisions to the CAIR rules and the scope of any laws, rules or regulations that may ultimately take their place.
- The uncertainty of the timing and amounts of the capital expenditures needed to, among other things, implement the Air Quality Compliance Plan (including that such amounts could be higher than anticipated or that certain generating units may need to be shut down) or levels of emission reductions related to the Consent Decree resolving the NSR litigation or other potential similar regulatory initiatives or actions.
- Adverse regulatory or legal decisions and outcomes (including, but not limited to, the revocation of necessary licenses or operating permits and oversight) by the NRC.
- Factors that may further delay, or increase the costs associated with (including replacement power costs), the restart of the Davis-Besse Nuclear Power Station from its current refueling outage, including that the modifications to control rod drive mechanism nozzles take longer than expected or are not effective, other conditions requiring remediation are discovered during the extended outage, or the NRC takes adverse action in connection with any of the foregoing.
 - Ultimate resolution of Met-Ed's and Penelec's TSC filings with the PPUC.
- The continuing availability of generating units and their ability to operate at or near full capacity.
- The ability to comply with applicable state and federal reliability standards and energy efficiency mandates.
- The ability to accomplish or realize anticipated benefits from strategic goals (including employee workforce initiatives).
 - The ability to improve electric commodity margins and to experience growth in the distribution business.
- The changing market conditions that could affect the value of assets held in the registrants' nuclear decommissioning trusts, pension trusts and other trust funds, and cause FirstEnergy to make additional contributions sooner, or in amounts that are larger than currently anticipated.
- The ability to access the public securities and other capital and credit markets in accordance with FirstEnergy's financing plan and the cost of such capital.
 - Changes in general economic conditions affecting the registrants.
 - The state of the capital and credit markets affecting the registrants.
-

Interest rates and any actions taken by credit rating agencies that could negatively affect the registrants' access to financing or their costs and increase requirements to post additional collateral to support outstanding commodity positions, LOCs and other financial guarantees.

- The continuing decline of the national and regional economy and its impact on the registrants' major industrial and commercial customers.
- Issues concerning the soundness of financial institutions and counterparties with which the registrants do business.
- The expected timing and likelihood of completion of the proposed merger with Allegheny Energy, Inc., including the timing, receipt and terms and conditions of any required governmental and regulatory approvals of the proposed merger that could reduce anticipated benefits or cause the parties to abandon the merger, the diversion of management's time and attention from FirstEnergy's ongoing business during this time period, the ability to maintain relationships with customers, employees or suppliers as well as the ability to successfully integrate the businesses and realize cost savings and any other synergies and the risk that the credit ratings of the combined company or its subsidiaries may be different from what the companies expect.
- The risks and other factors discussed from time to time in the registrants' SEC filings, and other similar factors.

The foregoing review of factors should not be construed as exhaustive. New factors emerge from time to time, and it is not possible for management to predict all such factors, nor assess the impact of any such factor on the registrants' business or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statements. A security rating is not a recommendation to buy, sell or hold securities that may be subject to revision or withdrawal at any time by the assigning rating organization. Each rating should be evaluated independently of any other rating. The registrants expressly disclaim any current intention to update any forward-looking statements contained herein as a result of new information, future events or otherwise.

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GLOSSARY OF TERMS

The following abbreviations and acronyms are used in this report to identify FirstEnergy Corp. and its current and former subsidiaries:

ATSI	American Transmission Systems, Incorporated, owns and operates transmission facilities
CEI	The Cleveland Electric Illuminating Company, an Ohio electric utility operating subsidiary
FENOC	FirstEnergy Nuclear Operating Company, operates nuclear generating facilities
FES	FirstEnergy Solutions Corp., provides energy-related products and services
FESC	FirstEnergy Service Company, provides legal, financial and other corporate support services
FEV	FirstEnergy Ventures Corp., invests in certain unregulated enterprises and business ventures
FGCO	FirstEnergy Generation Corp., owns and operates non-nuclear generating facilities
FirstEnergy	FirstEnergy Corp., a public utility holding company
GPU	GPU, Inc., former parent of JCP&L, Met-Ed and Penelec, which merged with FirstEnergy on November 7, 2001
JCP&L	Jersey Central Power & Light Company, a New Jersey electric utility operating subsidiary
JCP&L Transition Funding	JCP&L Transition Funding LLC, a Delaware limited liability company and issuer of transition bonds
JCP&L Transition Funding II	JCP&L Transition Funding II LLC, a Delaware limited liability company and issuer of transition bonds
Met-Ed	Metropolitan Edison Company, a Pennsylvania electric utility operating subsidiary
NGC	FirstEnergy Nuclear Generation Corp., owns nuclear generating facilities
OE	Ohio Edison Company, an Ohio electric utility operating subsidiary
Ohio Companies	CEI, OE and TE
Penelec	Pennsylvania Electric Company, a Pennsylvania electric utility operating subsidiary
Penn	Pennsylvania Power Company, a Pennsylvania electric utility operating subsidiary of OE
Pennsylvania Companies	Met-Ed, Penelec and Penn
PNBV	PNBV Capital Trust, a special purpose entity created by OE in 1996
Shelf Registrants	FirstEnergy, OE, CEI, TE, JCP&L, Met-Ed and Penelec
Shippingport	Shippingport Capital Trust, a special purpose entity created by CEI and TE in 1997
Signal Peak	A joint venture between FirstEnergy Ventures Corp. and Boich Companies, that owns mining and coal transportation operations near Roundup, Montana
TE	The Toledo Edison Company, an Ohio electric utility operating subsidiary
Utilities	OE, CEI, TE, Penn, JCP&L, Met-Ed and Penelec
Waverly	The Waverly Power and Light Company, a wholly owned subsidiary of Penelec

The following abbreviations and acronyms are used to identify frequently used terms in this report:

AEP	American Electric Power Company, Inc.
ALJ	Administrative Law Judge
AMP-Ohio	American Municipal Power-Ohio, Inc.
AOCL	Accumulated Other Comprehensive Loss
AQC	Air Quality Control
ARO	Asset Retirement Obligation
BGS	Basic Generation Service
CAA	Clean Air Act
CAIR	Clean Air Interstate Rule
CAMR	Clean Air Mercury Rule
CAVR	Clean Air Visibility Rule
CBP	Competitive Bid Process
CMEC	Capacity market Evolution Committee
CO ₂	Carbon dioxide
CTC	Competitive Transition Charge
DOE	United States Department of Energy
DOJ	United States Department of Justice
DCPD	Deferred Compensation Plan for Outside Directors
DPA	Department of the Public Advocate, Division of Rate Counsel (New Jersey)
ECAR	East Central Area Reliability Coordination Agreement
EDCP	Executive Deferred Compensation Plan
EE&C	Energy Efficiency and Conservation
EMP	Energy Master Plan
EPA	United States Environmental Protection Agency
EPACT	Energy Policy Act of 2005
EPRI	Electric Power Research Institute

GLOSSARY OF TERMS, Cont'd.

ESOP	Employee Stock Ownership Plan
ESP	Electric Security Plan
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FMB	First Mortgage Bond
FPA	Federal Power Act
FRR	Fixed Resource Requirement
GAAP	Accounting Principles Generally Accepted in the United States
GHG	Greenhouse Gases
IBEW	International Brotherhood of Electrical Workers
IFRS	International Financial Reporting Standards
IRS	Internal Revenue Service
JCARR	Joint Committee on Agency Review
kV	Kilovolt
KWH	Kilowatt-hours
LED	Light-emitting Diode
LIBOR	London Interbank Offered Rate
LOC	Letter of Credit
LTIP	Long-Term Incentive Plan
MACT	Maximum Achievable Control Technology
MISO	Midwest Independent Transmission System Operator, Inc.
Moody's	Moody's Investors Service, Inc.
MRO	Market Rate Offer
MW	Megawatts
MWH	Megawatt-hours
NAAQS	National Ambient Air Quality Standards
NEIL	Nuclear Electric Insurance Limited
NERC	North American Electric Reliability Corporation
NJBPU	New Jersey Board of Public Utilities
NNSR	Non-Attainment New Source Review
NOPEC	Northeast Ohio Public Energy Council
NOV	Notice of Violation
NOX	Nitrogen Oxide
NRC	Nuclear Regulatory Commission
NSR	New Source Review
NUG	Non-Utility Generation
NUGC	Non-Utility Generation Charge
OCC	Ohio Consumers' Counsel
OCI	Other Comprehensive Income
OPEB	Other Post-Employment Benefits
OVEC	Ohio Valley Electric Corporation
PCRB	Pollution Control Revenue Bond
PJM	PJM Interconnection L. L. C.
PLR	Provider of Last Resort; an electric utility's obligation to provide generation service to customers whose alternative supplier fails to deliver service
PPUC	Pennsylvania Public Utility Commission

PSA	Power Supply Agreement
PSD	Prevention of Significant Deterioration
PUCO	Public Utilities Commission of Ohio
QSPE	Qualifying Special-Purpose Entity
RCP	Rate Certainty Plan
RECs	Renewable Energy Credits
RFP	Request for Proposal
RPM	Reliability Pricing Model
RTEP	Regional Transmission Expansion Plan
RTC	Regulatory Transition Charge
RTO	Regional Transmission Organization
S&P	Standard & Poor's Ratings Service
SB221	Amended Substitute Senate Bill 221
SBC	Societal Benefits Charge
SEC	U.S. Securities and Exchange Commission
SECA	Seams Elimination Cost Adjustment

GLOSSARY OF TERMS, Cont'd.

SIP	State Implementation Plan(s) Under the Clean Air Act
SNCR	Selective Non-Catalytic Reduction
SO ₂	Sulfur Dioxide
SRECs	Solar Renewable Energy Credits
TBC	Transition Bond Charge
TMI-2	Three Mile Island Unit 2
TSC	Transmission Service Charge
VERO	Voluntary Enhanced Retirement Option
VIE	Variable Interest Entity

FIRSTENERGY CORP.

CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended March 31	
	2010	2009
	(In millions, except per share amounts)	
REVENUES:		
Electric utilities	\$ 2,543	\$ 3,020
Unregulated businesses	756	314
Total revenues*	3,299	3,334
EXPENSES:		
Fuel	334	312
Purchased power	1,238	1,143
Other operating expenses	701	827
Provision for depreciation	193	177
Amortization of regulatory assets	212	411
Deferral of new regulatory assets	-	(93)
General taxes	205	211
Total expenses	2,883	2,988
OPERATING INCOME	416	346
OTHER INCOME (EXPENSE):		
Investment income (loss), net	16	(11)
Interest expense	(213)	(194)
Capitalized interest	41	28
Total other expense	(156)	(177)
INCOME BEFORE INCOME TAXES	260	169
INCOME TAXES	111	54
NET INCOME	149	115
Noncontrolling interest loss	(6)	(4)
EARNINGS AVAILABLE TO FIRSTENERGY CORP.	\$ 155	\$ 119
BASIC EARNINGS PER SHARE OF COMMON STOCK		
	\$ 0.51	\$ 0.39

WEIGHTED AVERAGE NUMBER OF BASIC SHARES OUTSTANDING	304	304
DILUTED EARNINGS PER SHARE OF COMMON STOCK	\$ 0.51	\$ 0.39
WEIGHTED AVERAGE NUMBER OF DILUTED SHARES OUTSTANDING	306	306
DIVIDENDS DECLARED PER SHARE OF COMMON STOCK	\$ 0.55	\$ 0.55

* Includes \$109 million of excise tax collections in the three months ended March 31, 2010 and 2009.

The accompanying Combined Notes to the Consolidated Financial Statements are an integral part of these financial statements.

FIRSTENERGY CORP.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	2010	Three Months Ended March 31 (In millions)	2009
NET INCOME	\$ 149		\$ 115
OTHER COMPREHENSIVE INCOME:			
Pension and other postretirement benefits	13		35
Unrealized gain on derivative hedges	4		15
Change in unrealized gain on available-for-sale securities	6		(5)
Other comprehensive income	23		45
Income tax expense related to other comprehensive income	7		15
Other comprehensive income, net of tax	16		30
COMPREHENSIVE INCOME	165		145
COMPREHENSIVE LOSS ATTRIBUTABLE TO NONCONTROLLING INTEREST	(6)		(4)
COMPREHENSIVE INCOME AVAILABLE TO FIRSTENERGY CORP.	\$ 171		\$ 149

The accompanying Combined Notes to the Consolidated Financial Statements are an integral part of these financial statements.

FIRSTENERGY CORP.

CONSOLIDATED BALANCE SHEETS

(Unaudited)

March 31,
2010December 31,
2009

(In millions)

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 310	\$ 874
Receivables-		
Customers (less accumulated provisions of \$36 million and \$33 million, respectively, for uncollectible accounts)	1,255	1,244
Other (less accumulated provisions of \$7 million for uncollectible accounts)	140	153
Materials and supplies, at average cost	699	647
Prepaid taxes	236	248
Other	214	154
	2,854	3,320

PROPERTY, PLANT AND
EQUIPMENT:

In service	27,980	27,826
Less - Accumulated provision for depreciation	11,554	11,397
	16,426	16,429
Construction work in progress	2,931	2,735
	19,357	19,164

INVESTMENTS:

Nuclear plant decommissioning trusts	1,882	1,859
Investments in lease obligation bonds	495	543
Other	609	621
	2,986	3,023

DEFERRED CHARGES AND OTHER
ASSETS:

Goodwill	5,575	5,575
Regulatory assets	2,398	2,356
Power purchase contract asset	148	200
Other	760	666
	8,881	8,797
	\$ 34,078	\$ 34,304

LIABILITIES AND
CAPITALIZATION

CURRENT LIABILITIES:

Currently payable long-term debt	\$ 1,783	\$ 1,834
Short-term borrowings	886	1,181

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Accounts payable	772	829
Accrued taxes	266	314
Other	1,179	1,130
	4,886	5,288
CAPITALIZATION:		
Common stockholders' equity-		
Common stock, \$0.10 par value, authorized 375,000,000 shares-		
304,835,407 shares outstanding	31	31
Other paid-in capital	5,432	5,448
Accumulated other comprehensive loss	(1,399)	(1,415)
Retained earnings	4,482	4,495
Total common stockholders' equity	8,546	8,559
Noncontrolling interest	(11)	(2)
Total equity	8,535	8,557
Long-term debt and other long-term obligations	11,847	11,908
	20,382	20,465
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes	2,602	2,468
Asset retirement obligations	1,449	1,425
Deferred gain on sale and leaseback transaction	984	993
Power purchase contract liability	738	643
Retirement benefits	1,527	1,534
Lease market valuation liability	251	262
Other	1,259	1,226
	8,810	8,551
COMMITMENTS, GUARANTEES AND CONTINGENCIES (Note 8)		
	\$ 34,078	\$ 34,304

The accompanying Combined Notes to the Consolidated Financial Statements are an integral part of these financial statements.

FIRSTENERGY CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	2010	Three Months Ended March 31 (In millions)	2009
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income	\$ 149		\$ 115
Adjustments to reconcile net income to net cash from operating activities-			
Provision for depreciation	193		177
Amortization of regulatory assets	212		411
Deferral of new regulatory assets	-		(93)
Nuclear fuel and lease amortization	41		27
Deferred purchased power and other costs	(77)		(62)
Deferred income taxes and investment tax credits, net	59		(28)
Investment impairment	10		36
Deferred rents and lease market valuation liability	(17)		(14)
Stock-based compensation	(15)		(13)
Accrued compensation and retirement benefits	(81)		(66)
Commodity derivative transactions, net	33		16
Cash collateral paid	(46)		(15)
Decrease (increase) in operating assets-			
Receivables	2		46
Materials and supplies	(42)		(7)
Prepayments and other current assets	33		(71)
Increase (decrease) in operating liabilities-			
Accounts payable	(57)		(90)
Accrued taxes	7		(51)
Accrued interest	66		118
Other	36		26
Net cash provided from operating activities	506		462
CASH FLOWS FROM FINANCING ACTIVITIES:			
New Financing-			
Long-term debt	-		700
Redemptions and Repayments-			
Long-term debt	(109)		(444)

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Short-term borrowings, net	(295)	-
Common stock dividend payments	(168)	(168)
Other	(22)	(18)
Net cash provided from (used for) financing activities	(594)	70

CASH FLOWS FROM INVESTING

ACTIVITIES:

Property additions	(508)	(654)
Proceeds from asset sales	114	8
Sales of investment securities held in trusts	733	567
Purchases of investment securities held in trusts	(755)	(584)
Customer intangibles	(101)	-
Cash investments	49	17
Other	(8)	(32)
Net cash used for investing activities	(476)	(678)

Net change in cash and cash equivalents	(564)	(146)
Cash and cash equivalents at beginning of period	874	545
Cash and cash equivalents at end of period	\$ 310	\$ 399

The accompanying Combined Notes to the Consolidated Financial Statements are an integral part of these financial statements.

FIRSTENERGY SOLUTIONS CORP.

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended March 31	
	2010	2009
	(In thousands)	
REVENUES:		
Electric sales to affiliates	\$ 607,302	\$ 892,690
Electric sales to non-affiliates	668,685	279,746
Other	112,106	53,670
Total revenues	1,388,093	1,226,106
EXPENSES:		
Fuel	328,221	306,158
Purchased power from affiliates	60,953	63,207
Purchased power from non-affiliates	450,216	160,342
Other operating expenses	304,510	307,356
Provision for depreciation	62,918	61,373
General taxes	26,746	23,376
Total expenses	1,233,564	921,812
OPERATING INCOME	154,529	304,294
OTHER EXPENSE:		
Investment income (loss)	717	(28,874)
Miscellaneous expense	1,310	2,511
Interest expense to affiliates	(2,305)	(2,979)
Interest expense - other	(49,644)	(22,527)
Capitalized interest	19,690	10,078
Total other expense	(30,232)	(41,791)
INCOME BEFORE INCOME TAXES	124,297	262,503
INCOME TAXES	44,371	91,822
NET INCOME	79,926	170,681
OTHER COMPREHENSIVE INCOME (LOSS):		
Pension and other postretirement benefits	(9,834)	2,568
Unrealized gain on derivative hedges	1,274	11,016
Change in unrealized gain on available-for-sale securities	5,028	(1,477)

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Other comprehensive income (loss)	(3,532)	12,107
Income tax expense (benefit) related to other comprehensive income	(1,340)	4,709
Other comprehensive income (loss), net of tax	(2,192)	7,398
TOTAL COMPREHENSIVE INCOME	\$ 77,734	\$ 178,079

The accompanying Combined Notes to the Consolidated Financial Statements are an integral part of these financial statements.

FIRSTENERGY SOLUTIONS CORP.

CONSOLIDATED BALANCE SHEETS

(Unaudited)

March 31,
2010December 31,
2009

(In thousands)

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 11	\$ 12
Receivables-		
Customers (less accumulated provisions of \$13,641,000 and \$12,041,000, respectively, for uncollectible accounts)	248,994	195,107
Associated companies	360,804	318,561
Other (less accumulated provisions of \$6,702,000)	81,659	51,872
Notes receivable from associated companies	483,423	805,103
Materials and supplies, at average cost	558,751	539,541
Prepayments and other	160,668	107,782
	1,894,310	2,017,978

PROPERTY, PLANT AND
EQUIPMENT:

In service	10,368,007	10,357,632
Less - Accumulated provision for depreciation	4,617,864	4,531,158
	5,750,143	5,826,474
Construction work in progress	2,597,630	2,423,446
	8,347,773	8,249,920

INVESTMENTS:

Nuclear plant decommissioning trusts	1,091,114	1,088,641
Other	8,525	22,466
	1,099,639	1,111,107

DEFERRED CHARGES AND
OTHER ASSETS:

Accumulated deferred income tax benefits	66,462	86,626
Goodwill	24,248	24,248
Customer intangibles	114,567	16,566
Property taxes	50,125	50,125
Unamortized sale and leaseback costs	90,803	72,553
Other	109,494	121,665
	455,699	371,783
	\$ 11,797,421	\$ 11,750,788

LIABILITIES AND
CAPITALIZATION

CURRENT LIABILITIES:

Currently payable long-term debt	\$	1,601,184	\$	1,550,927
Short-term borrowings-				
Associated companies		-		9,237
Other		100,000		100,000
Accounts payable-				
Associated companies		385,251		466,078
Other		270,457		245,363
Accrued taxes		66,585		83,158
Other		393,512		359,057
		2,816,989		2,813,820

CAPITALIZATION:

Common stockholder's equity -

Common stock, without par value,
authorized 750 shares,

7 shares outstanding		1,465,698		1,468,423
Accumulated other comprehensive loss		(105,193)		(103,001)
Retained earnings		2,229,075		2,149,149
Total common stockholder's equity		3,589,580		3,514,571
Long-term debt and other long-term obligations		2,660,200		2,711,652
		6,249,780		6,226,223

NONCURRENT LIABILITIES:

Deferred gain on sale and leaseback transaction		984,440		992,869
Accumulated deferred investment tax credits		57,353		58,396
Asset retirement obligations		936,453		921,448
Retirement benefits		219,174		204,035
Property taxes		50,125		50,125
Lease market valuation liability		250,871		262,200
Other		232,236		221,672
		2,730,652		2,710,745

**COMMITMENTS AND
CONTINGENCIES (Note 8)**

	\$	11,797,421	\$	11,750,788
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The accompanying Combined Notes to the Consolidated Financial Statements are an integral part of these financial statements.

FIRSTENERGY SOLUTIONS CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31		
	2010		2009
	(In thousands)		
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$	79,926	\$ 170,681
Adjustments to reconcile net income to net cash from operating activities-			
Provision for depreciation		62,918	61,373
Nuclear fuel and lease amortization		42,118	27,169
Deferred rents and lease market valuation liability		(40,869)	(37,522)
Deferred income taxes and investment tax credits, net		37,773	24,866
Investment impairment		9,606	33,535
Commodity derivative transactions, net		32,900	15,817
Cash collateral, net		(21,411)	(5,492)
Decrease (increase) in operating assets:			
Receivables		(158,288)	80,067
Materials and supplies		(8,700)	(865)
Prepayments and other current assets		13,516	(3,456)
Increase (decrease) in operating liabilities:			
Accounts payable		(41,057)	(61,419)
Accrued taxes		(16,300)	39,846
Accrued interest		(14,930)	10,338
Other		13,902	(7,071)
Net cash provided from (used for) operating activities		(8,896)	347,867
CASH FLOWS FROM FINANCING ACTIVITIES:			
New Financing-			
Long-term debt	-		100,000
Short-term borrowings, net	-		621,294
Redemptions and Repayments-			
Long-term debt	(1,278)		(335,916)
Short-term borrowings, net	(9,237)		-
Other	(731)		-
Net cash provided from (used for) financing activities	(11,246)		385,378

**CASH FLOWS FROM INVESTING
ACTIVITIES:**

Property additions	(301,603)	(412,805)
Proceeds from asset sales	114,272	7,573
Sales of investment securities held in trusts	272,094	351,414
Purchases of investment securities held in trusts	(284,888)	(356,904)
Loans from (to) associated companies, net	321,680	(303,963)
Customer intangibles	(100,615)	-
Other	(799)	(18,565)
Net cash provided from (used for) investing activities	20,141	(733,250)
Net change in cash and cash equivalents	(1)	(5)
Cash and cash equivalents at beginning of period	12	39
Cash and cash equivalents at end of period	\$ 11	\$ 34

The accompanying Combined Notes to the Consolidated Financial Statements are an integral part of these financial statements.

OHIO EDISON COMPANY

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(Unaudited)

	2010	Three Months Ended March 31 (In thousands)	2009
STATEMENTS OF INCOME			
REVENUES:			
Electric sales	\$	479,925	\$ 720,011
Excise and gross receipts tax collections		28,475	28,980
Total revenues		508,400	748,991
EXPENSES:			
Purchased power from affiliates		135,857	332,336
Purchased power from non-affiliates		112,051	137,813
Other operating costs		88,855	157,830
Provision for depreciation		21,880	21,513
Amortization of regulatory assets, net		29,345	20,211
General taxes		47,492	49,120
Total expenses		435,480	718,823
OPERATING INCOME		72,920	30,168
OTHER INCOME (EXPENSE):			
Investment income		5,244	9,362
Miscellaneous expense		(292)	(810)
Interest expense		(22,310)	(23,287)
Capitalized interest		208	220
Total other expense		(17,150)	(14,515)
INCOME BEFORE INCOME TAXES		55,770	15,653
INCOME TAXES		19,609	4,005
NET INCOME		36,161	11,648
Noncontrolling interest income		132	146
EARNINGS AVAILABLE TO PARENT	\$	36,029	\$ 11,502
STATEMENTS OF COMPREHENSIVE INCOME			
NET INCOME	\$	36,161	\$ 11,648

OTHER COMPREHENSIVE INCOME (LOSS):		
Pension and other postretirement benefits	4,015	5,738
Change in unrealized gain on available-for-sale securities	291	(2,709)
Other comprehensive income	4,306	3,029
Income tax expense related to other comprehensive income	693	529
Other comprehensive income, net of tax	3,613	2,500
COMPREHENSIVE INCOME	39,774	14,148
COMPREHENSIVE INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST		
	132	146
COMPREHENSIVE INCOME AVAILABLE TO PARENT	\$ 39,642	\$ 14,002

The accompanying Combined Notes to the Consolidated Financial Statements are an integral part of these financial statements.

OHIO EDISON COMPANY

CONSOLIDATED BALANCE SHEETS

(Unaudited)

March 31,
2010December 31,
2009

(In thousands)

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 60,680	\$ 324,175
Receivables-		
Customers (less accumulated provisions of \$5,417,000 and \$5,119,000, respectively,		
for uncollectible accounts)	196,226	209,384
Associated companies	49,839	98,874
Other (less accumulated provisions of \$1,000 and \$18,000, respectively, for uncollectible accounts)	18,758	14,155
Notes receivable from associated companies	104,183	118,651
Prepayments and other	37,766	15,964
	467,452	781,203

UTILITY PLANT:

In service	3,057,995	3,036,467
Less - Accumulated provision for depreciation	1,177,211	1,165,394
	1,880,784	1,871,073
Construction work in progress	35,331	31,171
	1,916,115	1,902,244

OTHER PROPERTY AND
INVESTMENTS:

Investment in lease obligation bonds	216,498	216,600
Nuclear plant decommissioning trusts	120,819	120,812
Other	96,669	96,861
	433,986	434,273

DEFERRED CHARGES AND
OTHER ASSETS:

Regulatory assets	432,526	465,331
Pension assets	33,128	19,881
Property taxes	67,037	67,037
Unamortized sale and leaseback costs	33,877	35,127
Other	36,454	39,881
	603,022	627,257
	\$ 3,420,575	\$ 3,744,977

LIABILITIES AND
CAPITALIZATION

CURRENT LIABILITIES:

Currently payable long-term debt	\$ 1,470	\$ 2,723
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Short-term borrowings-		
Associated companies	-	92,863
Other	807	807
Accounts payable-		
Associated companies	75,374	102,763
Other	32,351	40,423
Accrued taxes	66,100	81,868
Accrued interest	25,523	25,749
Other	109,429	81,424
	311,054	428,620
CAPITALIZATION:		
Common stockholder's equity-		
Common stock, without par value, authorized 175,000,000 shares -		
60 shares outstanding	949,735	1,154,797
Accumulated other comprehensive loss	(159,964)	(163,577)
Retained earnings	20,920	29,890
Total common stockholder's equity	810,691	1,021,110
Noncontrolling interest	6,574	6,442
Total equity	817,265	1,027,552
Long-term debt and other long-term obligations		
	1,160,250	1,160,208
	1,977,515	2,187,760
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes	670,758	660,114
Accumulated deferred investment tax credits		
	11,243	11,406
Asset retirement obligations	87,315	85,926
Retirement benefits	174,404	174,925
Other	188,286	196,226
	1,132,006	1,128,597
COMMITMENTS AND CONTINGENCIES (Note 8)		
	\$ 3,420,575	\$ 3,744,977

The accompanying Combined Notes to the Consolidated Financial Statements are an integral part of these financial statements.

OHIO EDISON COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	2010	Three Months Ended March 31 (In thousands)	2009
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$ 36,161		\$ 11,648
Adjustments to reconcile net income to net cash from operating activities-			
Provision for depreciation	21,880		21,513
Amortization of regulatory assets, net	29,345		20,211
Purchased power cost recovery reconciliation	(5,908)		2,978
Amortization of lease costs	32,934		32,934
Deferred income taxes and investment tax credits, net	(2,489)		(7,272)
Accrued compensation and retirement benefits	(12,160)		(1,746)
Accrued regulatory obligations	(623)		18,350
Electric service prepayment programs	-		(3,944)
Decrease (increase) in operating assets-			
Receivables	65,141		1,435
Prepayments and other current assets	(21,802)		(9,806)
Increase (decrease) in operating liabilities-			
Accounts payable	(35,461)		11,880
Accrued taxes	(15,849)		(26,222)
Accrued interest	(226)		(1,956)
Other	10,270		6,708
Net cash provided from operating activities	101,213		76,711
CASH FLOWS FROM FINANCING ACTIVITIES:			
New Financing-			
Short-term borrowings, net	-		79,810
Redemptions and Repayments-			
Long-term debt	(1,363)		(100,393)
Short-term borrowings, net	(92,863)		
Dividend Payments-			
Common stock	(250,000)		-
Other	(113)		(69)

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Net cash used for financing activities	(344,339)	(20,652)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(35,680)	(37,523)
Sales of investment securities held in trusts	2,424	9,417
Purchases of investment securities held in trusts	(2,971)	(10,422)
Loan repayments from associated companies, net	14,469	146,098
Cash investments	(384)	(243)
Other	1,773	1,463
Net cash provided from (used for) investing activities	(20,369)	108,790
Net change in cash and cash equivalents	(263,495)	164,849
Cash and cash equivalents at beginning of period	324,175	146,343
Cash and cash equivalents at end of period	\$ 60,680	\$ 311,192

The accompanying Combined Notes to the Consolidated Financial Statements are an integral part of these financial statements.

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY

CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME
(LOSS)
(Unaudited)

	Three Months Ended March 31		
	2010		2009
	(In thousands)		
STATEMENTS OF INCOME			
REVENUES:			
Electric sales	\$	312,497	\$ 431,405
Excise tax collections		17,573	18,320
Total revenues		330,070	449,725
EXPENSES:			
Purchased power from affiliates		94,965	238,872
Purchased power from non-affiliates		51,826	71,746
Other operating costs		31,235	64,830
Provision for depreciation		18,111	18,280
Amortization of regulatory assets		45,139	256,737
Deferral of new regulatory assets		-	(94,816)
General taxes		38,489	38,141
Total expenses		279,765	593,790
OPERATING INCOME (LOSS)		50,305	(144,065)
OTHER INCOME (EXPENSE):			
Investment income		7,547	8,420
Miscellaneous income		581	1,994
Interest expense		(33,621)	(33,322)
Capitalized interest		26	67
Total other expense		(25,467)	(22,841)
INCOME (LOSS) BEFORE INCOME TAXES		24,838	(166,906)
INCOME TAX EXPENSE (BENEFIT)		10,843	(61,506)
NET INCOME (LOSS)		13,995	(105,400)
Noncontrolling interest income		419	458
EARNINGS (LOSS) AVAILABLE TO PARENT	\$	13,576	\$ (105,858)

STATEMENTS OF COMPREHENSIVE
INCOME

NET INCOME (LOSS)	\$ 13,995	\$ (105,400)
OTHER COMPREHENSIVE INCOME (LOSS):		
Pension and other postretirement benefits	(22,585)	3,967
Income tax expense (benefit) related to other comprehensive income	(8,277)	1,370
Other comprehensive income (loss), net of tax	(14,308)	2,597
COMPREHENSIVE LOSS	(313)	(102,803)
COMPREHENSIVE INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST	419	458
COMPREHENSIVE INCOME (LOSS) AVAILABLE TO PARENT	\$ (732)	\$ (103,261)

The accompanying Combined Notes to the Consolidated Financial Statements are an integral part of these financial statements.

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY

CONSOLIDATED BALANCE SHEETS

(Unaudited)

March 31,
2010December 31,
2009

(In thousands)

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 247	\$ 86,230
Receivables-		
Customers (less accumulated provisions of \$5,168,000 and \$5,239,000, respectively, for uncollectible accounts)	200,840	209,335
Associated companies	57,338	98,954
Other	5,058	11,661
Notes receivable from associated companies	25,376	26,802
Prepayments and other	18,996	9,973
	307,855	442,955

UTILITY PLANT:

In service	2,326,786	2,310,074
Less - Accumulated provision for depreciation	896,146	888,169
	1,430,640	1,421,905
Construction work in progress	33,139	36,907
	1,463,779	1,458,812

OTHER PROPERTY AND INVESTMENTS:

Investment in lessor notes	340,034	388,641
Other	10,210	10,220
	350,244	398,861

DEFERRED CHARGES AND OTHER ASSETS:

Goodwill	1,688,521	1,688,521
Regulatory assets	497,723	545,505
Pension assets (Note 5)	-	13,380
Property taxes	77,319	77,319
Other	12,914	12,777
	2,276,477	2,337,502
	\$ 4,398,355	\$ 4,638,130

LIABILITIES AND CAPITALIZATION

CURRENT LIABILITIES:

Currently payable long-term debt	\$ 127	\$ 117
Short-term borrowings-		
Associated companies	233,710	339,728
Accounts payable-		

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Associated companies	55,534	68,634
Other	15,879	17,166
Accrued taxes	74,117	90,511
Accrued interest	39,261	18,466
Other	43,663	45,440
	462,291	580,062
CAPITALIZATION:		
Common stockholder's equity		
Common stock, without par value, authorized 105,000,000 shares -		
67,930,743 shares outstanding	884,781	884,897
Accumulated other comprehensive loss	(152,466)	(138,158)
Retained earnings	510,824	597,248
Total common stockholder's equity	1,243,139	1,343,987
Noncontrolling interest	17,651	20,592
Total equity	1,260,790	1,364,579
Long-term debt and other long-term obligations		
	1,852,463	1,872,750
	3,113,253	3,237,329
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes	636,324	644,745
Accumulated deferred investment tax credits	11,626	11,836
Retirement benefits	82,281	69,733
Other	92,580	94,425
	822,811	820,739
COMMITMENTS AND CONTINGENCIES (Note 8)		
	\$ 4,398,355	\$ 4,638,130

The accompanying Combined Notes to the Consolidated Financial Statements are an integral part of these financial statements.

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	2010	Three Months Ended March 31 (In thousands)	2009
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	\$ 13,995		\$ (105,400)
Adjustments to reconcile net income (loss) to net cash from operating activities-			
Provision for depreciation	18,111		18,280
Amortization of regulatory assets, net	45,139		256,737
Deferral of new regulatory assets	-		(94,816)
Deferred income taxes and investment tax credits, net	(13,627)		(61,525)
Accrued compensation and retirement benefits	2,282		1,828
Accrued regulatory obligations	(26)		12,057
Electric service prepayment programs	-		(2,695)
Decrease (increase) in operating assets-			
Receivables	70,633		(44,808)
Prepayments and other current assets	(9,133)		785
Increase (decrease) in operating liabilities-			
Accounts payable	(14,387)		18,470
Accrued taxes	(16,616)		(16,274)
Accrued interest	20,795		27,614
Other	(2,636)		346
Net cash provided from operating activities	114,530		10,599
CASH FLOWS FROM FINANCING ACTIVITIES:			
Redemptions and Repayments-			
Long-term debt	(26)		(181)
Short-term borrowings, net	(126,334)		(4,086)
Dividend Payments-			
Common stock	(100,000)		(10,000)
Other	(3,365)		(2,840)
Net cash used for financing activities	(229,725)		(17,107)

**CASH FLOWS FROM INVESTING
ACTIVITIES:**

Property additions	(19,735)	(24,900)
Loans to associated companies, net	1,426	(3,683)
Redemptions of lessor notes	48,606	37,068
Other	(1,085)	(1,970)
Net cash provided from investing activities	29,212	6,515
Net change in cash and cash equivalents	(85,983)	7
Cash and cash equivalents at beginning of period	86,230	226
Cash and cash equivalents at end of period	\$ 247	\$ 233

The accompanying Combined Notes to the Consolidated Financial Statements are an integral part of these financial statements.

THE TOLEDO EDISON COMPANY

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(Unaudited)

	2010	Three Months Ended March 31 (In thousands)	2009
STATEMENTS OF INCOME			
REVENUES:			
Electric sales	\$ 125,431		\$ 237,085
Excise tax collections	7,041		7,729
Total revenues	132,472		244,814
EXPENSES:			
Purchased power from affiliates	47,000		125,324
Purchased power from non-affiliates	26,109		40,537
Other operating costs	25,545		45,004
Provision for depreciation	7,950		7,572
Amortization (deferral) of regulatory assets, net	(8,499)		9,897
General taxes	13,461		14,250
Total expenses	111,566		242,584
OPERATING INCOME	20,906		2,230
OTHER INCOME (EXPENSE):			
Investment income	3,800		5,484
Miscellaneous expense	(1,406)		(1,340)
Interest expense	(10,487)		(5,533)
Capitalized interest	78		42
Total other expense	(8,015)		(1,347)
INCOME BEFORE INCOME TAXES	12,891		883
INCOME TAX EXPENSE (BENEFIT)	5,382		(109)
NET INCOME	7,509		992
Less: Noncontrolling interest income	3		2
EARNINGS AVAILABLE TO PARENT	\$ 7,506		\$ 990
STATEMENTS OF COMPREHENSIVE INCOME			
NET INCOME	\$ 7,509		\$ 992

OTHER COMPREHENSIVE INCOME (LOSS):		
Pension and other postretirement benefits	296	133
Change in unrealized gain on available-for-sale securities	369	(809)
Other comprehensive income (loss)	665	(676)
Income tax expense (benefit) related to other comprehensive income	170	(19)
Other comprehensive income (loss), net of tax	495	(657)
COMPREHENSIVE INCOME	8,004	335
COMPREHENSIVE INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST		
	3	2
COMPREHENSIVE INCOME AVAILABLE TO PARENT	\$ 8,001	\$ 333

The accompanying Combined Notes to the Consolidated Financial Statements are an integral part of these financial statements.

THE TOLEDO EDISON COMPANY
CONSOLIDATED BALANCE SHEETS

(Unaudited)

March 31,
2010

December 31,
2009

(In thousands)

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 87,296	\$ 436,712
Receivables-		
Customers	218	75
Associated companies	58,811	90,191
Other (less accumulated provisions of \$207,000 and \$208,000, respectively, for uncollectible accounts)	19,499	20,180
Notes receivable from associated companies	118,689	85,101
Prepayments and other	11,680	7,111
	296,193	639,370

UTILITY PLANT:

In service	921,768	912,930
Less - Accumulated provision for depreciation	431,737	427,376
	490,031	485,554
Construction work in progress	8,913	9,069
	498,944	494,623

OTHER PROPERTY AND INVESTMENTS:

Investment in lessor notes (Note 7)	103,848	124,357
Nuclear plant decommissioning trusts	73,583	73,935
Other	1,558	1,580
	178,989	199,872

DEFERRED CHARGES AND OTHER ASSETS:

Goodwill	500,576	500,576
Regulatory assets	81,616	69,557
Property taxes	23,658	23,658
Other	67,753	55,622
	673,603	649,413
	\$ 1,647,729	\$ 1,983,278

LIABILITIES AND CAPITALIZATION

CURRENT LIABILITIES:

Currently payable long-term debt	\$ 222	\$ 222
Accounts payable-		
Associated companies	43,730	78,341
Other	7,509	8,312
Notes payable to associated companies	-	225,975

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Accrued taxes	20,827	25,734
Lease market valuation liability	36,900	36,900
Other	64,724	29,273
	173,912	404,757
CAPITALIZATION		
Common stockholder's equity		
Common stock, \$5 par value, authorized 60,000,000 shares -		
29,402,054 shares outstanding	147,010	147,010
Other paid-in capital	178,089	178,181
Accumulated other comprehensive loss	(49,308)	(49,803)
Retained earnings	91,995	214,490
Total common stockholder's equity	367,786	489,878
Noncontrolling interest	2,698	2,696
Total equity	370,484	492,574
Long-term debt and other long-term obligations		
	600,450	600,443
	970,934	1,093,017
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes	105,271	80,508
Accumulated deferred investment tax credits	6,258	6,367
Lease market valuation liability (Note 7)	226,975	236,200
Retirement benefits	67,304	65,988
Asset retirement obligations	32,831	32,290
Other	64,244	64,151
	502,883	485,504
COMMITMENTS AND CONTINGENCIES (Note 8)		
	\$ 1,647,729	\$ 1,983,278

The accompanying Combined Notes to the Consolidated Financial Statements are an integral part of these financial statements.

THE TOLEDO EDISON COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)Three Months Ended
March 312010 2009
(In thousands)CASH FLOWS FROM OPERATING
ACTIVITIES:

Net income	\$ 7,509	\$ 992
Adjustments to reconcile net income to net cash from operating activities-		
Provision for depreciation	7,950	7,572
Amortization (deferral) of regulatory assets, net	(8,499)	9,897
Purchased power cost recovery reconciliation	41	2,912
Deferred rents and lease market valuation liability	6,141	6,141
Deferred income taxes and investment tax credits, net	11,287	(2,151)
Accrued compensation and retirement benefits	837	397
Accrued regulatory obligations	(246)	4,450
Electric service prepayment programs	-	(1,240)
Decrease (increase) in operating assets-		
Receivables	45,376	(8,395)
Prepayments and other current assets	(4,569)	492
Increase (decrease) in operating liabilities-		
Accounts payable	(35,414)	9,018
Accrued taxes	(4,933)	(4,904)
Accrued interest	10,050	4,613
Other	(4,373)	1,465
Net cash provided from (used for) operating activities	31,157	31,259

CASH FLOWS FROM FINANCING
ACTIVITIES:

Redemptions and Repayments-		
Long-term debt	-	(181)
Short-term borrowings, net	(225,975)	(3,977)
Dividend Payments-		
Common stock	(130,000)	(10,000)

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Other	(58)	(39)
Net cash provided from (used for) financing activities	(356,033)	(14,197)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(9,597)	(12,233)
Loans to associated companies, net	(33,587)	(21,528)
Redemption of lessor notes	20,509	18,358
Sales of investment securities held in trusts	31,067	44,270
Purchases of investment securities held in trusts	(31,705)	(44,856)
Other	(1,227)	(1,072)
Net cash provided from (used for) investing activities	(24,540)	(17,061)
Net change in cash and cash equivalents	(349,416)	1
Cash and cash equivalents at beginning of period	436,712	14
Cash and cash equivalents at end of period	\$ 87,296	\$ 15

The accompanying Combined Notes to the Consolidated Financial Statements are an integral part of these financial statements.

JERSEY CENTRAL POWER & LIGHT COMPANY

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended March 31	
	2010	2009
	(In thousands)	
REVENUES:		
Electric sales	\$ 691,392	\$ 760,920
Excise tax collections	12,352	12,731
Total revenues	703,744	773,651
EXPENSES:		
Purchased power	414,016	481,241
Other operating costs	95,660	85,870
Provision for depreciation	27,971	25,103
Amortization of regulatory assets, net	69,448	86,831
General taxes	16,436	17,496
Total expenses	623,531	696,541
OPERATING INCOME	80,213	77,110
OTHER INCOME (EXPENSE):		
Miscellaneous income	1,833	805
Interest expense	(29,423)	(27,868)
Capitalized interest	133	62
Total other expense	(27,457)	(27,001)
INCOME BEFORE INCOME TAXES	52,756	50,109
INCOME TAXES	23,530	22,551
NET INCOME	29,226	27,558
OTHER COMPREHENSIVE INCOME:		
Pension and other postretirement benefits	15,928	4,121
Unrealized gain on derivative hedges	69	69
Other comprehensive income	15,997	4,190
Income tax expense related to other comprehensive income	6,558	1,430
Other comprehensive income, net of tax	9,439	2,760
TOTAL COMPREHENSIVE INCOME	\$ 38,665	\$ 30,318

The accompanying Combined Notes to the Consolidated Financial Statements are an integral part of these financial statements.

JERSEY CENTRAL POWER & LIGHT COMPANY

CONSOLIDATED BALANCE SHEETS

(Unaudited)

March 31,
2010December 31,
2009

(In thousands)

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 1	\$ 27
Receivables-		
Customers (less accumulated provisions of \$3,668,000 and \$3,506,000 respectively, for uncollectible accounts)	282,611	300,991
Associated companies	42	12,884
Other	19,842	21,877
Notes receivable - associated companies	110,552	102,932
Prepaid taxes	17,044	34,930
Other	14,370	12,945
	444,462	486,586

UTILITY PLANT:

In service	4,493,540	4,463,490
Less - Accumulated provision for depreciation	1,630,664	1,617,639
	2,862,876	2,845,851
Construction work in progress	49,025	54,251
	2,911,901	2,900,102

OTHER PROPERTY AND INVESTMENTS:

Nuclear fuel disposal trust	202,532	199,677
Nuclear plant decommissioning trusts	172,984	166,768
Other	2,158	2,149
	377,674	368,594

DEFERRED CHARGES AND OTHER ASSETS:

Goodwill	1,810,936	1,810,936
Regulatory assets	855,740	888,143
Other	22,902	27,096
	2,689,578	2,726,175
	\$ 6,423,615	\$ 6,481,457

LIABILITIES AND CAPITALIZATION

CURRENT LIABILITIES:

Currently payable long-term debt	\$ 31,084	\$ 30,639
Accounts payable-		
Associated companies	24,346	26,882
Other	139,945	168,093

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Accrued taxes	42,274	12,594
Accrued interest	30,072	18,256
Other	98,468	111,156
	366,189	367,620
CAPITALIZATION		
Common stockholder's equity-		
Common stock, \$10 par value, authorized 16,000,000 shares-		
13,628,447 shares outstanding	136,284	136,284
Other paid-in capital	2,506,864	2,507,049
Accumulated other comprehensive loss	(233,573)	(243,012)
Retained earnings	139,300	200,075
Total common stockholder's equity	2,548,875	2,600,396
Long-term debt and other long-term obligations		
	1,794,558	1,801,589
	4,343,433	4,401,985
NONCURRENT LIABILITIES:		
Power purchase contract liability	399,762	399,105
Accumulated deferred income taxes	701,998	687,545
Nuclear fuel disposal costs	196,551	196,511
Asset retirement obligations	103,209	101,568
Retirement benefits	131,718	150,603
Other	180,755	176,520
	1,713,993	1,711,852
COMMITMENTS AND CONTINGENCIES (Note 8)		
	\$ 6,423,615	\$ 6,481,457

The accompanying Combined Notes to the Consolidated Financial Statements are an integral part of these financial statements.

JERSEY CENTRAL POWER & LIGHT COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	2010	Three Months Ended March 31 (In thousands)	2009
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$ 29,226		\$ 27,558
Adjustments to reconcile net income to net cash from operating activities-			
Provision for depreciation	27,971		25,103
Amortization of regulatory assets, net	69,448		86,831
Deferred purchased power and other costs	(32,775)		(28,369)
Deferred income taxes and investment tax credits, net	(2,082)		(6,408)
Accrued compensation and retirement benefits	(5,847)		(7,481)
Cash collateral returned to suppliers	(23,400)		(209)
Decrease in operating assets:			
Receivables	33,257		27,143
Prepayments and other current assets	16,472		4,792
Increase (decrease) in operating liabilities:			
Accounts payable	(40,992)		(30,029)
Accrued taxes	50,857		33,114
Accrued interest	11,816		21,249
Tax collections payable	14,544		5,935
Other	466		1,955
Net cash provided from operating activities	148,961		161,184
CASH FLOWS FROM FINANCING ACTIVITIES:			
New Financing-			
Long-term debt	-		299,619
Redemptions and Repayments-			
Common stock	-		(150,000)
Long-term debt	(6,773)		(6,402)
Short-term borrowings, net	-		(121,380)
Dividend Payments-			
Common stock	(90,000)		(63,000)
Other	-		(2,152)
Net cash used for financing activities	(96,773)		(43,315)

**CASH FLOWS FROM INVESTING
ACTIVITIES:**

Property additions	(37,338)	(37,372)
Loans to associated companies, net	(7,620)	(75,108)
Sales of investment securities held in trusts	190,198	115,483
Purchases of investment securities held in trusts	(194,748)	(120,062)
Other	(2,706)	(872)
Net cash used for investing activities	(52,214)	(117,931)
Net change in cash and cash equivalents	(26)	(62)
Cash and cash equivalents at beginning of period	27	66
Cash and cash equivalents at end of period	\$ 1	\$ 4

The accompanying Combined Notes to the Consolidated Financial Statements are an integral part of these financial statements.

METROPOLITAN EDISON COMPANY

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended March 31	
	2010	2009
	(In thousands)	
REVENUES:		
Electric sales	\$ 451,560	\$ 409,686
Gross receipts tax collections	21,567	19,983
Total revenues	473,127	429,669
EXPENSES:		
Purchased power from affiliates	161,080	100,077
Purchased power from non-affiliates	91,928	123,911
Other operating costs	101,983	106,357
Provision for depreciation	12,758	12,139
Amortization of regulatory assets, net	48,800	27,591
General taxes	21,740	21,935
Total expenses	438,289	392,010
OPERATING INCOME	34,838	37,659
OTHER INCOME (EXPENSE):		
Interest income	1,217	3,186
Miscellaneous income	2,173	856
Interest expense	(13,773)	(13,359)
Capitalized interest	126	15
Total other expense	(10,257)	(9,302)
INCOME BEFORE INCOME TAXES	24,581	28,357
INCOME TAXES	12,266	11,735
NET INCOME	12,315	16,622
OTHER COMPREHENSIVE INCOME:		
Pension and other postretirement benefits	9,709	4,553
Unrealized gain on derivative hedges	84	84
Other comprehensive income	9,793	4,637
Income tax expense related to other comprehensive income	4,177	1,793
Other comprehensive income, net of tax	5,616	2,844
TOTAL COMPREHENSIVE INCOME	\$ 17,931	\$ 19,466

The accompanying Combined Notes to the Consolidated Financial Statements are an integral part of these financial statements.

METROPOLITAN EDISON COMPANY

CONSOLIDATED BALANCE SHEETS

(Unaudited)

March 31,
2010December 31,
2009

(In thousands)

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 128	\$ 120
Receivables-		
Customers (less accumulated provisions of \$4,341,000 and \$4,044,000, respectively, for uncollectible accounts)	171,347	171,052
Associated companies	40,651	29,413
Other	11,189	11,650
Notes receivable from associated companies	11,767	97,150
Prepaid taxes	67,672	15,229
Other	1,057	1,459
	303,811	326,073

UTILITY PLANT:

In service	2,178,625	2,162,815
Less - Accumulated provision for depreciation	818,724	810,746
	1,359,901	1,352,069
Construction work in progress	20,450	14,901
	1,380,351	1,366,970

OTHER PROPERTY AND INVESTMENTS:

Nuclear plant decommissioning trusts	275,356	266,479
Other	888	890
	276,244	267,369

DEFERRED CHARGES AND OTHER ASSETS:

Goodwill	416,499	416,499
Regulatory assets	392,651	356,754
Power purchase contract asset	136,702	176,111
Other	41,513	36,544
	987,365	985,908
	\$ 2,947,771	\$ 2,946,320

LIABILITIES AND CAPITALIZATION

CURRENT LIABILITIES:

Currently payable long-term debt	\$ 28,500	\$ 128,500
Short-term borrowings-		
Associated companies	48,793	-
Accounts payable-		
Associated companies	51,742	40,521

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Other	22,550	41,050
Accrued taxes	31,130	11,170
Accrued interest	11,688	17,362
Other	25,971	24,520
	220,374	263,123

CAPITALIZATION:

Common stockholder's equity-

Common stock, without par value,
authorized 900,000 shares-

859,500 shares outstanding	1,196,943	1,197,070
Accumulated other comprehensive loss	(137,935)	(143,551)
Retained Earnings	16,714	4,399
Total common stockholder's equity	1,075,722	1,057,918
Long-term debt and other long-term obligations	713,900	713,873
	1,789,622	1,771,791

NONCURRENT LIABILITIES:

Accumulated deferred income taxes	457,231	453,462
Accumulated deferred investment tax credits	7,201	7,313
Nuclear fuel disposal costs	44,400	44,391
Asset retirement obligations	183,309	180,297
Retirement benefits	30,288	33,605
Power purchase contract liability	167,120	143,135
Other	48,226	49,203
	937,775	911,406

COMMITMENTS AND

CONTINGENCIES (Note 8)

	\$ 2,947,771	\$ 2,946,320
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The accompanying Combined Notes to the Consolidated Financial Statements are an integral part of these financial statements.

METROPOLITAN EDISON COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

Three Months Ended

March 31

2010

2009

(In thousands)

CASH FLOWS FROM OPERATING
ACTIVITIES:

Net income	\$	12,315	\$	16,622
Adjustments to reconcile net income to net cash from operating activities-				
Provision for depreciation		12,758		12,139
Amortization of regulatory assets, net		48,800		27,591
Deferred costs recoverable as regulatory assets		(18,276)		(19,633)
Deferred income taxes and investment tax credits, net		(10,308)		4,657
Accrued compensation and retirement benefits		(2,527)		1,029
Cash collateral to suppliers		(700)		(9,500)
Increase in operating assets-				
Receivables		(5,083)		(9,860)
Prepayments and other current assets		(52,040)		(50,422)
Increase (decrease) in operating liabilities-				
Accounts payable		(7,279)		(8,058)
Accrued taxes		19,960		(7,749)
Accrued interest		(5,674)		4,803
Other		2,373		2,460
Net cash used for operating activities		(5,681)		(35,921)

CASH FLOWS FROM FINANCING
ACTIVITIES:

New Financing-				
Long-term debt		-		300,000
Short-term borrowings, net		48,793		-
Redemptions and Repayments-				
Long-term debt		(100,000)		-
Short-term borrowings, net		-		(15,003)
Other		-		(2,150)
Net cash provided from (used for) financing activities		(51,207)		282,847

CASH FLOWS FROM INVESTING
ACTIVITIES:

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Property additions	(25,526)	(25,922)
Sales of investment securities held in trusts	143,713	27,800
Purchases of investment securities held in trusts	(146,056)	(29,821)
Loan repayments from (loans to) associated companies, net	85,383	(218,168)
Other	(618)	(832)
Net cash provided from (used for) investing activities	56,896	(246,943)
Net increase (decrease) in cash and cash equivalents	8	(17)
Cash and cash equivalents at beginning of period	120	144
Cash and cash equivalents at end of period	\$ 128	\$ 127

The accompanying Combined Notes to the Consolidated Financial Statements are an integral part of these financial statements.

PENNSYLVANIA ELECTRIC COMPANY

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended March 31		
	2010		2009
	(In thousands)		
REVENUES:			
Electric sales	\$	385,936	\$ 371,293
Gross receipts tax collections		17,524	17,292
Total revenues		403,460	388,585
EXPENSES:			
Purchased power from affiliates		168,400	96,081
Purchased power from non-affiliates		91,423	127,166
Other operating costs		72,394	77,289
Provision for depreciation		14,682	14,455
Amortization (deferral) of regulatory assets, net		(9,966)	8,776
General taxes		16,534	20,593
Total expenses		353,467	344,360
OPERATING INCOME		49,993	44,225
OTHER INCOME (EXPENSE):			
Miscellaneous income		1,613	798
Interest expense		(17,290)	(13,233)
Capitalized interest		140	22
Total other expense		(15,537)	(12,413)
INCOME BEFORE INCOME TAXES		34,456	31,812
INCOME TAXES		17,157	13,122
NET INCOME		17,299	18,690
OTHER COMPREHENSIVE INCOME:			
Pension and other postretirement benefits		8,547	2,955
Unrealized gain on derivative hedges		16	16
Change in unrealized gain on available-for-sale securities		-	(22)
Other comprehensive income		8,563	2,949
Income tax expense related to other comprehensive income		3,284	1,055

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Other comprehensive income, net of tax	5,279	1,894
TOTAL COMPREHENSIVE INCOME	\$ 22,578	\$ 20,584

The accompanying Combined Notes to the Consolidated Financial Statements are an integral part of these financial statements.

PENNSYLVANIA ELECTRIC COMPANY

CONSOLIDATED BALANCE SHEETS

(Unaudited)

March 31,
2010December 31,
2009

(In thousands)

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 12	\$ 14
Receivables-		
Customers (less accumulated provisions of \$3,768,000 and \$3,483,000, respectively, for uncollectible accounts)	138,010	139,302
Associated companies	92,197	77,338
Other	14,696	18,320
Notes receivable from associated companies	14,311	14,589
Prepaid taxes	69,403	18,946
Other	1,128	1,400
	329,757	269,909

UTILITY PLANT:

In service	2,453,558	2,431,737
Less - Accumulated provision for depreciation	908,550	901,990
	1,545,008	1,529,747
Construction work in progress	22,966	24,205
	1,567,974	1,553,952

OTHER PROPERTY AND INVESTMENTS:

Nuclear plant decommissioning trusts	147,757	142,603
Non-utility generation trusts	120,764	120,070
Other	287	289
	268,808	262,962

DEFERRED CHARGES AND OTHER

ASSETS:

Goodwill	768,628	768,628
Regulatory assets	119,483	9,045
Power purchase contract asset	5,456	15,362
Other	17,447	19,143
	911,014	812,178
	\$ 3,077,553	\$ 2,899,001

LIABILITIES AND CAPITALIZATION

CURRENT LIABILITIES:

Currently payable long-term debt	\$ 69,310	\$ 69,310
Short-term borrowings-		
Associated companies	92,807	41,473
Accounts payable-		

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Associated companies	56,911	39,884
Other	23,680	41,990
Accrued taxes	4,267	6,409
Accrued interest	24,480	17,598
Other	23,300	22,741
	294,755	239,405
CAPITALIZATION:		
Common stockholder's equity-		
Common stock, \$20 par value, authorized 5,400,000 shares-		
4,427,577 shares outstanding	88,552	88,552
Other paid-in capital	913,403	913,437
Accumulated other comprehensive loss	(156,825)	(162,104)
Retained earnings	108,800	91,501
Total common stockholder's equity	953,930	931,386
Long-term debt and other long-term obligations		
	1,072,190	1,072,181
	2,026,120	2,003,567
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes	274,846	242,040
Retirement benefits	166,509	174,306
Asset retirement obligations	93,374	91,841
Power purchase contract liability	171,244	100,849
Other	50,705	46,993
	756,678	656,029
COMMITMENTS AND CONTINGENCIES (Note 8)		
	\$ 3,077,553	\$ 2,899,001

The accompanying Combined Notes to the Consolidated Financial Statements are an integral part of these financial statements.

PENNSYLVANIA ELECTRIC COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	2010	Three Months Ended March 31 (In thousands)	2009
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$	17,299	\$ 18,690
Adjustments to reconcile net income to net cash from operating activities-			
Provision for depreciation		14,682	14,455
Amortization (deferral) of regulatory assets, net		(9,966)	8,776
Deferred costs recoverable as regulatory assets		(20,461)	(20,022)
Deferred income taxes and investment tax credits, net		21,772	11,833
Accrued compensation and retirement benefits		(169)	431
Cash collateral		(400)	-
Increase in operating assets-			
Receivables		(4,641)	(1,709)
Prepayments and other current assets		(50,186)	(49,707)
Increase (Decrease) in operating liabilities-			
Accounts payable		(1,348)	(5,340)
Accrued taxes		(2,142)	(9,065)
Accrued interest		6,882	599
Other		7,162	(988)
Net cash used for operating activities		(21,516)	(32,047)
CASH FLOWS FROM FINANCING ACTIVITIES:			
New Financing-			
Short-term borrowings, net		51,334	80,632
Dividend Payments-			
Common stock		-	(15,000)
Other		(6)	-
Net cash provided from financing activities		51,328	65,632
CASH FLOWS FROM INVESTING ACTIVITIES:			
Property additions		(27,388)	(28,190)

Sales of investment securities held in trusts	93,057	18,800
Purchases of investment securities held in trusts	(94,464)	(22,108)
Loan repayments to associated companies, net	279	(365)
Other	(1,298)	(1,732)
Net cash used for investing activities	(29,814)	(33,595)
Net change in cash and cash equivalents	(2)	(10)
Cash and cash equivalents at beginning of period	14	23
Cash and cash equivalents at end of period	\$ 12	\$ 13

The accompanying Combined Notes to the Consolidated Financial Statements are an integral part of these financial statements.

COMBINED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. ORGANIZATION AND BASIS OF PRESENTATION

FirstEnergy is a diversified energy company that holds, directly or indirectly, all of the outstanding common stock of its principal subsidiaries: OE, CEI, TE, Penn (a wholly owned subsidiary of OE), ATSI, JCP&L, Met-Ed, Penelec, FENOC, FES and its subsidiaries FGCO and NGC, and FESC.

FirstEnergy and its subsidiaries follow GAAP and comply with the regulations, orders, policies and practices prescribed by the SEC, the FERC and, as applicable, the PUCO, the PPUC and the NJBPU. The preparation of financial statements in conformity with GAAP requires management to make periodic estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities. Actual results could differ from these estimates. The reported results of operations are not indicative of results of operations for any future period. In preparing the financial statements, FirstEnergy and its subsidiaries have evaluated events and transactions for potential recognition or disclosure through the date the financial statements were issued.

These statements should be read in conjunction with the financial statements and notes included in the combined Annual Report on Form 10-K for the year ended December 31, 2009 for FirstEnergy, FES and the Utilities, as applicable. The consolidated unaudited financial statements of FirstEnergy, FES and each of the Utilities reflect all normal recurring adjustments that, in the opinion of management, are necessary to fairly present results of operations for the interim periods. Certain prior year amounts have been reclassified to conform to the current year presentation. Unless otherwise indicated, defined terms used herein have the meanings set forth in the accompanying Glossary of Terms.

FirstEnergy and its subsidiaries consolidate all majority-owned subsidiaries over which they exercise control and, when applicable, entities for which they have a controlling financial interest. Intercompany transactions and balances are eliminated in consolidation. FirstEnergy consolidates a VIE when it is determined that it is the primary beneficiary (see Note 6). Investments in affiliates over which FirstEnergy and its subsidiaries have the ability to exercise significant influence, but are not the primary beneficiary and do not exercise control, follow the equity method of accounting. Under the equity method, the interest in the entity is reported as an investment in the Consolidated Balance Sheets and the percentage share of the entity's earnings is reported in the Consolidated Statements of Income.

2. EARNINGS PER SHARE

Basic earnings per share of common stock is computed using the weighted average of actual common shares outstanding during the respective period as the denominator. The denominator for diluted earnings per share of common stock reflects the weighted average of common shares outstanding plus the potential additional common shares that could result if dilutive securities and other agreements to issue common stock were exercised. The following table reconciles basic and diluted earnings per share of common stock:

Reconciliation of Basic and Diluted Earnings per Share of Common Stock	Three Months Ended	
	March 31 2010	2009
	(In millions, except	

	per share amounts)	
Earnings available to FirstEnergy Corp.	\$ 155	\$ 119
Weighted average number of basic shares outstanding	304	304
Assumed exercise of dilutive stock options and awards	2	2
Weighted average number of diluted shares outstanding	306	306
Basic earnings per share of common stock	0.51	\$ 0.39
Diluted earnings per share of common stock	0.51	\$ 0.39

3. FAIR VALUE OF FINANCIAL INSTRUMENTS

(A) LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS

All borrowings with initial maturities of less than one year are defined as short-term financial instruments under GAAP and are reported on the Consolidated Balance Sheets at cost, which approximates their fair market value, in the caption "short-term borrowings." The following table provides the approximate fair value and related carrying amounts of long-term debt and other long-term obligations as of March 31, 2010 and December 31, 2009:

	March 31, 2010		December 31, 2009	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(In millions)			
FirstEnergy	\$ 13,581	\$ 14,373	\$ 13,753	\$ 14,502
FES	4,224	4,366	4,224	4,306
OE	1,167	1,293	1,169	1,299
CEI	1,853	2,018	1,873	2,032
TE	600	639	600	638
JCP&L	1,833	1,932	1,840	1,950
Met-Ed	742	808	842	909
Penelec	1,144	1,186	1,144	1,177

The fair values of long-term debt and other long-term obligations reflect the present value of the cash outflows relating to those securities based on the current call price, the yield to maturity or the yield to call, as deemed appropriate at the end of each respective period. The yields assumed were based on securities with similar characteristics offered by corporations with credit ratings similar to those of FES and the Utilities.

(B) INVESTMENTS

All temporary cash investments purchased with an initial maturity of three months or less are reported as cash equivalents on the Consolidated Balance Sheets at cost, which approximates their fair market value. Investments other than cash and cash equivalents include held-to-maturity securities, available-for-sale securities, and notes receivable.

Available-For-Sale Securities

The following table summarizes the amortized cost basis, unrealized gains and losses and fair values of investments held in nuclear decommissioning trusts, nuclear fuel disposal trusts and NUG trusts as of March 31, 2010 and December 31, 2009:

	March 31, 2010(1)				December 31, 2009(2)			
	Cost Basis	Unrealized Gains	Unrealized Losses	Fair Value	Cost Basis	Unrealized Gains	Unrealized Losses	Fair Value
Debt securities	(In millions)							
FirstEnergy	\$ 1,741	\$ 23	\$ -	\$ 1,764	\$ 1,727	\$ 22	\$ -	\$ 1,749
FES	1,052	8	-	1,060	1,043	3	-	1,046
OE	55	-	-	55	55	-	-	55
TE	72	-	-	72	72	-	-	72

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JCP&L	264	8	-	272	271	9	-	280
Met-Ed	127	3	-	130	120	5	-	125
Penelec	171	4	-	175	166	5	-	171

Equity
securities

FirstEnergy	\$	268	\$	42	\$	-	\$	310	\$	252	\$	43	\$	-	\$	295
FES		-		-		-		-		-		-		-		-
OE		-		-		-		-		-		-		-		-
JCP&L		80		9		-		89		74		11		-		85
Met-Ed		125		22		-		147		117		23		-		140
Penelec		63		11		-		74		61		9		-		70

(1) Excludes cash balances: FirstEnergy - \$131 million; FES - \$32 million; OE - \$65 million; TE - \$1 million; JCP&L - \$15 million; Met-Ed - \$(2) million and Penelec - \$20 million.

(2) Excludes cash balances: FirstEnergy - \$137 million; FES - \$43 million; OE - \$66 million; TE - \$2 million; JCP&L - \$3 million and Penelec - \$23 million.

Proceeds from the sale of investments in available-for-sale securities, realized gains and losses on those sales, and interest and dividend income for the three-month period ended March 31, 2010 were as follows:

	FirstEnergy	FES	OE	TE	JCP&L	Met-Ed	Penelec
	(In millions)						
Proceeds from sales	\$ 733	\$ 272	\$ 3	\$ 31	\$ 190	\$ 144	\$ 93
Realized gains	36	13	-	-	8	9	6
Realized losses	50	24	-	-	8	11	7
Interest and dividend income	21	13	-	1	4	2	1

Held-To-Maturity Securities

The following table provides the amortized cost basis, unrealized gains and losses, and approximate fair values of investments in held-to-maturity securities as of March 31, 2010 and December 31, 2009 (excluding emission allowances, employee benefits, cost method investments and equity method investments of \$251 million and \$264 million, respectively, that are not required to be disclosed):

	March 31, 2010				December 31, 2009			
	Cost Basis	Unrealized Gains	Unrealized Losses	Fair Value	Cost Basis	Unrealized Gains	Unrealized Losses	Fair Value
Debt securities	(In millions)							
FirstEnergy	\$ 494	\$ 76	\$ -	\$ 570	\$ 544	\$ 72	\$ -	\$ 616
OE	217	42	-	259	217	29	-	246
CEI	340	33	-	373	389	43	-	432

Notes Receivable

The following table provides the approximate fair value and related carrying amounts of notes receivable as of March 31, 2010 and December 31, 2009:

	March 31, 2010		December 31, 2009	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Notes receivable	(In millions)			
FirstEnergy	\$ 36	\$ 35	\$ 36	\$ 35
FES	1	1	2	1
OE	-	-	-	-
TE	104	115	124	141

The fair value of notes receivable represents the present value of the cash inflows based on the yield to maturity. The yields assumed were based on financial instruments with similar characteristics and terms. The maturity dates range from 2010 to 2040.

(C)

RECURRING FAIR VALUE MEASUREMENTS

On January 1, 2010, FirstEnergy adopted the FASB Accounting Standards Update (Update) applicable to the Fair Value Measurements and Disclosures Topic. The Update provides amendments that require new disclosures surrounding (1) transfers of Level 1 and Level 2 fair value measurements, including the reason for transfers; (2) purchases, sales, issuances and settlements of Level 3 fair value measurements; (3) additional disaggregation of fair value measurements for each class of assets and liabilities; and (4) inputs and valuation techniques used to measure fair value for both recurring and nonrecurring fair value measurements.

Fair value is the price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between willing market participants on the measurement date. A fair value hierarchy has been established that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted market prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are as follows:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those where transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. FirstEnergy’s Level 1 assets and liabilities primarily consist of exchange-traded derivatives and equity securities listed on active exchanges that are held in various trusts.

Level 2 – Pricing inputs are either directly or indirectly observable in the market as of the reporting date, other than quoted prices in active markets included in Level 1. FirstEnergy’s Level 2 assets and liabilities consist primarily of investments in debt securities held in various trusts and commodity forwards. Additionally, Level 2 includes those financial instruments that are valued using models or other valuation methodologies based on assumptions that are observable in the marketplace throughout the full term of the instrument and can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace. These models are primarily industry-standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors, and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Instruments in this category include non-exchange-traded derivatives such as forwards and certain interest rate swaps.

Level 3 – Pricing inputs include inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management’s best estimate of fair value. FirstEnergy develops its view of the future market price of key commodities through a combination of market observation and assessment (generally for the short term) and fundamental modeling (generally for the long term). Key fundamental electricity model inputs are generally directly observable in the market or derived from publicly available historic and forecast data. Some key inputs reflect forecasts published by industry leading consultants who generally employ similar fundamental modeling approaches. Fundamental model inputs and results, as well as the selection of consultants, reflect the consensus of appropriate FirstEnergy management. Level 3 instruments include those that may be more structured or otherwise tailored to customers’ needs. FirstEnergy’s Level 3 instruments consist exclusively of NUG contracts.

FirstEnergy utilizes market data and assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. FirstEnergy primarily applies the market approach for recurring fair value measurements using the best information available. Accordingly, FirstEnergy maximizes the use of observable inputs and minimizes the use of unobservable inputs.

The following tables set forth financial assets and financial liabilities that are accounted for at fair value by level within the fair value hierarchy as of March 31, 2010 and December 31, 2009. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. FirstEnergy’s assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the fair valuation of assets and liabilities and their placement within the fair value hierarchy levels.

Recurring Fair Value Measures as of March 31, 2010

	Level 1							
Assets	FirstEnergy	FES	TE	OE	JCP&L	Met-Ed	Penelec	
Nuclear								
Decommissioning								
Trust Investments								
Equity securities -								
consumer products	\$ 136	\$ -	\$ -	\$ -	\$ 39	\$ 65	\$ 32	

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Equity securities - technology	59	-	-	-	17	28	14
Equity securities - utilities & energy	59	-	-	-	17	28	14
Equity securities - financial	48	-	-	-	14	23	11
Equity securities - other	8	-	-	-	2	3	3
Total nuclear decommissioning trust investments	\$ 310	\$ -	\$ -	\$ -	\$ 89	\$ 147	\$ 74
Total assets(1)	\$ 310	\$ -	\$ -	\$ -	\$ 89	\$ 147	\$ 74

Liabilities

Derivatives – commodity contracts	8						
Total liabilities	\$ 8	\$ 8	\$ -	\$ -	\$ -	\$ -	\$ -

Assets	FirstEnergy	FES	TE	Level 2 OE	JCP&L	Met-Ed	Penelec
Nuclear							
Decommissioning							
Trust Investments							
Debt securities issued by the U.S. government	\$ 595	\$ 345	\$ 66	\$ 56	\$ 32	\$ 88	\$ 8
Debt securities issued by states of the U.S.	90	-	-	-	30	1	59
Debt securities issued by foreign governments	299	299	-	-	-	-	-
Corporate debt securities	486	413	7	-	21	39	6
Other	90	23	-	65	1	-	1
Total nuclear decommissioning trust investments	\$ 1,560	\$ 1,080	\$ 73	\$ 121	\$ 84	\$ 128	\$ 74
Rabbi Trust							
Investments							
Equity securities - financial	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	11	-	-	1	-	-	-
Total rabbi trust investments	\$ 12	\$ -	\$ -	\$ 1	\$ -	\$ -	\$ -
Nuclear Fuel Disposal							
Trust Investments							
Debt securities issued by states of the U.S.	\$ 201	\$ -	\$ -	\$ -	\$ 201	\$ -	\$ -
Other	2	-	-	-	2	-	-
Total nuclear fuel disposal trust investments	\$ 203	\$ -	\$ -	\$ -	\$ 203	\$ -	\$ -
NUG Trust							
Investments							
Debt securities issued by states of the U.S.	\$ 98	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 98
Other	23	-	-	-	-	-	23
Total NUG trust investments	\$ 121	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 121
Derivatives							
Commodity contracts	\$ 69	\$ 60	\$ -	\$ -	\$ 2	\$ 5	\$ 2

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Interest rate contracts		2	-	-	-	-	-	-
Total Derivatives	\$	71	\$ 60	\$ -	\$ -	\$ 2	\$ 5	\$ 2
Total assets(1)	\$	1,967	\$ 1,140	\$ 73	\$ 122	\$ 289	\$ 133	\$ 197
Liabilities								
Derivatives								
Commodity contracts	\$	296	\$ 296	\$ -	\$ -	\$ -	\$ -	\$ -
Interest rate contracts		5	-	-	-	-	-	-
Total Derivatives	\$	301	\$ 296	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	\$	301	\$ 296	\$ -	\$ -	\$ -	\$ -	\$ -

		Level 3						
Assets		FirstEnergy	FES	TE	OE	JCP&L	Met-Ed	Penelec
Derivatives – NUG contracts(2)		148	-	-	-	6	137	5
	\$	\$	\$	\$	\$	\$	\$	\$
Liabilities								
Derivatives – NUG contracts(2)		738	-	-	-	400	167	171
	\$	\$	\$	\$	\$	\$	\$	\$

(1) Excludes \$11 million of receivables, payables and accrued income.

(2) NUG contracts are subject to regulatory accounting and do not impact earnings.

Recurring Fair Value Measures as of December 31, 2009

Assets	Level 1						
	FirstEnergy	FES	TE	OE	JCP&L	Met-Ed	Penelec
Nuclear							
Decommissioning							
Trust Investments							
Equity securities -							
consumer products	\$ 130	\$ -	\$ -	\$ -	\$ 38	\$ 59	\$ 33
Equity securities -							
technology	57	-	-	-	17	26	14
Equity securities -							
utilities & energy	59	-	-	-	17	27	15
Equity securities -							
financial	39	-	-	-	12	17	10
Equity securities -							
other	9	-	-	-	3	4	2
Total nuclear							
decommissioning							
trust investments(1)	\$ 294	\$ -	\$ -	\$ -	\$ 87	\$ 133	\$ 74
Total assets	\$ 294	\$ -	\$ -	\$ -	\$ 87	\$ 133	\$ 74

Liabilities

Derivatives –							
commodity contracts	\$ 11	\$ 11	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	\$ 11	\$ 11	\$ -	\$ -	\$ -	\$ -	\$ -

Assets	Level 2						
	FirstEnergy	FES	TE	OE	JCP&L	Met-Ed	Penelec
Nuclear							
Decommissioning							
Trust Investments							
Debt securities issued							
by the U.S.							
government	\$ 558	\$ 306	\$ 72	\$ 118	\$ 23	\$ 30	\$ 9
Debt securities issued							
by states of the U.S.	188	15	-	-	41	82	50
Debt securities issued							
by foreign							
governments	279	279	-	-	-	-	-
Corporate debt							
securities	484	443	-	-	15	20	6
Other	35	29	-	2	1	2	1
Total nuclear							
decommissioning trust							
investments	\$ 1,544	\$ 1,072	\$ 72	\$ 120	\$ 80	\$ 134	\$ 66

**Rabbi Trust
Investments**
**Equity securities -
financial**

\$	1	\$	-	\$	-	\$	-	\$	-	\$	-
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	9		-		-		-		-		-
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**Total rabbi trust
investments**

\$	10	\$	-	\$	-	\$	-	\$	-	\$	-
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**Nuclear Fuel Disposal
Trust Investments**
**Debt securities issued
by states of the U.S.**

\$	189	\$	-	\$	-	\$	-	\$	189	\$	-	\$	-
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	11		-		-		-		11		-		-
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**Total nuclear fuel
disposal trust
investments**

\$	200	\$	-	\$	-	\$	-	\$	200	\$	-	\$	-
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**NUG Trust
Investments**
**Debt securities issued
by states of the U.S.**

\$	101	\$	-	\$	-	\$	-	\$	-	\$	-	\$	101
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	19		-		-		-		-		-		19
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**Total NUG trust
investments**

\$	120	\$	-	\$	-	\$	-	\$	-	\$	-	\$	120
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**Derivatives –
commodity contracts**

\$	34	\$	15	\$	-	\$	-	\$	5	\$	9	\$	5
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	1		-		-		-		-		-		-
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\$	1,909	\$	1,087	\$	72	\$	120	\$	285	\$	143	\$	191
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Liabilities
**Derivatives –
commodity contracts**

\$	224	\$	224	\$	-	\$	-	\$	-	\$	-	\$	-
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\$	224	\$	224	\$	-	\$	-	\$	-	\$	-	\$	-
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(1) Excludes \$21 million of receivables, payables and accrued income.

Assets	FirstEnergy	FES	TE	Level 3		JCP&L	Met-Ed	Penelec
				OE				
Derivatives – NUG contracts(2)	\$ 200	\$ -	\$ -	\$ -		\$ 9	\$ 176	\$ 15
Liabilities								
Derivatives – NUG contracts(2)	\$ 643	\$ -	\$ -	\$ -		\$ 399	\$ 143	\$ 101

(2) NUG contracts are subject to regulatory accounting and do not impact earnings.

The determination of the above fair value measures takes into consideration various factors. These factors include nonperformance risk, including counterparty credit risk and the impact of credit enhancements (such as cash deposits, LOCs and priority interests). The impact of nonperformance risk was immaterial in the fair value measurements.

The following tables set forth a reconciliation of changes in the fair value of NUG contracts classified as Level 3 in the fair value hierarchy for the three months ended March 31, 2010 and 2009 (in millions):

	FirstEnergy	JCP&L	Met-Ed	Penelec
Balance as of January 1, 2010	\$ (444)	\$ (391)	\$ 33	\$ (86)
Settlements(1)	78	40	17	21
Unrealized losses(1)	(224)	(43)	(80)	(101)
Balance as of March 31, 2010	\$ (590)	\$ (394)	\$ (30)	\$ (166)
Balance as of January 1, 2009	\$ (332)	\$ (518)	\$ 150	\$ 36
Settlements(1)	83	45	17	21
Unrealized gains(1)	(227)	(45)	(91)	(91)
Balance as of March 31, 2009	\$ (476)	\$ (518)	\$ 76	\$ (34)

(1) Changes in fair value of NUG contracts are subject to regulatory accounting and do not impact earnings.

4. DERIVATIVE INSTRUMENTS

FirstEnergy is exposed to financial risks resulting from fluctuating interest rates and commodity prices, including prices for electricity, natural gas, coal and energy transmission. To manage the volatility relating to these exposures, FirstEnergy uses a variety of derivative instruments, including forward contracts, options, futures contracts and swaps. The derivatives are used for risk management purposes. In addition to derivatives, FirstEnergy also enters into master netting agreements with certain third parties. FirstEnergy's Risk Policy Committee, comprised of members of senior management, provides general management oversight for risk management activities throughout FirstEnergy. The Committee is responsible for promoting the effective design and implementation of sound risk management programs and oversees compliance with corporate risk management policies and established risk management practices.

FirstEnergy accounts for derivative instruments on its Consolidated Balance Sheets at fair value unless they meet the normal purchase and normal sales criteria. Derivatives that meet those criteria are accounted for at cost under the accrual method of accounting. The changes in the fair value of derivative instruments that do not meet the normal purchase and normal sales criteria are included in purchased power, other expense, unrealized gain (loss) on derivative hedges in other comprehensive income (loss), or as part of the value of the hedged item. A hypothetical 10% adverse shift (an increase or decrease depending on the derivative position) in quoted market prices in the near term on its derivative instruments would not have had a material effect on FirstEnergy's consolidated financial position (assets, liabilities and equity) or cash flows as of March 31, 2010. Based on derivative contracts held as of March 31, 2010, an adverse 10% change in commodity prices would decrease net income by approximately \$4 million during the next 12 months. A hypothetical 10% increase in the interest rates associated with variable-rate debt would decrease net income by approximately \$2 million for the three months ended March 31, 2010.

Cash Flow Hedges

FirstEnergy used forward starting swap agreements to hedge a portion of the consolidated interest rate risk associated with issuances of fixed-rate, long-term debt securities of its subsidiaries. These derivatives were treated as cash flow hedges, protecting against the risk of changes in future interest payments resulting from changes in benchmark U.S. Treasury rates between the date of hedge inception and the date of the debt issuance. During the first three months of 2010, FirstEnergy terminated forward swaps with a notional value of \$100 million. The termination of the forward starting swap agreements did not materially impact FirstEnergy's net income and no forward starting swap agreements were outstanding as of March 31, 2010.

The table below provides the activity of AOCL related to interest rate cash flow hedges as of March 31, 2010 and 2009, which is inclusive of changes in fair value of interest rate cash flow hedges and the reclassification from AOCL into results of operations.

		Three Months Ended March 31 2010 2009 (In millions)	
Effective Portion			
Loss Recognized in AOCL			(2)
	\$ -	\$)
Reclassifications from AOCL into Interest Expense			(5)
	(3)		

Total unamortized losses included in AOCL associated with prior interest rate cash flow hedges totaled \$101 million (\$63 million net of tax) as of March 31, 2010. Based on current estimates, approximately \$11 million will be amortized to interest expense during the next twelve months.

Fair Value Hedges

FirstEnergy uses fixed-for-floating interest rate swap agreements to hedge a portion of the consolidated interest rate risk associated with the debt portfolio of its subsidiaries. These derivatives are treated as fair value hedges of fixed-rate, long-term debt issues, protecting against the risk of changes in the fair value of fixed-rate debt instruments due to lower interest rates. Swap maturities, call options, fixed interest rates and interest payment dates match those of the underlying obligations. As of March 31, 2010, the debt underlying the \$950 million outstanding notional amount of interest rate swaps had a weighted average fixed interest rate of 5.5%, which the swaps have converted to a current weighted average variable rate of 3.74%. The gain or loss on the derivative as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in earnings. As of March 31, 2010, the gain included in interest expense related to interest rate swaps totaled \$1 million and there was no impact on the results of operations as a result of ineffectiveness from fair value hedges.

The following tables summarize the fair value of interest rate swaps in FirstEnergy's Consolidated Balance Sheets:

	Derivative Assets					Derivative Liabilities			
	Fair Value					Fair Value			
	March		December			March		December	
	31		31			31		31	
	2010		2009			2010		2009	
Fair Value Hedges	(In millions)				Fair Value Hedges	(In millions)			
Interest Rate Swaps					Interest Rate Swaps				
Noncurrent Assets	\$	2	\$	-	Noncurrent Assets	\$	5	\$	-
	\$	2	\$	-		\$	5	\$	-

On April 29, 2010, April 30, 2010 and May 3, 2010, FirstEnergy executed multiple fixed-for-floating interest rate swap agreements with combined notional amounts of \$1.3 billion, \$300 million and \$600 million, respectively, to hedge a portion of the consolidated interest rate risk associated with the debt portfolio of its subsidiaries. This is consistent with FirstEnergy's risk management policy and its 2010 financial plan. These derivatives will be treated as fair value hedges of fixed-rate, long-term debt issues, protecting against the risk of changes in the fair value of fixed-rate debt instruments due to lower interest rates. As of May 3, 2010, the debt underlying the \$2.2 billion outstanding notional amount of interest rate swaps had a weighted average fixed interest rate of 6%, which the swaps have converted to a current weighted average variable rate of 3.4%.

Commodity Derivatives

FirstEnergy uses both physically and financially settled derivatives to manage its exposure to volatility in commodity prices. Commodity derivatives are used for risk management purposes to hedge exposures when it makes economic sense to do so, including circumstances where the hedging relationship does not qualify for hedge accounting.

The following tables summarize the fair value of commodity derivatives in FirstEnergy's Consolidated Balance Sheets:

Derivative Assets			Derivative Liabilities		
	Fair Value			Fair Value	
	March	December		March	December
	31	31		31	31
	2010	2009		2010	2009
Cash Flow Hedges	(In millions)		Cash Flow Hedges	(In millions)	
Electricity Forwards			Electricity Forwards		
Current Assets	\$ 39	\$ 3	Current Liabilities	\$ 39	\$ 7
Noncurrent Assets	19	11	Noncurrent Liabilities	26	12
Natural Gas Futures			Natural Gas Futures		
Current Assets	-	-	Current Liabilities	7	9
Noncurrent Assets	-	-	Noncurrent Liabilities	-	-
Other			Other		
Current Assets	-	-	Current Liabilities	1	2
Noncurrent Assets	-	-	Noncurrent Liabilities	-	-
	\$ 58	\$ 14		\$ 73	\$ 30

Derivative Assets				Derivative Liabilities	
Fair Value				Fair Value	
	March 31 2010	December 31 2009		March 31 2010	December 31 2009
Economic Hedges	(In millions)		Economic Hedges	(In millions)	
NUG Contracts			NUG Contracts		
Power Purchase			Power Purchase		
Contract Asset	\$ 148	\$ 200	Contract Liability	\$ 738	\$ 643
Other			Other		
Current Assets	1	-	Current Liabilities	139	106
Noncurrent Assets	10	19	Noncurrent Liabilities	92	97
	\$ 159	\$ 219		\$ 969	\$ 846
Total Commodity Derivatives	\$ 217	\$ 233	Total Commodity	\$ 1,042	\$ 876

Derivatives

Electricity forwards are used to balance expected retail and wholesale sales with expected generation and purchased power. Natural gas futures are entered into based on expected consumption of natural gas, primarily used in FirstEnergy's peaking units. Heating oil futures are entered into based on expected consumption of oil and the financial risk in FirstEnergy's coal transportation contracts. Derivative instruments are not used in quantities greater than forecasted needs. The following table summarizes the volume of FirstEnergy's outstanding derivative transactions as of March 31, 2010:

	Purchases	Sales	Net	Units
	(In thousands)			
Electricity Forwards	19,104	(11,924)	7,180	MWH
Heating Oil Futures	3,360	-	3,360	Gallons
Natural Gas Futures	2,000	(1,500)	500	mmBtu

The effect of derivative instruments on the consolidated statements of income and comprehensive income for the three months ended March 31, 2010 and 2009, for instruments designated in cash flow hedging relationships and not in hedging relationships, respectively, are summarized in the following tables:

Derivatives in Cash Flow Hedging Relationships	Three Months Ended March 31,			
	Electricity Forwards	Natural Gas Futures	Heating Oil Futures	Total
2010		(in millions)		