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BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO

In the matter of the Application of Ohio Edison Company, the Cleveland Electric Company, and The Toledo Edison Company for Authority to Establish a Standard Service Offer Pursuant to Section 4928.43, Revised Code in the Form of an Electric Security Plan	:	Case No. 08-935-EL-SSO

BRIEF OF THE OHIO MANUFACTURERS ASSOCIATION (OMA)
ON THE ISSUE
OF
FIRST ENERGY'S PROPOSED ESP

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I.

INTRODUCTION TO THE OMA'S POSITION

As in the First Energy Companies' Interim or Short Term Electric Security Plan which was subject to the parties' briefs filed October 31, 2008, First Energy's Operating Companies' long term ESP presumes that only they have the authority to construct both the substance and metrics of its three year plan. In footnote 7[1] to its ESP, First Energy proclaims its plan is presented as "an entire package" which "will not work" if the Commission modifies it to make it more customer friendly and that it is presented on behalf of all three companies "collectively" and that it "must be accepted with respect to all of them." Here, as in the case of its interim

[1] Application page 6.

plan, the regulated is dictating to its regulator! It would have this Commission believe that only a three year ESP may be authorized by the Commission and not an ESP of shorter duration, as the OMA submits may be worthy of in-depth consideration by the Commission, discussed later in this post-hearing brief.[2]

First Energy would have both this Commission and its ratepayers perceive its proposal as providing price levels for electric service over the next three years "*at predictable and manageable levels and provide benefits that extend beyond that period as well as non-price benefits*"[3] and that:

> "The transition from historic rate levels and structures to proposed rates must be accomplished through a reasoned and gradual approach in order to *accomplish the objective of mitigating significant customer impact* Furthermore it is desirable from the perspective of economic stability to *proactively address issues of disproportionate rate impact typically felt by those customers previously severed on tariffs with below average rates.*"[4]

Simply stated, First Energy would have this Commission cut through "the facts" and make its decision on this ESP based upon the desired "perception" that its plan, taken in the aggregate, is more beneficial to its customers then its MRO. As the record in this case amply demonstrates, the "perception" First Energy seeks to create that its plan provide "predictable," "manageable" rate levels and "non-price benefits" that mitigate significant customer impacts" has been soundly rejected by each and every tariffed customer class and rate schedule customer served: low income "at risk" residential customers, commercial customers, industrial customers, firm customers and interruptible customers of all load factors – as represented by the multiple intervening parties' expert and lay witnesses and their counsel's active participation in these

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[2] Indeed First Energy requests its proposal be considered as if filed under "any other statutory authority and case designations as may be applicable to the scope of the proposals made herein." Footnote 1 to Application.

[3] Testimony of Company Witness Blank, Company Exhibit No. 1, p. 6.

[4] Testimony of Company Witness Hussing, Company Exhibit No. 4, p. 5.

proceedings! The record herein likewise compels this Commission to reject the false "perception" FirstEnergy seeks to perpetuate that the "benefits" of its ESP, taken in the aggregate provides, are greater than those of the alternative MRO. The evidence in this case is so overwhelming that were the burden of proof reversed from where it rests (with the company) and placed upon intervenors, the dictated results would remain the same – rejection of the companies' ESP, without the several modifications recommended by intervenors.

II.

ADMISSION INTO THE RECORD OF POST-HEARING PUBLIC ANNOUNCEMENTS/ PUBLICATIONS OF THE FIRST ENERGY CORPORATION

On the last day of hearings in the instant docket, the presiding attorney Examiners ruled that the record herein would continue to remain open for the admission of additional evidence. In that vein the OMA respectfully requests that the Commission take administrative notice of FirstEnergy's published Second and Third Quarter Earnings Reports, as well as its Chairman and Chief Executive Officer Anthony Alexander's detailed November 12 2008 presentation at the Edison Electric Institutes Financial Conference held in Phoenix, Arizona. This information is publicly available on First Energy own Internet website[5] and is publicly disseminated by FirstEnergy for the purpose of investors placing reliance thereon. As such, it is admissible into the record of this case as a public declaration against its interest, for the reasons discussed hereinafter. The OMA also requests administrative notice be taken of the continuing FERC-regulated market prices for generation, for purposes of identifying the wholesale market price to

[5] FirstEnergy Corporation Website, "Investor Communications" link "Letters to the Investment Community." The direct access link to this website is contained in the appendix to this brief. Hard copies of the referenced publications are appended to the docketed OMA brief as Appendix A.

serve load in the FirstEnergy control area since October 10, 2008 – the latest current market prices in the record of this case.

II.

FIRST ENERGY'S ESP MUST BE MODIFIED BY THE COMMISSION TO ACTUALLY PROVIDE THE PRICE AND NON-PRICED BENEFITS FIRST ENERGY WOULD HAVE THE COMMISSION BELIEVE ITS ESP POSSESSES

The FirstEnergy Companies first seek to create the "perception" that ESP's proposed generation rates beginning at \$67.50 mWh in 2009 and increasing the following two years to \$75.50 mWh in 2011 are a "benefit" to customers as a result of two factors: Its consultant's projection of future market prices ranging, on average, from \$82.57 mWh in 2009 to \$88.19 mWh in 2011, and the deferred collection of an additional \$1,869 million from customers in the 2012 to 2035 time period.[6] Effectively, FirstEnergy has constructed a "sky hook" (with its expert witnesses' perceptions of what market prices will be three years into the future for generation) to support an increase in generation rates to be "collected" over the period of approximately \$20 per mWh. This false "perception" is akin to a merchant making a credit card "sale" of a \$100 item and telling the customer his actual cost is only the first three minimum credit card installment payments.[7] Not one single intervenor (nor the Commission's Staff) has fallen for this company created "perception." The Commission should reach the same conclusion. And, it should be observed, the foregoing does not take into consideration the unstated, immeasurable, rate impacts of the host of "riders" proposed within the companies'

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6 Alternate Attachment No. 1, Rebuttal testimony of David Blank.

7 See Competitive Suppliers' Exhibit No. 5, reflecting the "interest" component of FE's credit card sale is, standing alone, \$508,442,256!

ESP.[8] Both the subject "deferrals" and "riders" should receive a pronounced "no" by this Commission!

IV.

THE IMPACT OF THE SUBJECT INCREASES IS "MASKED" IN THE COMPANIES' AVERAGING PORTRAYAL, WHICH INCREASES <u>ARE INTOLERABLE, GIVEN OHIO'S ECONOMY</u>

Company Witness Hussing would have one believe that the "average" annual increase for each of the three years 2009, 2010 and 2011 would be 5.32%, 3.99%, and 6.04% for Ohio Edison customers;[9] and 6.96%, 4.20%, and 6.02% for Toledo Edison customers.[10] What these "averages" <u>fail</u> to tell us is that the "impact" of the companies' proposed rates vary dramatically between the three FirstEnergy operating companies. On average, the customers served by Toledo Edison and Ohio Edison receive twice the "average" increase received by customers of CEI, Ohio Manufacturers Exhibit No. 1. Indeed the range of impacts on tariffed classes over the three year period range from a 5% rate reduction for Toledo Edison Sub-transmission tariff customers to a 52% rate increase for that company's fifty-six transmission customers – totaling a $124 million rate increase for this handful of customers, Ohio Manufacturers Exhibit No. 1. And, as Company Witness Hussing acknowledged, individual customers within the Toledo Edison Sub-transmission class will assuredly receive increases above the 52% "average" increase for the tariff class. Mr. Hussing did not inquire into the sensitivity or ability of individual customers to withstand such increases. His focus was only on revenue generation! This observation holds true for individual customers in <u>every</u> tariff class of all three operating

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[8] Staff appears to take the position these un-quantified riders renders it impossible to weigh the relative benefits of the ESP versus an MRO. They should be rejected so as to allow for that comparative benefit analysis!

[9] Schedule 1A (rate impact sheets 1, 46, 91,)

[10] Hussing Schedule 1A (rate impact sheets 33, 78, 123).

companies. One need look no further than Schools Exhibit No. 2, on which Exhibit OMA's examination of Ohio Schools Council witness Cottrell revealed one school district would receive a 77.5% increase from CEI under the companies' ESP Plan.[11]

The testimony of Nucor's expert witness Dr. Dennis Goins, Kroger's expert witness Kevin Higgins, Commercial's witness Gorman, and the City of Cleveland's witness Courtney[12] properly critiques the underlying "rationale" upon which Company Witness Hussing allocated revenue responsibility for the established generation revenue target between customer classes – if one could characterize it as a rationale – a simple "volumetric" allocation. As revealed in OMA's cross-examination of company witness Hussing, the company's motivation in selecting this volumetric allocation was likely its belief (at the time that method was selected) that it would maximize revenue generation. At the time this methodology was selected the companies were experiencing stable or increase kWh sales. By selecting a volumetric basis for recovering its affiliate generating company's fixed costs, increasing mWh sales provides an opportunity to over-recover the FirstEnergy generating company's fixed costs, i.e., maximize earnings.

The Commission's rejection of this ill-advised allocation and the adoption of either the allocation factors proposed by First Energy in its 2007 competitive bidding proposal or utilizing the existing class rate relationships for allocating generation revenue responsibility will serve to protect the companies' revenue stream and earnings during a period of declining kWh sales – thus "stabilizing" the financing capability of FirstEnergy to support future generating capacity. The OMA fully and wholeheartedly supports the recommendations of Intervenors' witnesses Goins, Gorman, and Higgins on allocating revenue responsibility between customer classes and

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11 While numerous examples of this result are contained in the extensive record of this case, time constraints and the limited resource of counsel preclude further citations to the record.

12 See also the Rebuttal Testimony of Company Witness Ridmann, Company Exhibit (, page 3, lines 17-19 attacking Cleveland's witness Mr. Courtney's position that rate design should recognize class load characteristics.

between firm and interruptible customers as being in "substantive" furtherance of the companies (tongue-in-cheek) advocacy of rate stability and demand side management … two fundamental objectives of SB 221.

IV.

FIRST ENERGY'S INTERRUPTIBLE TARIFF PROVISIONS AND RIDERS MUST BE MODIFIED SO AS TO AVERT CATASTROPHIC CONSEQUENCES TO LARGE, BENEFICIAL LOAD, CUSTOMERS

The OMA respectfully submits that in its quest to maximize its revenue generation under the subject ESP, FirstEnergy will visit severe, if not catastrophic consequences on its largest, high low factor, interruptible customers such as Nucor Steel, Material Sciences Corporation, and the Omnisource Corporation – all intervenors in this proceeding. FirstEnergy's attempt to segregate or "vintage" its interruptible customers between "old" and "new" interruptible customers, as the date of its filing of this ESP on July 31, 2008 is arbitrary and unjustified. It offers no justification or persuasive arguments as to why its interruptible credits are such a small fraction of its firm generation rate, limited to such a constrained number of interruptible hours, and restricted to only customers' loads existing on July 31, 2008.

The evidence in this proceeding unequivocally establishes that interruptible load is a valuable "resource," by which FirstEnergy effectively reduces its prospective generation and transmission capacity expansion requirements. In addition, it is a resource that allows FirstEnergy to reduce its operational costs otherwise incurred in responding to changing load profiles.[13] The only plausible argument that might be advanced in support of FirstEnergy's proposed tariff provisions and its ELR and OLR riders discouraging and making interruptible service uneconomic for its energy intensive customers is that such provisions will optimize

[13] Nucor Exhibit No. 3, p. 21 – 28.

FirstEnergy's revenue generation by forcing such customers to take the more expensive firm service. The Commission should accept the proposal advanced by Nucor Witness Goins for *reasonable* tariff terms and conditions and a more *realistic* interruptible service credit! Emergencies, by definition, may occur in any month at any hour and not simply on the day or hour in any given year in which the company may experience its peak demand!

VI.

FIRST ENERGY'S "POLR" CHARGE AND ITS "SIGNIFICANTLY EXCESS EARNINGS" ("SEE") TEST

It is respectfully submitted that there exists a distinct – but cloaked – relationship between non by-passable revenue generating "POLR" riders (which possess some conceptual validity but lack any justification for the level of revenues they generate) and the Companies' proposed SEE test. It is by reason of the unjustified level of revenue such riders may generate that gives rise to the need for an excess earning's test. Stated differently, should the Commission exercise its enlightened judgment on what might constitute a reasonably based POLR charge level, it would lessen the likelihood of significantly excessive earnings occurring, the application of such a test, and the potential need for ordering customer refunds. In doing so, the Commission would advance the policy objectives of SB 221 of providing for the economic stabilization of the utility's earnings without injecting volatility into consumer rates. This is particularly relevant in this proceeding in which an "SEE" is not required to be established by SB 221. Nor is such a test recommended to be established in this proceeding by Staff Witness Cahaan, who prefers a working group be established to develop such a test methodology.

VII.

AN "ESP" PROPOSAL WARRANTING

CONSIDERATION OF THE COMMISSION

As stated by the OMA and other intervenors in this proceeding, it is recommended that the Commission weight the reasonableness of the several recommendations the applicant and others advance by the results those recommendations are likely to produce over the intended period of their application. In doing so, the Commission is now well aware that the State of Ohio is now in the midst of an economic recession, the depth, breadth, and duration of which will most likely impact the northern Ohio service area of the FirstEnergy operating companies well into 2009 and perhaps beyond. It is in FirstEnergy's service area that the fragile automotive, metals and chemical industries, with their large employment bases, are heavily concentrated. In testing the reasonableness of the various proposals being advanced, the "public interest" requires the Commission recognize the prevailing economic conditions that will likely exist during the term of any ESP it may prescribe and its resultant impact upon both FirstEnergy and all of its customers: residential, commercial, and industrial.[14]

For the reasons that follow it is recommended that the Commission consider prescribing a one year ESP the terms of which would allow FirstEnergy a one time option to select either to maintain current rates for its standard service tariff and contract customers for generation, or establish rates based upon the wholesale generation market as those rates exist at the time the option is exercised, as suggested by Intervenor Ohio Energy Group. Such an expressly prescribed ESP could incorporate such terms and conditions as the Commission may deem appropriate based upon recommendations made by the parties herein.

[14] This brief will not be burdened with statistics on residential home foreclosures, home equity exhaustion, lack of credit card liquidity, job losses, dissolving retirement nest eggs, etc.

Such an ESP would not harm the financial stability of the Applicant, as recognized in its own publications, of which administrative notice is requested.[15] These pronouncements reveal that FE's annual shareholder returns for the past year, three years and five years have substantially exceeded the EEI index and its dividends per share have increased 47% since 2004 (page 66 November 2008 EEI webcast presentation), while FirstEnergy also repurchased 25 million shares in 2006 and 2007 (page 71, November 2008 EEI webcast presentation). In July of 2008 FirstEnergy entered into a joint venture agreement with the Columbus based Boich Companies by making a $125 million (unbudgeted) equity investment in the Bull Mountain mining operations and related rail operations (page 12, Second Quarter Consolidated Report to the Financial Community). FirstEnergy is currently holding "investment grade" credit ratings (p. 3, November 2008 EEI website presentation). As of October 31, 2008 FirstEnergy has over $4 billion in liquidity, $1.9 billion of which is currently available (p. 68 of November 2008 EEI website presentation). FirstEnergy has no utility debt maturities remaining in 2008; only $256.7 million in 2009 and $166.7 million in 2010 and it forecasts its "capital expenditures will be financed largely through "internal cash flow," even during peak AQC spend (p. 72 November 2008 EEI website presentation).

It is during this same November 2008 time period Governor Strickland's office announced it has already cut $1.3 billion from the State of Ohio's budget and effected a reduction of 3,000 employees, with the Governor reportedly stating "Tax Increases in this economy would be counterproductive." It is respectfully submitted that increases in the rates of

[15] Administrative notice is requested of the following FirstEnergy publications on its website FirstEnergy Corporation, Investor Communication – Letters to the Investment Community (10/9/08 FirstEnergy's Current Liquidity Position and Ongoing Financing Activities; First Energy's Second and Third Quarter Consolidated Report to the Financial Community) and its WEBCAST and Presentations link (featuring FirstEnergy's Chairman and CEO's November 2008 Presentation to the EEI Financial Conference in Phoenix, Arizona.

FirstEnergy would also be "counterproductive" and inconsistent with the policy objectives of SB 221 balancing the interest of the utility's shareholders with its ratepayers. Factually unsupported increases of the magnitude proposed by FirstEnergy are simply "intolerable" as evidenced by the testimony of the numerous public witnesses in this case

Restricting the prescribed ESP to a one year time frame would allow the Commission an opportunity to monitor intervening events while retaining the ability to order another ESP at the expiration of one year -- an option that would not be available were it to here order an MRO. In the interim the Company, the Commission, and the Companies' customers could utilize their resources to resolve the issues presented in the formulation of a longer term ESP.

Respectfully submitted,

The Ohio Manufacturers Association

By Langdon D. Bell /is

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CERTIFICATE OF SERVICE

I hereby certify that this 21st day of November 2008, a copy of the foregoing Brief was served on all parties of record.

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Appendix

Attachment 1 – FirstEnergy letter TO THE INVESTMENT COMMUNITY, dated October 9, 2008.

http://investors.firstenergycorp.com/phoenix.zhtml?c=102230&p=irol-letters

Attachment 2 –Consolidated Report to the Financial Community Second Quarter 2008

http://investors.firstenergycorp.com/phoenix.zhtml?c=102230&p=irol-earningsreleases&nyo=1

Atachment 3 –Earnings Releases

http://investors.firstenergycorp.com/phoenix.zhtml?c=102230&p=irol-earningsreleases&nyo=1

Attachment 4 –EEI Financial Conference; Cover, pages 66, 68, 71 and 72

http://library.corporate-ir.net/library/10/102/102230/items/314979/EEEIPresentation%20.pdf

ATTACHMENT 1

FirstEnergy

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October 9, 2008

TO THE INVESTMENT COMMUNITY:[1]

The purpose of this letter is to provide additional clarity to investors regarding FirstEnergy Corp.'s (FirstEnergy or the Company) current liquidity positio[redacted]g [redacted]

[redacted] we believe that our liquidity position remains strong. We expect our existing sources of liquidity to remain sufficient to meet our anticipated obligations and those of our subsidiaries, and that the successful execution of our planned long-term financings will further reinforce the stability of our financial position.

In response to questions regarding the impact of current market turmoil, we are providing the following comprehensive summary of our liquidity position, financing strategy, and variable-rate pollution control revenue bond (PCRB) position. As always, we are available to answer questions should investors need additional information.

<u>Current Liquidity Position</u>

As of October 8, 2008, FirstEnergy and its subsidiaries hav[redacted], of which approximately $1.7 billion is currently available. FirstEnergy and its subsidiaries [redacted] and are not reliant on that market. Our liquidity sources are described in more detail in the following table.

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[1] Please see the forward-looking statements at the end of this letter.

As of October 8, 2008

Company	Type	Maturity	Amount (M)	Available (M)
FirstEnergy[1]	Revolving	Aug. 2012	$2,750	$408
FirstEnergy & FirstEnergy Solutions	Revolving	May 2009	300	300
FirstEnergy	Bank Lines	Various[2]	120	20
FirstEnergy Generation Corp.	Term Loan	Oct. 2009[3]	300	300
OH & PA Utilities	A/R Fin.	Various[4]	550	532
		Subtotal:	$4,020	$1,560
		Cash:	-	101
		Total:	$4,020	$1,661

[1] FirstEnergy Corp. and subsidiary borrowers
[2] $100M matures November 30, 2008; $20M uncommitted line of credit with no maturity date
[3] Drawn amounts are payable within 30 days and may not be reborrowed
[4] $370M matures March 21, 2009; $180M matures October 27, 2008 with an extension requested pending state regulatory approval of replacement facility

As reflected in the table, FirstEnergy [redacted]ies are parties to a $2.75 billion revolving credit facility which is available through August 24, 2012. A total of 25 banks participate in this facility, with no one bank having more than 7.3% of the total commitments.

During the year, we have utilized our revolving credit facility to fund a number of strategic acquisitions including the Fremont natural gas plant ($275 million), Signal Peak Energy, formerly Bull Mountain ($125 million), and the acquisition of certain nuclear sale and leaseback lessor equity interests ($438 million).

As of [redacted] of bank credit facilities in addition to the $2.75 billion revolving credit facility. We subsequently obtained a new $300 million secured term loan facility with Credit Suisse to reinforce our liquidity in light of the unprecedented disruptions in the credit markets. As also shown in the above table, an aggregate of $550 million of accounts receivable financing facilities are available through our Ohio and Pennsylvania electric distribution utilities to meet working capital requirements and other general corporate purposes.

Financing Plan

We intend to continue t[redacted] from operations as well as from capital market issuances. Our financing plans for the remainder of 2008 include potential issuances o[redacted]onditions permit.

We have regulatory authorization for these issuances and also for $300 million of long-term debt for one of our Pennsylvania electric distribution utilities. In addition, we have similar requests pending before New Jersey, Pennsylvania and Ohio state regulatory agencies for authority to issue up to $700 million in the aggregate of additional utility long-term debt.

We [redacted] debt over the next several years as shown below:

Year	2008 (1)	2009	2010
Amount (M)	**$0.5**	**$256.7**	**$166.7**

(1) Remainder of 2008

Variable-Rate Pollution Control Revenue Bonds

Pollution Control Revenue Bonds have been used by the Company since the 1970s. Of the $2.1 billion variable-rate PCRBs outstanding, $1.9 billion are obligations of FirstEnergy Solutions Corp., $156 million are obligations of Ohio Edison Company, $29 million are obligations of Metropolitan Edison Company, and $45 million are obligations of Pennsylvania Electric Company. The interest rates on our PCRBs are reset daily or weekly.

Bondholders can tender their PCRBs for mandatory purchase prior to maturity with the purchase price payable from remarketing proceeds, or if the PCRBs are not successfully remarketed, by drawings under irrevocable direct pay letters of credit (LOCs). The subsidiary obligor is required to reimburse the applicable LOC bank for any such drawings or, if the LOC bank fails to honor its LOC for any reason, must itself pay the purchase price.

The LOCs for our variable-rate PCRBs were issued by seven banks summarized in the following table:

LOC Bank	Aggregate LOC Amount (M)	LOC Draw as of 10/08/08	LOC Termination Date	Reimbursements of LOC Draws Due
Barclays Bank (1)	**$ 149.2**	**$0.0**	**June 2009**	**June 2009**
Bank of America (1)	**101.0**	**0.0**	**June 2009**	**June 2009**
The Bank of Nova Scotia (1)	**255.5**	**0.0**	**Beginning June 2010**	**Shorter of 6 months or LOC termination date**
The Royal Bank of Scotland (1)	**130.9**	**0.0**	**June 2012**	**6 months**
KeyBank (1)	**265.6**	**0.0**	**June 2010**	**6 months**
Wachovia Bank	**647.9**	**191.1**	**March 2009**	**March 2009**
Barclays Bank	**528.1**	**0.0**	**Beginning December 2010**	**30 days**
PNC Bank	**69.8**	**0.0**	**Beginning December 2010**	**5 days**
Total	**$2,148.0**	**$191.1**		

(1) Due dates for reimbursements of LOC draws for these banks were extended in October 2008 from 30 days or less to the dates indicated.

Prior to September 18, 2008, we had not experienced any unsuccessful remarketings of these variable-rate PCRBs. Coincident with recent disruptions in the variable-rate demand bond and capital markets, $195 million of the PCRBs backed by Wachovia Bank LOCs have been tendered by bondholders to the trustee. A majority of these tenders occurred prior to announcements regarding the sale of Wachovia. Of these tendered PCRBs, $191 million were not successfully remarketed and resulted in draws on the applicable LOCs, all of which Wachovia honored. As described in the table above, the reimbursement agreements between the subsidiary obligors and Wachovia do not require reimbursement of these LOC draws until March 18, 2009.

There have been no other unsuccessful remarketings of our variable-rate PCRBs.

Summary

FirstEnergy believes that its current sources of liquidity as described above will be more than sufficient to meet its anticipated obligations. Additionally, we believe the taxable secured subsidiary financings described above, combined with the additional liquidity secured after September 30, 2008, further enhance the strength of our liquidity position.

Our business model, which stresses financial discipline and a strong focus on execution, positions FirstEnergy to continue to execute its strategy during the current volatile capital market conditions. Major elements include:

- [redacted]
- [redacted]th as we anticipate the transition to competitive generation markets in Ohio in 2009 and Pennsylvania in 2011;
- A focus o[redacted] generation output from our [redacted]ather than large, capital-intensive new-build projects;
- No speculative trading operations;
- Appropriate long-term commodity hedge positions;
- [redacted]
- A well funded pension plan, with $1.3 billion in cash funding since 2004;
- Minimal maturities of existing long-term debt over the next several years; and
- [redacted]d.

Upcoming FirstEnergy Investor Events

3rd Quarter, 2008 Earnings Release
November 4, 2008

Edison Electric Institute (EEI) Financial Conference
November 9-12, 2008
Phoenix, AZ

If you have any questions concerning the information in this update, please contact me at (330) 384-5415, Irene Prezelj, manager of Investor Relations, at (330) 384-3859, or Rey Jimenez, manager of Investor Relations, at (330) 761-4239.

Sincerely,

Ronald E. Seeholzer
Vice President, Investor Relations

ATTACHMENT 2

Consolidated Report to the Financial Community
Second Quarter 2008
(Released August 1, 2008) (Unaudited)

FirstEnergy

HIGHLIGHTS

- Normalized non-GAAP* earnings, excluding special items, were $0.87 per share for the second quarter of 2008, compared with $1.13 per share for the second quarter of 2007. GAAP earnings for the second quarter of 2008 were $0.86 per share compared with $1.11 per share in the prior year.

After-Tax EPS Variance Analysis	2nd Qtr.
2Q 2007 Basic EPS – GAAP Basis	$1.11
Special Items – 2007	0.02
2Q 2007 Normalized Earnings – Non-GAAP Basis*	$1.13
Distribution Deliveries	(0.05)
Generation Revenues	0.08
Fuel & Purchased Power	(0.23)
Generation O&M	(0.04)
Pension Expense	0.01
Depreciation	(0.02)
Company-Owned Life Insurance (COLI)	(0.04)
Financing Costs	0.04
Other	(0.01)
2Q 2008 Normalized Earnings – Non-GAAP Basis*	$0.87
Special Items - 2008	(0.01)
2Q 2008 Basic EPS – GAAP Basis	$0.86

2Q 2008 Results vs. 2Q 2007

- Electric distribution deliveries declined 2% primarily due to milder weather. Heating-degree-days were 7% lower compared with both the same period last year and the normal level. Cooling-degree-days were 11% lower than the same period last year but 2% above normal. Residential deliveries decreased 5% (representing approximately two-thirds of the total decrease in distribution deliveries) while commercial and industrial deliveries declined 2% and 0.3%, respectively. The resulting lower distribution delivery revenues decreased earnings by $0.05 per share.

- Total electric generation sales decreased 6%. Retail generation sales decreased 1.3 million megawatt-hours (MWH) or 5%, reflecting the impact of weather and fewer renewals of competitive commercial and industrial contracts in PJM. Wholesale electricity sales declined 0.5 million MWH or 8%, due in part to an 8% decrease in generation output. Generation revenues, excluding power sourced from third-party auction suppliers for our Jersey Central Power & Light Company (JCP&L) and Pennsylvania Power Company (Penn Power) customers, increased earnings by $0.08 per share due to higher wholesale and retail prices.

- Total fuel and purchased power expenses reduced earnings by $0.23 per share. Higher purchased power expense, excluding JCP&L and Penn Power purchases from third-party auction suppliers, reduced earnings by $0.20 per share due to higher market prices compared to the same period last year. Higher fuel costs reduced earnings by $0.03 per share, primarily due to increased coal transportation costs.

- Increased generation O&M expenses reduced earnings by $0.04 per share. An increased number of scheduled outages at the fossil plants in the second quarter of 2008 decreased earnings by $0.06 per share while lower nuclear operating expenses increased earnings by $0.02 per share.

- Reduced pension expense increased earnings by $0.01 per share, primarily due to an increase in the discount rate used to determine benefit obligations as of December 31, 2007.

- Incremental property additions increased depreciation expense by $0.02 per share.

- Decreased investment income due to market-related declines in the value of corporate-owned life insurance reduced earnings by $0.04 per share.

- Lower financing costs increased earnings by $0.04 per share. The decrease in financing costs reflects lower interest rates on short-term borrowings and variable rate long-term debt.

- Two special items were recognized during the second quarter of 2008. The first was a $0.03 per share increase in earnings recognized from the settlement of a claim related to a former GPU international asset. The second relates to a $0.04 per share reduction in earnings from impairment of securities held in trust for future nuclear decommissioning activities.

2008 Earnings Guidance

- Normalized non-GAAP* earnings guidance for 2008, excluding special items, has been revised to $4.25 to $4.35 per share from our previous non-GAAP guidance of $4.15 to $4.35 per share. Year-to-date normalized non-GAAP earnings now stand at $1.75 per share, producing guidance for the second half of 2008 of $2.50 to $2.60 per share. Earnings for the remainder of the year, exclusive of any special items, are expected to be allocated approximately 56% to the third quarter and 44% to the fourth quarter.

* The 2008 GAAP to non-GAAP reconciliation statements can be found on page 10 of this report and all GAAP to non-GAAP reconciliation statements are available on the Investor Information section of FirstEnergy Corp.'s Web site at www.firstenergycorp.com/ir.

For additional information, please contact:

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In addition, the PPUC ordered an investigation to review the reasonableness of Met-Ed's TSC, while at the same time allowing the company to implement the rider June 1, 2008, subject to refund. On July 15, 2008, the PPUC directed the Administrative Law Judge to consolidate the complaints against Met-Ed with its investigation. An evidentiary hearing for both companies is scheduled for January 14-15, 2009.

New Long-Term Fuel Supply Arrangements

On July 16, 2008, a subsidiary of FirstEnergy entered into a joint venture with the Boich Companies, a Columbus, Ohio-based coal company, to acquire a majority stake in the Bull Mountain mine operations in Montana. FirstEnergy will make a $125 million equity investment in the joint venture. Under an acquisition and development agreement, the joint venture will acquire 80 percent of the Bull Mountain mining operations, and 100 percent of the rail operations, with FirstEnergy owning a 45 percent economic interest in the joint venture and an affiliate of the Boich Companies owning a 55 percent economic interest, with both parties having a 50 percent voting interest in the joint venture. In January 2010, the joint venture will have the option for 18 months to acquire the remaining 20 percent stake in the mining operations.

In a related transaction, FirstEnergy has entered into a 15-year agreement to purchase up to 10 million tons of bituminous western coal annually from the mine. FirstEnergy also reached tentative agreements with the rail carriers associated with transporting coal from the mine to its generating stations, and it expects to begin taking delivery of the coal in late 2009 or early 2010. The above mentioned joint venture has the right to resell FirstEnergy's Bull Mountain tonnage not used at FirstEnergy's facilities and has call rights on such coal above certain levels.

Nuclear Sale and Leaseback Restructuring

On May 30, 2008, FirstEnergy Nuclear Generation Corp. (NGC) purchased 56.8 MW of lessor equity interests in the OE 1987 sale and leaseback of the Perry Plant. On June 2, 2008, NGC purchased approximately 43.5 MW of lessor equity interests in the OE 1987 sale and leaseback of Beaver Valley Unit 2 (BV2). Between June 2, 2008, and June 9, 2008, NGC purchased an additional 158.5 MW of additional lessor equity interests in the TE and CEI 1987 sale and leaseback of BV2, which purchases were undertaken in connection with the previously disclosed exercise of the periodic purchase option provided in the TE and CEI sale and leaseback arrangements. The Ohio Companies continue to lease these MWs under the respective sale and leaseback arrangements and the related lease debt remains outstanding.

New $300 Million Credit Facility

On May 30, 2008, FirstEnergy Corp. and FirstEnergy Solutions Corp. entered into a $300 million, 364-day revolving credit facility. The pricing, terms and conditions are substantially similar to those contained in the current FirstEnergy $2.75 billion revolving credit agreement.

Refunding of Auction Rate Bonds

On June 6, 2008, NGC completed the refunding of $179.5 million of its bonds that previously had been in an auction rate mode into a variable-rate mode supported by a bank letter of credit. On June 30, 2008, FirstEnergy Generation Corp. (FGCO) refunded $276.2 million of its bonds that had previously been in an auction rate mode into a variable-rate mode supported by a bank letter of credit. FirstEnergy no longer holds any auction rate bonds.

Fremont Combined-Cycle Generating Plant

On January 31, 2008, FGCO completed the purchase of a partially complete 707-MW natural gas-fired generating plant in Fremont, Ohio, from Calpine Corporation for $253.6 million. In June 2008, FGCO completed an engineering study indicating an estimated $208 million of capital expenditures would be required to complete the project. Approximately $41 million is expected to be invested in 2008 with planned commercial operation of the plant expected to begin in December 2009.

Nuclear Operations Update

On May 22, 2008, the 868-MW BV2 returned to service following its regularly scheduled refueling outage that began on April 14, 2008. Major work activities completed during the outage included replacing approximately one-third of the fuel assemblies in the reactor and the high pressure turbine rotor. During the outage, BV2 completed the final phase of an extended power uprate project.

ATTACHMENT 3

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FirstEnergy

Earnings Releases Consolidated Report to the Financial Community

2008 | 2007 | 2006 | 2005 | 2004

Title

Third Quarter - 2008 (11/04/08)

Second Quarter - 2008 (8/01/08)

First Quarter - 2008 (5/01/08)

FirstEnergy's Consolidated Report to the Financial Community contain certain forward-looking statements, which are subject to known and unknown risks and uncertainties (including those noted in the Consolidated Report and in FirstEnergy's SEC filings, e.g., Forms 10-K and 10-Q) that could cause actual results to differ materially.

Consolidated Report to the Financial Community
Third Quarter 2008
(Released November 4, 2008) (Unaudited)

FirstEnergy.

HIGHLIGHTS

After-Tax EPS Variance Analysis	3rd Qtr.
3Q 2007 Basic EPS – GAAP Basis	**$1.36**
Special Items – 2007	(0.04)
3Q 2007 Normalized Earnings – Non-GAAP Basis*	**$1.32**
Distribution Deliveries	(0.01)
Generation Revenues	0.16
Fuel & Purchased Power	(0.12)
Energy Delivery Expenses	0.01
Net MISO/PJM Transmission Costs	0.04
Pension Expense	0.02
Transition Cost Amortization – OH	(0.01)
Depreciation	(0.01)
Investment Income – NDT and COLI	0.04
Financing Costs	0.03
Income Tax Adjustments	0.12
Other	0.01
3Q 2008 Normalized Earnings – Non-GAAP Basis*	**$1.60**
Special Items - 2008	(0.05)
3Q 2008 Basic EPS – GAAP Basis	**$1.55**

- Normalized non-GAAP* earnings, excluding special items, were $1.60 per share for the third quarter of 2008, compared with $1.32 per share for the third quarter of 2007. GAAP earnings for the third quarter of 2008 were $1.55 per share compared with $1.36 per share in the prior year.

3Q 2008 Results vs. 3Q 2007

- Electric distribution deliveries declined 2% in part due to milder weather. Cooling-degree-days were 8% lower than the same period last year and 5% below normal. Industrial deliveries decreased 4% (representing approximately half of the total decrease in distribution deliveries) while residential and commercial deliveries declined 2% and 1%, respectively. The resulting lower distribution delivery revenues decreased earnings by $0.01 per share.

- Total electric generation sales decreased 1%. Retail generation sales decreased 1.1 million megawatt-hours (MWH) or 4%, reflecting the impact of weather, reduced industrial usage, and fewer renewals of competitive commercial contracts in the PJM market. Wholesale electricity sales increased 0.9 million MWH or 15%, due to a 6% increase in generation output and available power due to lower retail generation sales. Generation revenues, adjusted to exclude power sourced from third-party auction suppliers for our Jersey Central Power & Light Company (JCP&L) and Pennsylvania Power Company (Penn Power) customers as well as the Ohio fuel rider in 2008 (instead of the deferral accounting used in 2007), increased earnings by $0.16 per share due to higher wholesale sales and prices.

- Increased fuel and purchased power expenses reduced earnings by $0.12 per share. Higher purchased power expense, excluding JCP&L and Penn Power purchases from third-party auction suppliers, reduced earnings by $0.11 per share due to higher market prices compared to the same period last year. Higher fuel costs, adjusted for the impact of the Ohio fuel rider in 2008, net of last year's deferral accounting, reduced earnings by $0.01 per share.

- Lower energy delivery expenses increased earnings by $0.01 per share. Reduced use of outside contractors and more resources devoted to capital projects this quarter compared to the same period last year were partially offset by higher storm-related expenses.

- Net MISO/PJM transmission costs increased earnings by $0.04 per share, primarily due to increased revenues from the additional allocation of auction revenue rights in PJM in the third quarter of 2008 compared to the same period last year.

- Reduced pension expense increased earnings by $0.02 per share, primarily due to an increase in the discount rate used to determine benefit obligations as of December 31, 2007.

- Higher Ohio transition cost amortization reduced earnings by $0.01 per share.

- Incremental property additions increased depreciation expense by $0.01 per share.

- Higher nuclear decommissioning trust income of $0.08 per share, as a result of the decision earlier in the year to reduce the equity exposure within the nuclear decommissioning investment portfolio, was partially offset by lower income from corporate-owned life insurance which decreased earnings by $0.04 per share.

- Lower financing costs increased earnings by $0.03 per share. The decrease in net financing costs reflects lower interest rates on variable rate long-term debt and short-term borrowings, as well as higher capitalized interest related to our construction program.

- Earnings in the third quarter of 2008 included tax adjustments that increased earnings by $0.12 per share. The favorable settlement of tax positions taken on federal income tax returns in prior years increased earnings by $0.08 per share and lower taxes payable upon the filing of the 2007 federal income tax return in September 2008 compared to the amount initially estimated last year increased earnings by $0.04 per share.

- During the quarter, a $0.05 per share reduction in earnings was recognized from the impairment of securities held in trust for future nuclear decommissioning activities.

2008 Earnings Guidance

- Normalized non-GAAP* earnings guidance for 2008, excluding special items, has been increased to $4.30 to $4.40 per share from our previous non-GAAP guidance of $4.25 to $4.35 per share provided in August 2008. Year-to-date normalized non-GAAP earnings through September now stand at $3.35 per share.

* The 2008 GAAP to non-GAAP reconciliation statements can be found on page 10 of this report and all GAAP to non-GAAP reconciliation statements are available on the Investor Information section of FirstEnergy Corp.'s Web site at www.firstenergycorp.com/ir.

For additional information, please contact:

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FirstEnergy Corp.
Consolidated Statements of Income
(Unaudited)
(In millions, except for per share amounts)

		Three Months Ended Sept. 30			Nine Months Ended Sept. 30		
		2008	2007	Change	2008	2007	Change
	Revenues						
(1)	Electric sales	$ 3,649	$ 3,394	$ 255	$ 9,703	$ 9,063	$ 640
(2)	Other	255	247	8	723	660	63
(3)	**Total Revenues**	3,904	3,641	263	10,426	9,723	703
	Expenses						
(4)	Fuel	356	327	29	1,000	887	113
(5)	Purchased power	1,306	1,168	138	3,376	2,914	462
(6)	Other operating expenses	794	756	38	2,375	2,255	120
(7)	Provision for depreciation	168	162	6	500	477	23
(8)	Amortization of regulatory assets	291	288	3	795	785	10
(9)	Deferral of new regulatory assets	(58)	(107)	49	(261)	(399)	138
(10)	General taxes	201	197	4	596	589	7
(11)	**Total Expenses**	3,058	2,791	267	8,381	7,508	873
(12)	**Operating Income**	846	850	(4)	2,045	2,215	(170)
	Other Income (Expense)						
(13)	Investment income	40	30	10	73	93	(20)
(14)	Interest expense	(192)	(203)	11	(559)	(593)	34
(15)	Capitalized interest	15	9	6	36	21	15
(16)	**Total Other Expense**	(137)	(164)	27	(450)	(479)	29
(17)	**Income Before Income Taxes**	709	686	23	1,595	1,736	(141)
(18)	Income taxes	238	273	(35)	585	695	(110)
(19)	**Net Income**	$ 471	$ 413	$ 58	$ 1,010	$ 1,041	$ (31)
(20)	**Earnings Per Share of Common Stock**						
(21)	Basic	$ 1.55	$ 1.36	$ 0.19	$ 3.32	$ 3.39	$ (0.07)
(22)	Diluted	$ 1.54	$ 1.34	$ 0.20	$ 3.29	$ 3.35	$ (0.06)
(23)	**Weighted Average Number of Common Shares Outstanding**						
(24)	Basic	304	304	-	304	307	(3)
(25)	Diluted	307	307	-	307	311	(4)

FirstEnergy Corp.
Consolidated Income Segments
(Unaudited)
(In millions)

		Three Months Ended September 30, 2008				
		Energy Delivery Services (a)	Competitive Energy Services (b)	Ohio Transitional Generation Services (c)	Other & Reconciling Adjustments (d)	Consolidated
	Revenues					
(1)	Electric sales	$ 2,487	$ 381	$ 731	$ -	$ 3,649
(2)	Other	170	79	32	(26)	255
(3)	Internal revenues	-	786	-	(786)	-
(4)	**Total Revenues**	2,657	1,246	813	(812)	3,904
	Expenses					
(5)	Fuel	-	356	-	-	356
(6)	Purchased power	1,248	221	623	(786)	1,306
(7)	Other operating expenses	430	285	110	(31)	794
(8)	Provision for depreciation	99	67	-	2	168
(9)	Amortization of regulatory assets	263	-	28	-	291
(10)	Deferral of new regulatory assets	(76)	-	18	-	(58)
(11)	General taxes	169	26	1	5	201
(12)	**Total Expenses**	2,133	955	780	(810)	3,058
(13)	**Operating Income**	524	291	33	(2)	846
	Other Income (Expense)					
(14)	Investment income	48	13	1	(22)	40
(15)	Interest expense	(102)	(44)	(1)	(45)	(192)
(16)	Capitalized interest	1	13	-	1	15
(17)	**Total Other Expense**	(53)	(18)	-	(66)	(137)
(18)	**Income Before Income Taxes**	471	273	33	(68)	709
(19)	Income taxes	188	109	14	(73)	238
(20)	**Net Income**	$ 283	$ 164	$ 19	$ 5	$ 471

(a) Consists of regulated transmission and distribution operations, including transition cost recovery, and provider of last resort generation service for FirstEnergy's Pennsylvania and New Jersey electric utility subsidiaries.

(b) *Consists of unregulated generation and commodity operations, including competitive electric sales, and generation sales to affiliated electric utilities.*

(c) Represents provider of last resort generation service by FirstEnergy's Ohio electric utility subsidiaries and MISO transmission revenues and expenses related to the delivery of generation load.

(d) Consists primarily of interest expense related to holding company debt, corporate support services revenues and expenses and elimination of intersegment transactions.

FirstEnergy Corp.
Consolidated Income Segments
(Unaudited)
(In millions)

		Three Months Ended September 30, 2007				
		Energy Delivery Services (a)	Competitive Energy Services (b)	Ohio Transitional Generation Services (c)	Other & Reconciling Adjustments (d)	Consolidated
	Revenues					
(1)	Electric sales	$ 2,340	$ 338	$ 716	$ -	$ 3,394
(2)	Other	180	32	7	28	247
(3)	Internal revenues	-	806	-	(806)	-
(4)	**Total Revenues**	2,520	1,176	723	(778)	3,641
	Expenses					
(5)	Fuel	2	325	-	-	327
(6)	Purchased power	1,114	229	631	(806)	1,168
(7)	Other operating expenses	436	264	80	(24)	756
(8)	Provision for depreciation	102	51	-	9	162
(9)	Amortization of regulatory assets	279	-	9	-	288
(10)	Deferral of new regulatory assets	(82)	-	(25)	-	(107)
(11)	General taxes	166	26	1	4	197
(12)	**Total Expenses**	2,017	895	696	(817)	2,791
(13)	**Operating Income**	503	281	27	39	850
	Other Income (Expense)					
(14)	Investment income	58	5	-	(33)	30
(15)	Interest expense	(120)	(44)	-	(39)	(203)
(16)	Capitalized interest	3	5	-	1	9
(17)	**Total Other Expense**	(59)	(34)	-	(71)	(164)
(18)	**Income Before Income Taxes**	444	247	27	(32)	686
(19)	Income taxes	175	99	11	(12)	273
(20)	**Net Income**	$ 269	$ 148	$ 16	$ (20)	$ 413

(a) Consists of regulated transmission and distribution operations, including transition cost recovery, and provider of last resort generation service for FirstEnergy's Pennsylvania and New Jersey electric utility subsidiaries.

(b) Consists of unregulated generation and commodity operations, including competitive electric sales, and generation sales to affiliated electric utilities.

(c) Represents provider of last resort generation service by FirstEnergy's Ohio electric utility subsidiaries and MISO transmission revenues and expenses related to the delivery of generation load.

(d) Consists primarily of interest expense related to holding company debt, corporate support services revenues and expenses and elimination of intersegment transactions.

FirstEnergy Corp.
Consolidated Income Segments
(Unaudited)
(In millions)

		Three Months Ended Sept. 30, 2008 vs. Three Months Ended Sept. 30, 2007				
		Energy Delivery Services (a)	Competitive Energy Services (b)	Ohio Transitional Generation Services (c)	Other & Reconciling Adjustments (d)	Consolidated
	Revenues					
(1)	Electric sales	$ 147	$ 43	$ 65	$ -	$ 255
(2)	Other	(10)	47	25	(54)	8
(3)	Internal revenues	-	(20)	-	20	-
(4)	**Total Revenues**	137	70	90	(34)	263
	Expenses					
(5)	Fuel	(2)	31	-	-	29
(6)	Purchased power	134	(8)	(8)	20	138
(7)	Other operating expenses	(6)	21	30	(7)	38
(8)	Provision for depreciation	(3)	16	-	(7)	6
(9)	Amortization of regulatory assets	(16)	-	19	-	3
(10)	Deferral of new regulatory assets	6	-	43	-	49
(11)	General taxes	3	-	-	1	4
(12)	**Total Expenses**	116	60	84	7	267
(13)	**Operating Income**	21	10	6	(41)	(4)
	Other Income (Expense)					
(14)	Investment income	(10)	8	1	11	10
(15)	Interest expense	18	-	(1)	(6)	11
(16)	Capitalized interest	(2)	8	-	-	6
(17)	**Total Other Expense**	6	16	-	5	27
(18)	**Income Before Income Taxes**	27	26	6	(36)	23
(19)	Income taxes	13	10	3	(61)	(35)
(20)	**Net Income**	$ 14	$ 16	$ 3	$ 25	$ 58

(a) Consists of regulated transmission and distribution operations, including transition cost recovery, and provider of last resort generation service for FirstEnergy's Pennsylvania and New Jersey electric utility subsidiaries.

(b) Consists of unregulated generation and commodity operations, including competitive electric sales, and generation sales to affiliated electric utilities.

(c) Represents provider of last resort generation service by FirstEnergy's Ohio electric utility subsidiaries and MISO transmission revenues and expenses related to the delivery of generation load.

(d) Consists primarily of interest expense related to holding company debt, corporate support services revenues and expenses and elimination of intersegment transactions.

FirstEnergy Corp.
Financial Statements
(Unaudited)
(In millions)

Condensed Consolidated Balance Sheets

Assets	As of Sept. 30, 2008	As of Dec 31, 2007
Current Assets:		
Cash and cash equivalents	$ 181	$ 129
Receivables	1,531	1,421
Other	1,092	680
Total Current Assets	2,804	2,230
Property, Plant and Equipment	17,157	15,383
Investments	3,267	3,598
Deferred Charges and Other Assets	10,334	10,857
Total Assets	$ 33,562	$ 32,068
Liabilities and Capitalization		
Current Liabilities:		
Currently payable long-term debt	$ 2,509	$ 2,014
Short-term borrowings	2,392	903
Accounts payable	744	777
Other	1,402	1,454
Total Current Liabilities	7,047	5,148
Capitalization:		
Common stockholders' equity	9,301	8,977
Long-term debt and other long-term obligations	8,674	8,869
Total Capitalization	17,975	17,846
Noncurrent Liabilities	8,540	9,074
Total Liabilities and Capitalization	$ 33,562	$ 32,068

General Information

	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
	2008	2007	2008	2007
Debt and equity securities redemptions	$ (13)	$ (176)	$ (733)	$ (1,565)
New long-term debt issues	$ 82	$ 300	$ 631	$ 1,100
Short-term borrowings, net	$ (216)	$ (1,843)	$ 1,489	$ (535)
Capital expenditures [(a)]	$ (560)	$ (430)	$ (2,177)	$ (1,127)

(a) Includes purchase of lessor equity interests in Beaver Valley Unit 2 and Perry in the nine months ended September 30, 2008.

Adjusted Capitalization

	As of September 30			
	2008	% Total	2007	% Total
Total common equity	$ 9,301	39%	$ 8,768	42%
Long-term debt and other long-term obligations	8,674	36%	8,617	38%
Currently payable long-term debt	2,509	10%	2,265	10%
Short-term borrowings	2,392	10%	573	3%
Adjustments:				
Sale-leaseback net debt equivalents	1,452	7%	2,032	9%
JCP&L securitization debt	(378)	-2%	(404)	-2%
Total	$ 23,950	100%	$ 21,851	100%

FirstEnergy Corp.
Financial Statements
(Unaudited)
(In millions)

Condensed Consolidated Statements of Cash Flows

	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
	2008	2007	2008	2007
Cash flows from operating activities				
Net income	$ 471	$ 413	$ 1,010	$ 1,041
Adjustments to reconcile net income to net cash from operating activities:				
Depreciation, amortization, and deferral of regulatory assets	401	343	1,034	863
Deferred purchased power and other costs	(44)	(80)	(163)	(265)
Deferred income taxes and investment tax credits	149	(243)	278	(158)
Deferred rents and lease market valuation liability	39	51	(62)	(41)
Pension trust contribution	-	-	-	(300)
Cash collateral, net	(46)	(31)	21	(50)
Electric service prepayment programs	(19)	(16)	(58)	(52)
Change in working capital and other	161	603	(632)	172
Cash flows provided from operating activities	1,112	1,040	1,428	1,210
Cash flows provided from (used for) financing activities	(316)	(1,896)	914	(1,442)
Cash flows provided from (used for) investing activities	(685)	849	(2,290)	172
Net increase (decrease) in cash and cash equivalents	$ 111	$ (7)	$ 52	$ (60)

Deferrals and Amortizations

	Three Months Ended Sept. 30			Nine Months Ended Sept. 30		
	2008	2007	Change	2008	2007	Change
Ohio Rate Plans and Transmission Deferrals						
Regulatory Assets - Beginning	$ 1,746	$ 1,851		$ 1,847	$ 1,863	
Interest on shopping incentives	7	9	$ (2)	24	28	$ (4)
MISO costs and interest	(10)	7	(17)	(8)	45	(53)
RCP distribution reliability costs and interest	46	52	(6)	129	143	(14)
RCP fuel costs and interest	(15)	21	(36)	(7)	62	(69)
Other	(9)	6	(15)	24	17	7
Current period deferrals	$ 19	$ 95	$ (76)	$ 162	$ 295	$ (133)
Amortization						
Ohio transition costs	$ (86)	$ (83)	$ (3)	$ (231)	$ (222)	$ (9)
Shopping incentives	(33)	(34)	1	(92)	(94)	2
MISO costs	(17)	(9)	(8)	(35)	(20)	(15)
Other	(7)	(3)	(4)	(29)	(5)	(24)
Current period amortization	$ (143)	$ (129)	$ (14)	$ (387)	$ (341)	$ (46)
Regulatory Assets - Ending	$ 1,622	$ 1,817		$ 1,622	$ 1,817	
Pennsylvania Deferred PJM Costs						
Beginning balance	$ 323	$ 218		$ 255	$ 157	
Deferrals	15	13	$ 2	86	79	$ 7
Interest	4	1	3	9	4	5
Amortizations	(4)	(4)	-	(12)	(12)	-
			$ 5			$ 12
Ending balance	$ 338	$ 228		$ 338	$ 228	
New Jersey Deferred Energy Costs						
Beginning balance	$ 293	$ 392		$ 322	$ 369	
Net recovery of energy costs	(83)	(62)	$ (21)	(112)	(39)	$ (73)
Ending balance	$ 210	$ 330		$ 210	$ 330	

FirstEnergy Corp.
Statistical Summary
(Unaudited)

Electric Sales Statistics *(kWh in millions)*

		Three Months Ended Sept. 30			Nine Months Ended Sept. 30		
		2008	2007	Change	2008	2007	Change
Electric Distribution Deliveries							
Ohio	- Residential	4,508	4,676	-3.6%	13,114	13,342	-1.7%
	- Commercial	3,974	4,028	-1.3%	11,383	11,497	-1.0%
	- Industrial	5,782	6,073	-4.8%	17,193	17,661	-2.6%
	- Other	93	93	-	277	278	-0.4%
	Total Ohio	14,367	14,870	-3.4%	41,967	42,778	-1.9%
Pennsylvania	- Residential	2,867	2,987	-4.0%	8,797	8,855	-0.7%
	- Commercial	2,973	2,997	-0.8%	8,588	8,499	1.0%
	- Industrial	2,548	2,622	-2.8%	7,723	7,730	-0.1%
	- Other	20	20	-	61	61	-
	Total Pennsylvania	8,408	8,626	-2.5%	25,169	25,145	0.1%
New Jersey	- Residential	2,971	2,878	3.2%	7,523	7,617	-1.2%
	- Commercial	2,699	2,732	-1.2%	7,343	7,444	-1.4%
	- Industrial	717	739	-3.0%	2,133	2,166	-1.5%
	- Other	22	23	-4.3%	66	66	-
	Total New Jersey	6,409	6,372	0.6%	17,065	17,293	-1.3%
Total Residential		10,346	10,541	-1.8%	29,434	29,814	-1.3%
Total Commercial		9,646	9,757	-1.1%	27,314	27,440	-0.5%
Total Industrial		9,047	9,434	-4.1%	27,049	27,557	-1.8%
Total Other		135	136	-0.7%	404	405	-0.2%
Total Distribution Deliveries		29,174	29,868	-2.3%	84,201	85,216	-1.2%
Electric Sales Shopped							
Ohio	- Residential	596	635	-6.1%	1,616	1,687	-4.2%
	- Commercial	896	957	-6.4%	2,545	2,712	-6.2%
	- Industrial	686	719	-4.6%	1,976	2,048	-3.5%
	Total Ohio	2,178	2,311	-5.8%	6,137	6,447	-4.8%
Pennsylvania	- Residential	31	33	-6.1%	92	44	109.1%
	- Commercial	187	182	2.7%	568	446	27.4%
	- Industrial	526	513	2.5%	1,599	1,389	15.1%
	Total Pennsylvania	744	728	2.2%	2,259	1,879	20.2%
New Jersey	- Commercial	676	603	12.1%	1,849	1,596	15.9%
	- Industrial	552	567	-2.6%	1,644	1,641	0.2%
	Total New Jersey	1,228	1,170	5.0%	3,493	3,237	7.9%
Total Electric Sales Shopped		4,150	4,209	-1.4%	11,889	11,563	2.8%
Electric Generation Sales							
Retail - Regulated		25,024	25,659	-2.5%	72,312	73,653	-1.8%
Retail - Competitive		2,961	3,449	-14.1%	8,623	9,940	-13.2%
Total Retail		27,985	29,108	-3.9%	80,935	83,593	-3.2%
Wholesale		7,074	6,148	15.1%	18,336	17,571	4.4%
Total Electric Generation Sales		35,059	35,256	-0.6%	99,271	101,164	-1.9%

Operating Statistics

	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
	2008	2007	2008	2007
Capacity Factors:				
Nuclear	99%	89%	91%	89%
Fossil - Baseload	92%	85%	84%	80%
Fossil - Load Following	65%	71%	65%	72%
Generation Output:				
Nuclear	39%	36%	38%	37%
Fossil - Baseload	40%	40%	40%	38%
Fossil - Load Following	19%	22%	20%	23%
Peaking	2%	2%	2%	2%

	Three Months Ended Sept. 30			Nine Months Ended Sept. 30		
Weather	2008	2007	Normal	2008	2007	Normal
Composite Heating-Degree-Days	46	57	87	3,526	3,619	3,555
Composite Cooling-Degree-Days	628	683	659	882	969	909

FirstEnergy Corp.
Special Items, EPS Reconciliations and Liquidity
(Unaudited)
(In millions, except for per share amounts)

Special Items

	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
	2008	2007	2008	2007
Pre-tax Items - Income Increase (Decrease)				
Gain on sale of non-core assets (a)	$ -	$ 21	$ 32	$ 21
Saxton decommissioning costs regulatory assets (b)	-	-	-	27
Trust securities impairment (c)	(25)	(4)	(63)	(16)
Litigation settlement (a)	-	-	15	-
Total-Pretax Items	$ (25)	$ 17	$ (16)	$ 32
EPS Effect	$ (0.05)	$ 0.04	$ (0.03)	$ 0.08

(a) Included in "Revenues - Other"
(b) Included in "Deferral of new regulatory assets"
(c) Included in "Investment income"

2008 Earnings Per Share (EPS)
(Reconciliation of GAAP to Non-GAAP)

	ACTUAL Three Months Ended Sept. 30	ACTUAL Nine Months Ended Sept. 30	REVISED Guidance For Year 2008
Basic EPS (GAAP basis)*	$ 1.55	$ 3.32	$4.27 - $4.37
Excluding Special Items*:			
Gain on sale of non-core assets	-	(0.06)	(0.06)
Litigation settlement	-	(0.03)	(0.03)
Trust securities impairment	0.05	0.12	0.12
Basic EPS (Non-GAAP basis)	$ 1.60	$ 3.35	$4.30 - $4.40

* Excludes possible write-off of $485 million of CEI's estimated unrecoverable transition costs under the proposed ESP, which if recognized, would be categorized as a Special Item ($1.01 per share).

Liquidity position as of October 31, 2008

Company	Type	Maturity	Amount (M)	Available (M)
FirstEnergy[1]	Revolving	Aug. 2012	$2,750	$404
FirstEnergy & FirstEnergy Solutions	Revolving	May 2009	300	300
FirstEnergy	Bank Lines	Various[2]	120	20
FirstEnergy Generation Corp.	Term Loan	Oct. 2009[3]	300	300
OH & PA Utilities	A/R Fin.	Various[4]	550	445
		Subtotal:	$4,020	$1,469
		Cash:	-	456
		Total:	$4,020	$1,925

(1) FirstEnergy Corp. and subsidiary borrowers

(2) $100M matures November 30, 2009; $20M uncommitted line of credit with no maturity date

(3) Drawn amounts are payable within 30 days and may not be reborrowed

(4) $370M matures March 21, 2009; $180M matures December 19, 2008 with an extension requested pending state regulatory approval of replacement facility

RECENT DEVELOPMENTS

Record Generation Output

FirstEnergy Corp. (FirstEnergy) set a new generation output record of 22.2 million megawatt-hours during the third quarter of 2008, a 3.2% increase over the previous record established in the third quarter of 2006. This generation record reflects a quarterly all-time high for the nuclear fleet.

September Windstorm

On September 14, 2008, the remnants of Hurricane Ike swept through Ohio and western Pennsylvania and produced unexpectedly high winds, reaching nearly 80 mph. More than one million customers of Ohio Edison Company (OE), The Cleveland Electric Illuminating Company (CEI), Pennsylvania Power Company (Penn Power), and Pennsylvania Electric Company (Penelec) were affected by the severe windstorm, which produced the largest storm-related outage in the history of those companies. FirstEnergy crews from all of its seven utility operating subsidiaries, along with assistance from crews of other utilities, restored service to more than 70% of the affected customers within two days, and service to all customers was restored by September 23, 2008. Storm expenses totaled approximately $30 million, of which $19 million was recognized as capital and $11 million as O&M expense.

Rating Agency Action

On August 1, 2008, Standard & Poor's rating agency, citing the Ohio Electric Security Plan (ESP) filing described below, revised the outlook of FirstEnergy and its subsidiaries FirstEnergy Solutions Corp. (FES), OE, CEI, Toledo Edison Company (TE), Penn Power, Jersey Central Power & Light Company (JCP&L), Metropolitan Edison Company (Met-Ed), and Penelec to stable from negative.

Financing Activities

On October 8, 2008, FirstEnergy and its subsidiaries FES and FirstEnergy Generation Corp. (FGCO) entered into a $300 million secured term loan facility with Credit Suisse. Each borrowing under this facility matures 30 days from the date of the borrowing, or, if earlier, the credit facility maturity date, subject to extensions for the release of quarterly financial results. The facility maturity date is October 7, 2009. This facility contains a minimum borrowing amount of $100 million with FGCO as the borrower and FES and FirstEnergy as guarantors. Each borrowing may not be re-borrowed once repaid.

On October 20, 2008, OE issued $300 million of first mortgage bonds, comprised of $275 million 8.25% series due 2038 and $25 million 8.25% series due 2018. The net proceeds from this offering will be used to fund capital expenditures and for other general corporate purposes of OE.

Letter to the Investment Community

On October 9, 2008, FirstEnergy issued a *Letter to the Investment Community* to provide a comprehensive overview of its consolidated liquidity position and the status of ongoing financing activities. The Letter is available at www.firstenergycorp.com/ir.

Ohio Fuel Case

On August 8, 2008, the Ohio Companies submitted a filing to suspend the procedural schedule in their application to recover their 2006-2007 deferred fuel costs and associated carrying charges ($220 million balance as of December 31, 2007), because the ESP filing contains a proposal addressing the recovery of these deferred fuel costs. On August 25, 2008, the PUCO ordered that the September 29, 2008 evidentiary hearing would be held at a future date. A revised case schedule has yet to be issued.

Ohio Regulatory Update

On July 31, 2008, OE, CEI, and TE (collectively, Ohio Companies) filed both an ESP and Market Rate Offer (MRO) with the Public Utilities Commission of Ohio (PUCO). A PUCO decision on the MRO was required by statute within 90 days of the filing and is required on the ESP within 150 days. Under the ESP, new rates would be effective for customers on January 1, 2009. Evidentiary hearings concluded on October 31, 2008 and no further hearings are scheduled. The parties are required to submit initial briefs by November 21, 2008, with all reply briefs due by December 12, 2008. The Ohio Companies also included an interim pricing proposal as part of their ESP filing, if additional time is necessary for final approval of either the ESP or MRO. The Ohio Companies requested PUCO approval of the interim pricing proposal by November 14, 2008.

Under the MRO alternative, the Ohio Companies propose to procure generation supply through a competitive bidding process (CBP). If approved, the MRO would be implemented if the ESP is not approved by the PUCO or is changed and not accepted by the Ohio Companies. On September 16, 2008, PUCO Staff testimony was filed and five days of evidentiary hearings began. Briefs in the case were filed October 6, 2008, with Reply Briefs filed on October 14, 2008. The PUCO failed to act on October 29, 2008 as required under the statute. The Ohio Companies are unable to predict the outcome of this proceeding.

On July 2, 2008, July 23, 2008, and August 20, 2008, the PUCO staff issued three sets of proposed rules for comment to implement portions of Amended Substitute Senate Bill 221 (SB221):

- Written comments and reply comments on the first set of proposed rules (related to standard service offer, transmission cost recovery, corporate separation, and reasonable arrangements) were filed on July 22, 2008 and August 6, 2008, respectively. Final rules were adopted by the PUCO on September 17, 2008, and presently the PUCO is scheduled to issue an Entry on Rehearing on November 5, 2008. These rules have not yet been submitted to the Joint Committee on Agency Rule Review (JCAAR).
- Written comments and reply comments on the second set of proposed rules (related to electric service and safety standards, competitive retail electric service, interconnection service, electric liability, customer service, and safety and market monitoring) were filed on August 12, 2008 and August 29, 2008, respectively. The PUCO is scheduled to consider for decision these rules on November 5, 2008.
- Written comments and reply comments on the third set of proposed rules (covering alternative energy, emission reporting, energy efficiency, and demand reduction) were filed on September 9, 2008 and September 26, 2008, respectively.

Following the comment period, the PUCO considers the input from stakeholders before adopting the final rules. The final rules are then subject to change through the application for rehearing process. Once the application for rehearing process before the PUCO is finalized, the rules are then subject to review by JCARR, which conducts up to a 65-day review. The rules become effective 10 days following JCARR's review.

Amendments to Market-Based Rate Tariffs

On October 24, 2008, FES, FGCO, FirstEnergy Nuclear Generation Corporation, and FirstEnergy Generation Mansfield Unit 1 Corp. (the Applicants) filed proposed amendments to their market-based rate tariffs with the Federal Energy Regulatory Commission (FERC). In preparation for serving Ohio customers beginning January 2009 under either the ESP or MRO described above, the Applicants are requesting a determination that FERC requirements to obtain prior approvals for affiliate sales do not apply to the Applicants' power sales to CEI, OE, and TE.

Pennsylvania Legislative Update

October 15, 2008, Pennsylvania Governor Edward Rendell signed House Bill 2200 (HB 2200) into law. The bill addresses issues such as: energy efficiency and peak load reduction, generation procurement, time-of-use rates, smart meters, and alternative energy. Major provisions of the legislation include:

- Power acquired by utilities to serve customers after rate caps expire will be procured through a competitive procurement process approved by the Pennsylvania Public Utility Commission (PPUC) and will include auctions, request for proposals, and/or bilateral agreements;
- Utilities must file a plan by August 14, 2009, that provides for the installation of smart meter technology;
- A minimum reduction in peak demand of 4.5% by May 31, 2013;

- Utilities must file a plan by July 1, 2009, regarding plans to meet the energy efficiency and conservation requirements;
- Minimum reductions in energy consumption of 1% and 3% by May 31, 2011 and May 31, 2013, respectively; and
- An expanded definition of alternative energy to include additional types of hydroelectric and biomass facilities.

Penn Power Interim Default Service Supply Plan

On October 21, 2008, Penn Power held its third Request for Proposal (RFP) to procure default service for residential customers for the period June 2009 through May 2010. The fourth RFP for the remainder of residential customers' load for the period June 2009 through May 2010 is scheduled for January 2009. The results of the four RFPs will be averaged and adjusted for line losses, administrative fees and gross receipts tax, and will be reflected in Penn Power's new default service rates.

Met-Ed and Penelec File Customer Prepayment Plan

On September 25, 2008, Met-Ed and Penelec filed a voluntary prepayment plan with the PPUC. The plan offers qualified residential and small business customers the option to gradually phase-in future generation price increases by making modest prepayments during the next two years, before rate caps expire at the end of 2010. Each month, customers who elect to participate would prepay an amount equal to approximately 9.6% of their electric bill. Prepayments would earn 7.5% interest, and the prepayments plus accrued interest will be credited to customers to offset the customer's electric bills in 2011 and 2012. Met-Ed and Penelec requested that the PPUC approve the plan by December 2008.

Met-Ed and Penelec Rate Cases

Several parties to the Met-Ed and Penelec 2006 rate case proceeding filed Petitions for Review with the Commonwealth Court of Pennsylvania in 2007, asking the court to review the PPUC's determination on several issues including: the recovery of transmission (including congestion); the transmission deferral; consolidated tax savings; the requested generation increase; and recovery of universal service costs from only the residential rate class. Oral arguments were held on September 10, 2008. The Court's decision is pending.

Solar Renewable Energy Proposal

On September 30, 2008, JCP&L filed a proposal responsive to the New Jersey Board of Public Utilities (NJBPU) initiative addressing solar project development in the State of New Jersey. Under the proposal, JCP&L would enter into long-term agreements to buy and sell Solar Renewable Energy Certificates (SREC) to provide a stable basis for financing solar generation projects. An SREC represents the solar energy attributes of one megawatt-hour of generation from a solar generation facility that has been certified by the NJBPU Office of Clean Energy. Under this proposal, JCP&L would solicit SRECs to satisfy approximately 60%, 50%, and 40% of the incremental SREC purchases needed in its service territory to meet the New Jersey Renewable Portfolio Standards through 2010, 2011, and 2012, respectively.

New Jersey Energy Master Plan

On October 22, 2008, the Governor of New Jersey released the details of New Jersey's Energy Master Plan (EMP), which includes goals to reduce energy consumption by a minimum of 20% by 2020, reduce peak demand by 5,700 MW by 2020, meet 30% of the state's electricity needs with renewable energy by 2020, and examine smart grid technology. The EMP outlines a series of goals and action items to meet set targets, while also continuing to develop the clean energy industry in New Jersey. The Governor will establish a State Energy Council to implement the recommendations outlined in the plan.

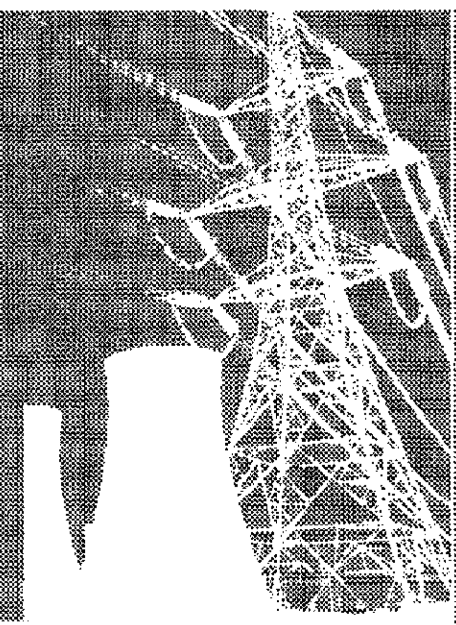
Forward-looking Statements: This Consolidated Report to the Financial Community includes forward-looking statements based on information currently available to management. Such statements are subject to certain risks and uncertainties. These statements include declarations regarding management's intents, 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 Ohio and Pennsylvania, the impact of the PUCO's rulemaking process on the Ohio Companies' Electric Security Plan and Market Rate Offer filings, 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, maintenance costs being higher than anticipated, other legislative and regulatory changes, revised environmental requirements, including possible greenhouse gas emission regulations, the impact of the U.S. Court of Appeals' July 11, 2008 decision to vacate 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 levels of emission reductions related to the Consent Decree resolving the New Source Review litigation or other potential regulatory initiatives, adverse regulatory or legal decisions and outcomes (including, but not limited to, the revocation of necessary licenses or operating permits and oversight) by the Nuclear Regulatory Commission (including, but not limited to, the Demand for Information issued to FENOC on May 14, 2007), the timing and outcome of various proceedings before the PUCO (including, but not limited to, the Electric Security Plan and Market Rate Offer proceedings as well as the distribution rate cases and the generation supply plan filing for the Ohio Companies and the successful resolution of the issues remanded to the PUCO by the Ohio Supreme Court regarding the Rate Stabilization Plan and the Rate Certainty Plan, including the recovery of deferred fuel costs), Met-Ed's and Penelec's transmission service charge filings with the PPUC (as well as the resolution of the Petitions for Review filed with the Commonwealth Court of Pennsylvania with respect to the transition rate plan for Met-Ed and Penelec), 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, 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 registrant's nuclear decommissioning trusts, pension trusts and other trust funds, and cause FirstEnergy to make additional contributions sooner, or in an amount that is 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 registrant, the state of the capital and credit markets affecting the registrant, and the risks and other factors discussed from time to time in the registrant's 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 registrant's 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. Also, a security rating is not a recommendation to buy, sell or hold securities, and it may be subject to revision or withdrawal at any time and each such rating should be evaluated independently of any other rating. The registrant expressly disclaims any current intention to update any forward-looking statements contained herein as a result of new information, future events, or otherwise.

ATTACHMENT 4

FirstEnergy

EEI Financial Conference

Phoenix, AZ • November 9-12, 2008

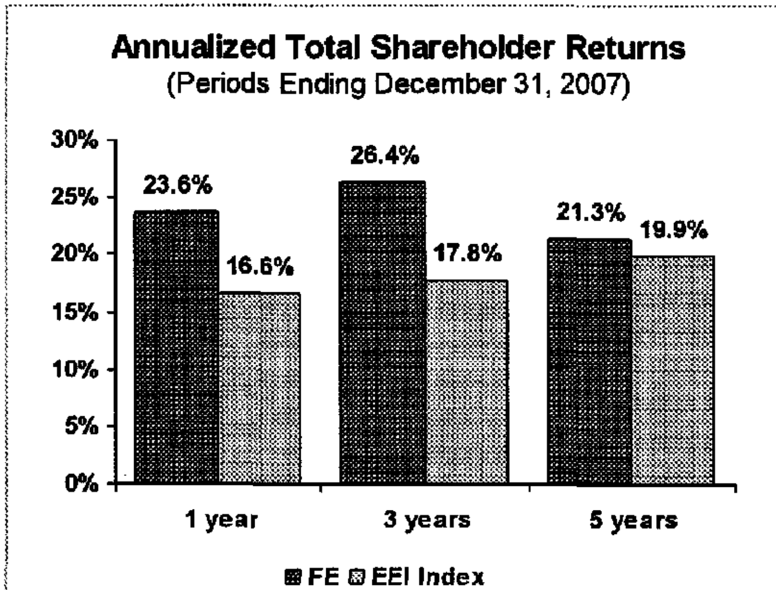


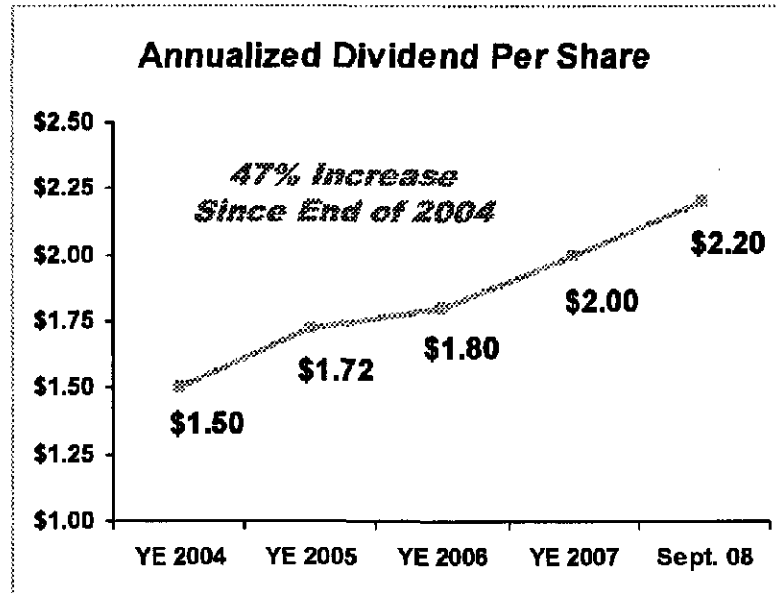
Anthony J. Alexander

President and CEO

Financial Performance

- Positioned for continued earnings growth
- Strong operations with financial discipline
- Integrated strategy that diversifies risks





Strong Liquidity Position

Company	Type	Maturity	Amount (M)	Available (M)
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FirstEnergy & FirstEnergy Solutions	Revolving	May 2009	300	300
FirstEnergy	Bank Lines	Various[2]	120	20
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OH & PA Utilities	A/R Fin.	Various[4]	550	445
		Subtotal:	$4,020	$1,469
		Cash:	-	456
		Total:	$4,020	$1,925

(1) FirstEnergy Corp. and subsidiary borrowers
(2) $100M matures November 30, 2009; $20M uncommitted line of credit with no maturity date
(3) Drawn amounts are payable within 30 days and may not be reborrowed
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As of October 31, 2008

Share Repurchase Summary

(Shares in millions)	2006	2007	Cumulative
Beginning Shares	329.8	319.2	329.8
Shares Repurchased	10.6	14.4	25.0
Ending Shares	319.2	304.8	304.8
% Reduction	3.2%	4.5%	7.7%
Cost ($ millions)	$627	$942	$1,567
Avg. Price per Share	$58.99	$65.54	$62.68
Annual EPS Benefit	$0.13	$0.22	$0.35

Finance Plans: 2008 and Beyond

- **Maintain financial flexibility**
  - Investment grade credit metrics at all entities
    - Metrics maintained over near-term
    - Metrics improved as AQC capital spend winds down post-2009
  - Maintain substantial liquidity
    - Approximately $4B total capacity
- **Reduce holding company debt while appropriately capitalizing operating companies and FirstEnergy Solutions**
  - No utility debt maturities remaining in 2008; $256.7 million in 2009, and $166.7 million in 2010
  - Opportunistically transfer remaining $181M of utility tax-exempt debt to Generating Companies
  - $1.5B, 6.45% Series B FE Notes due Nov. 2011
- **Efficient funding of capital program**
  - Capital expenditures financed largely through internal cash flow, even during peak AQC spend
    - New tax-exempt financings of approximately $200M planned to support Sammis AQC project