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FILE

September 27, 2018

The Public Utilities Commission of Ohio
Docketing Division
180 East Broad Street
Columbus, OH 43215-3793

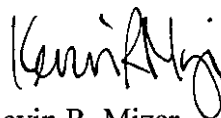
Re: Renewal Application for FirstEnergy Solutions Corp.
Original Case No. 00-1742-EL-CRS

Dear Docketing Division:

Enclosed is the FirstEnergy Solutions Corp. renewal application for Retail Electric Generation Providers and Power Marketers.

If the Commission has any questions regarding this submission, please feel free to contact me at (330) 315-6870 or via email at mizerk@firstenergycorp.com and fesmarketpolicies@fes.com.

Respectfully Submitted,



Kevin R. Mizer
Manager, Marketing Intelligence

Enclosures

PUCO

2018 OCT -1 AM 10:57

RECEIVED-DOCKETING DIV

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Original CRS Case Number	Version
00-1742-EE-CRS	May 2016

RENEWAL APPLICATION FOR RETAIL GENERATION PROVIDERS AND POWER MARKETERS

Please print or type all required information. Identify all attachments with an exhibit label and title (Example: Exhibit C-10 Corporate Structure). All attachments should bear the legal name of the Applicant. Applicants should file completed applications and all related correspondence with the Public Utilities Commission of Ohio, Docketing Division; 180 East Broad Street, Columbus, Ohio 43215-3793.

This PDF form is designed so that you may input information directly onto the form.
You may also download the form, by saving it to your local disk, for later use.

A. RENEWAL INFORMATION

A-1 Applicant intends to be renewed as: (check all that apply)

☒ Retail Generation Provider
☒ Power Marketer

☐ Power Broker
☐ Aggregator

A-2 Applicant's legal name, address, telephone number, PUCO certificate number, and web site address

Legal Name FirstEnergy Solutions Corp.
Address 341 White Pond Drive, Akron, OH 44320
PUCO Certificate # and Date Certified 00-011E (9) Effective November 2, 2016
Telephone # 888-254-4769 Web site address (if any) www.fes.com

A-3 List name, address, telephone number and web site address under which Applicant does business in Ohio

Legal Name FirstEnergy Solutions Corp
Address 341 White Pond Drive, Akron, OH 44320
Telephone # 888-254-4769 Web site address (if any) www.fes.com

A-4 List all names under which the applicant does business in North America

FirstEnergy Solutions Corp.
FirstEnergy Solutions
FES

A-5 Contact person for regulatory or emergency matters

Name James G. Mellody
Title Vice President, Fuel and Unit Dispatch
Business address 341 White Pond Drive, A-WAC-B3, Akron, OH 44320
Telephone # 330-315-7421 Fax #
E-mail address mellodyj@firstenergycorp.com

A-6 Contact person for Commission Staff use in investigating customer complaints

Name Patricia Sewell
Title Analyst II, Transaction Management
Business address 341 White Pond Drive, A-WAC-B3, Akron, OH 44320
Telephone # 330-315-7368 Fax #
E-mail address sewellp@firstenergycorp.com

A-7 Applicant's address and toll-free number for customer service and complaints

Customer Service address 341 White Pond Drive, Building B3, Akron, OH 44320
Toll-free Telephone # 888-254-4769 Fax #
E-mail address FirstChoice3@FES.com (Business inquiries) or FirstChoiceathome@FES.com
(Residential inquiries)

A-8 Applicant's federal employer identification number # 31-156018

A-9 Applicant's form of ownership (check one)

☐ Sole Proprietorship ☐ Partnership
☐ Limited Liability Partnership (LLP) ☐ Limited Liability Company (LLC)
☒ Corporation ☐ Other _____

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED:

A-10 Exhibit A-10 "Principal Officers, Directors & Partners" provide the names, titles, addresses and telephone numbers of the applicant's principal officers, directors, partners, or other similar officials.

B. MANAGERIAL CAPABILITY AND EXPERIENCE

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED:

- B-1** Exhibit B-1 "Jurisdictions of Operation," provide a list of all jurisdictions in which the applicant or any affiliated interest of the applicant is, at the date of filing the application, certified, licensed, registered, or otherwise authorized to provide retail or wholesale electric services.
- B-2** Exhibit B-2 "Experience & Plans," provide a description of the applicant's experience and plan for contracting with customers, providing contracted services, providing billing statements, and responding to customer inquiries and complaints in accordance with Commission rules adopted pursuant to Section 4928.10 of the Revised Code.
- B-3** Exhibit B-3 "Disclosure of Liabilities and Investigations," provide a description of all existing, pending or past rulings, judgments, contingent liabilities, revocation of authority, regulatory investigations, or any other matter that could adversely impact the applicant's financial or operational status or ability to provide the services it is seeking to be certified to provide.
- B-4** Disclose whether the applicant, a predecessor of the applicant, or any principal officer of the applicant have ever been convicted or held liable for fraud or for violation of any consumer protection or antitrust laws within the past five years.
☒ No ☐ Yes

If yes, provide a separate attachment labeled as Exhibit B-4 "Disclosure of Consumer Protection Violations" detailing such violation(s) and providing all relevant documents.

- B-5** Disclose whether the applicant or a predecessor of the applicant has had any certification, license, or application to provide retail or wholesale electric service denied, curtailed, suspended, revoked, or cancelled within the past two years.
☒ No ☐ Yes

If yes, provide a separate attachment labeled as Exhibit B-5 "Disclosure of Certification Denial, Curtailment, Suspension, or Revocation" detailing such action(s) and providing all relevant documents.

C. FINANCIAL CAPABILITY AND EXPERIENCE

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED:

- C-1** Exhibit C-1 "Annual Reports," provide the two most recent Annual Reports to Shareholders. If applicant does not have annual reports, the applicant should provide similar information in Exhibit C-1 or indicate that Exhibit C-1 is not applicable and why. (This is generally only applicable to publicly traded companies who publish annual reports.)

- C-2 Exhibit C-2 “SEC Filings,”** provide the most recent 10-K/8-K Filings with the SEC. If the applicant does not have such filings, it may submit those of its parent company. An applicant may submit a current link to the filings or provide them in paper form. If the applicant does not have such filings, then the applicant may indicate in Exhibit C-2 that the applicant is not required to file with the SEC and why.
- C-3 Exhibit C-3 “Financial Statements,”** provide copies of the applicant’s two most recent years of audited financial statements (balance sheet, income statement, and cash flow statement). If audited financial statements are not available, provide officer certified financial statements. If the applicant has not been in business long enough to satisfy this requirement, it shall file audited or officer certified financial statements covering the life of the business. If the applicant does not have a balance sheet, income statement, and cash flow statement, the applicant may provide a copy of its two most recent years of tax returns (with social security numbers and account numbers redacted).
- C-4 Exhibit C-4 “Financial Arrangements,”** provide copies of the applicant’s financial arrangements to conduct CRES as a business activity (e.g., guarantees, bank commitments, contractual arrangements, credit agreements, etc.,).

Renewal applicants can fulfill the requirements of Exhibit C-4 by providing a current statement from an Ohio local distribution utility (LDU) that shows that the applicant meets the LDU’s collateral requirements.

First time applicants or applicants whose certificate has expired as well as renewal applicants can meet the requirement by one of the following methods:

1. The applicant itself stating that it is investment grade rated by Moody’s, Standard & Poor’s or Fitch and provide evidence of rating from the rating agencies.
2. Have a parent company or third party that is investment grade rated by Moody’s, Standard & Poor’s or Fitch guarantee the financial obligations of the applicant to the LDU(s).
3. Have a parent company or third party that is not investment grade rated by Moody’s, Standard & Poor’s or Fitch but has substantial financial wherewithal in the opinion of the Staff reviewer to guarantee the financial obligations of the applicant to the LDU(s). The guarantor company’s financials must be included in the application if the applicant is relying on this option.
4. Posting a Letter of Credit with the LDU(s) as the beneficiary.

If the applicant is not taking title to the electricity or natural gas, enter "N/A" in Exhibit C-4. An N/A response is only applicable for applicants seeking to be certified as an aggregator or broker.

- C-5 Exhibit C-5 “Forecasted Financial Statements,”** provide two years of forecasted income statements for the applicant’s **ELECTRIC related business activities in the state of Ohio Only**, along with a list of assumptions, and the name, address, email address, and telephone number of the preparer. The forecasts should be in an annualized format for the two years succeeding the Application year.
- C-6 Exhibit C-6 “Credit Rating,”** provide a statement disclosing the applicant’s credit rating as reported by two of the following organizations: Duff & Phelps, Fitch IBCA, Moody’s Investors Service, Standard & Poor’s, or a similar organization. In instances where an applicant does not have its own credit ratings, it may substitute the credit ratings of a parent or an affiliate organization, provided the applicant submits a statement signed by a principal officer of the applicant’s parent or affiliate organization that guarantees the obligations of the applicant. If an applicant or its parent does not have such a credit rating, enter “N/A” in Exhibit C-6.
- C-7 Exhibit C-7 “Credit Report,”** provide a copy of the applicant’s credit report from Experian, Dun and Bradstreet or a similar organization. An applicant that provides an investment grade credit rating for Exhibit C-6 may enter “N/A” for Exhibit C-7.
- C-8 Exhibit C-8 “Bankruptcy Information,”** provide a list and description of any reorganizations, protection from creditors or any other form of bankruptcy filings made by the applicant, a parent or affiliate organization that guarantees the obligations of the applicant or any officer of the applicant in the current year or within the two most recent years preceding the application.
- C-9 Exhibit C-9 “Merger Information,”** provide a statement describing any dissolution or merger or acquisition of the applicant within the two most recent years preceding the application.
- C-10 Exhibit C-10 “Corporate Structure,”** provide a description of the applicant’s corporate structure, not an internal organizational chart, including a graphical depiction of such structure, and a list of all affiliate and subsidiary companies that supply retail or wholesale electricity or natural gas to customers in North America. If the applicant is a stand-alone entity, then no graphical depiction is required and applicant may respond by stating that they are a stand-alone entity with no affiliate or subsidiary companies.

D. TECHNICAL CAPABILITY

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED:

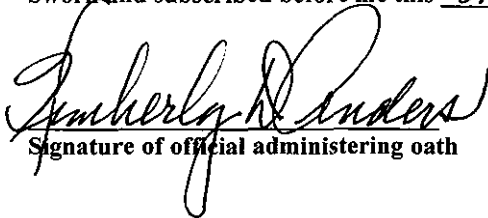
- D-1 Exhibit D-1 "Operations"** provide a written description of the operational nature of the applicant's business. Please include whether the applicant's operations include the generation of power for retail sales, the scheduling of retail power for transmission and delivery, the provision of retail ancillary services as well as other services used to arrange for the purchase and delivery of electricity to retail customers.
- D-2 Exhibit D-2 "Operations Expertise,"** given the operational nature of the applicant's business, provide evidence of the applicant's experience and technical expertise in performing such operations.
- D-3 Exhibit D-3 "Key Technical Personnel,"** provide the names, titles, e-mail addresses, telephone numbers, and the background of key personnel involved in the operational aspects of the applicant's business.
- D-4 Exhibit D-4 "FERC Power Marketer License Number,"** provide a statement disclosing the applicant's FERC Power Marketer License number. (Power Marketers only)



Kevin T. Warvell

Vice President, Corporate Secretary, Chief Financial Officer and Treasurer of FirstEnergy Solutions Corp.

Sworn and subscribed before me this 28th day of September 2018.


Signature of official administering oath
Print Name and Title

My commission expires on 12-27-2022



KIMBERLY D. ANDERS
Notary Public, State of Ohio
My Commission Expires
December 27, 2022

AFFIDAVIT

State of Ohio :

Akron ss.
(Town)

County of Summit :


Kevin T. Warvell, Affiant, being duly sworn/affirmed according to law, deposes and says that:

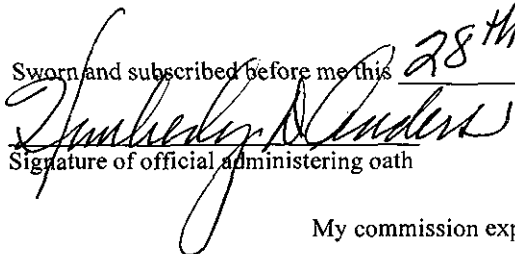
He/She is the Vice President, Corporate Secretary, Chief Financial Officer and Treasurer of FirstEnergy Solutions Corp.; That he/she is authorized to and does make this affidavit for said Applicant,

1. The Applicant herein, attests under penalty of false statement that all statements made in the application for certification renewal are true and complete and that it will amend its application while the application is pending if any substantial changes occur regarding the information provided in the application.
2. The Applicant herein, attests it will timely file an annual report with the Public Utilities Commission of Ohio of its intrastate gross receipts, gross earnings, and sales of kilowatt-hours of electricity pursuant to Division (A) of Section 4905.10, Division (A) of Section 4911.18, and Division (F) of Section 4928.06 of the Revised Code.
3. The Applicant herein, attests that it will timely pay any assessments made pursuant to Sections 4905.10, 4911.18, or Division F of Section 4928.06 of the Revised Code.
4. The Applicant herein, attests that it will comply with all Public Utilities Commission of Ohio rules or orders as adopted pursuant to Chapter 4928 of the Revised Code.
5. The Applicant herein, attests that it will cooperate fully with the Public Utilities Commission of Ohio, and its Staff on any utility matter including the investigation of any consumer complaint regarding any service offered or provided by the Applicant.
6. The Applicant herein, attests that it will comply with all state and/or federal rules and regulations concerning consumer protection, the environment, and advertising/promotions.
7. The Applicant herein, attests that it will fully comply with Section 4928.09 of the Revised Code regarding consent to the jurisdiction of Ohio Courts and the service of process.
8. The Applicant herein, attests that it will use its best efforts to verify that any entity with whom it has a contractual relationship to purchase power is in compliance with all applicable licensing requirements of the Federal Energy Regulatory Commission and the Public Utilities Commission of Ohio.
9. The Applicant herein, attests that it will cooperate fully with the Public Utilities Commission of Ohio, the electric distribution companies, the regional transmission entities, and other electric suppliers in the event of an emergency condition that may jeopardize the safety and reliability of the electric service in accordance with the emergency plans and other procedures as may be determined appropriate by the Commission.
10. If applicable to the service(s) the Applicant will provide, the Applicant herein, attests that it will adhere to the reliability standards of (1) the North American Electric Reliability Council (NERC), (2) the appropriate regional reliability council(s), and (3) the Public Utilities Commission of Ohio. (Only applicable if pertains to the services the Applicant is offering)

11. The Applicant herein, attests that it will inform the Commission of any material change to the information supplied in the renewal application within 30 days of such material change, including any change in contact person for regulatory purposes or contact person for Staff use in investigating customer complaints.

That the facts above set forth are true and correct to the best of his/her knowledge, information, and belief and that he/she expects said Applicant to be able to prove the same at any hearing hereof.


Kevin T. Warvell
Vice President, Corporate Secretary, Chief Financial Officer and Treasurer
FirstEnergy Solutions Corp.

Sworn and subscribed before me this 28th day of September 2018

Signature of official administering oath

Kimberly D. Anders, Notary
Print Name and Title

My commission expires on 12-27-2022



KIMBERLY D. ANDERS
Notary Public, State of Ohio
My Commission Expires
December 27, 2022

Exhibit A-10 “Principal Officers, Directors & Partners”

Provide the names, titles, addresses and telephone numbers of the applicant’s principal officers, directors, partners, or other similar officials.

Donald R. Schneider, *Chairman of the Board, President*
341 White Pond Drive, A-WAC-B3, Akron, OH 44320
(330) 315-7205

Donald A. Moul, *President, FES Generation Companies and Chief Nuclear Officer*
341 White Pond Drive, A-WAC-A3, Akron, OH 44320
(330) 315-6800

James G. Mellody, *Vice President, Fuel and Unit Dispatch*
341 White Pond Drive, A-WAC-B3, Akron, OH 44320
(330) 315-7421

Kevin T. Warvell, *Vice President, Corporate Secretary, Chief Financial Officer, Treasurer*
341 White Pond Drive, A-WAC-B3, Akron, OH 44320
(330) 436-2182

John C. Blickle, *Independent Director*
341 White Pond Drive, A-WAC-B3, Akron, OH 44320
(330) 436-2182

James C. Boland, *Independent Director*
341 White Pond Drive, A-WAC-B3, Akron, OH 44320
(330) 436-2182

Joseph M. Gingo, *Independent Director*
341 White Pond Drive, A-WAC-B3, Akron, OH 44320
(330) 436-2182

Exhibit B-1 “Jurisdictions of Operation”

FirstEnergy Solutions Corp. is licensed to sell electricity in the following states:

Ohio
Pennsylvania
New Jersey
Maryland
Michigan
Washington, DC
Delaware
Illinois

Exhibit B-2 “Experience & Plans”

Provide a description of the applicant’s experience and plan for contracting with customers, providing contracted services, providing billing statements, and responding to customer inquiries and complaints in accordance with Commission rules adopted pursuant to Section 4928.10 of the Revised Code.

On March 31, 2018, FirstEnergy Solutions Corp. (“FES”), its subsidiaries, and its affiliate FirstEnergy Nuclear Operating Company filed voluntary petitions in the United States Bankruptcy Court for the Northern District of Ohio, Eastern Division (“Bankruptcy Court”) for relief pursuant to Chapter 11 of Title 11 of the United States Bankruptcy Code (“Bankruptcy Proceeding”). Since the inception of the Bankruptcy Proceeding, FES has continued to perform under its contracts and serve its customers.

On July 9, 2018, FES entered into an asset purchase agreement (the “Exelon APA”) with Exelon Generation Company LLC for the sale of FES’s assets related to its retail business to Exelon, subject to the receipt of any higher or better offers at an auction. No qualified bids were received by the time period required in advance of the auction and as a result the auction was cancelled by FES.

Accordingly, subject to approval of the transactions contemplated by the Exelon APA by the Bankruptcy Court, the satisfaction of the other conditions to closing under the Exelon APA and the consummation of the closing thereunder, FES intends to commence the process of assigning its retail customer contracts to Exelon promptly after the closing of the proposed sale to Exelon. FES currently expects this assignment process to be substantially completed by the end of 2018. However, no assurance can be given that the pending sale to Exelon will be consummated or the timing thereof. Prior to the consummation of the sale, FES intends to operate its retail business in the ordinary course including continuing to provide contracted services, billing statements, and responding to customer inquiries and complaints consistent with Commission rules adopted pursuant to Section 4928.10 of the Revised Code.

Exhibit B-3 “Disclosure of Liabilities and Investigations”

Provide a description of all existing, pending or past rulings, judgments, contingent liabilities, revocation of authority, regulatory investigations, or any other matter that could adversely impact the applicant’s financial or operational status or ability to provide the services it is seeking to be certified to provide.

- 1) FES filed a voluntary petition in the United States Bankruptcy Court for the Northern District of Ohio, Eastern Division for relief pursuant to Chapter 11 of Title 11 of the United States Bankruptcy Code on March 31, 2018 (“Bankruptcy Proceeding”). As a result, on April 4, 2018, the Public Utilities Commission of Ohio instituted a Commission-ordered inquiry in Case No. 18-569-EL-UNC, directing FES to file a report describing the anticipated impact of the Bankruptcy Proceeding on existing and future business operations.

Exhibit C-1 “Annual Reports”

Provide the two most recent Annual Reports to Shareholders. If applicant does not have annual reports, the applicant should provide similar information in Exhibit C-1 or indicate that Exhibit C-1 is not applicable and why. (This is generally only applicable to publicly traded companies who publish annual reports.)

The FirstEnergy Corp. 2016 Annual Report is available online at:
<https://www.firstenergycorp.com/content/dam/investor/files/annual-reports/2016/firstenergy-2016-annual-report.pdf>

The FirstEnergy Corp. 2017 Annual Report is available online at:
http://www.readmaterial.com/FE/FE_17AR.PDF

Exhibit C-2 “SEC Filings”

Provide the most recent 10-K/8-K Filings with the SEC. If the applicant does not have such filings, it may submit those of its parent company. An applicant may submit a current link to the filings or provide them in paper form. If the applicant does not have such filings, then the applicant may indicate in Exhibit C-2 that the applicant is not required to file with the SEC and why.

The most recent FirstEnergy Corp. SEC Filings are available online at:
<https://investors.firstenergycorp.com/IRW/Docs/4056944>

Exhibit C-3 “Financial Statements”

Provide copies of the applicant’s two most recent years of audited financial statements (balance sheet, income statement, and cash flow statement). If audited financial statements are not available, provide officer certified financial statements. If the applicant has not been in business long enough to satisfy this requirement, it shall file audited or officer certified financial statements covering the life of the business. If the applicant does not have a balance sheet, income statement, and cash flow statement, the applicant may provide a copy of its two most recent years of tax returns (with social security numbers and account numbers redacted).

The audited financial statements of FirstEnergy Solutions Corp. are available in the SEC filings that are provided in Exhibit C-2.

Exhibit C-4 “Financial Arrangements”

Provide copies of the applicant's financial arrangements to conduct CRES as a business activity (e.g., guarantees, bank commitments, contractual arrangements, credit agreements, etc.).

Renewal applicants can fulfill the requirements of Exhibit C-4 by providing a current statement from an Ohio local distribution utility (LDU) that shows that the applicant meets the LDU's collateral requirements.

Attached is a current letter from Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company, collectively “FE-OH Utilities”, which states that FES meets the FE-OH Utilities' collateral requirements.



August 8, 2018

FirstEnergy Solutions Corp
341 White Pond Dr.
Akron, Ohio 44320

Re: FirstEnergy Solutions Corp CRES Status with FirstEnergy Ohio Utilities (Ohio Edison Company, The Cleveland Electric Illuminating Company, The Toledo Edison Company)

To Whom It May Concern:

FirstEnergy Solutions Corp., a certified competitive retail electric service provider in Ohio, has satisfied and is currently in compliance with our collateral and security requirements for FE OH Utilities (Ohio Edison, Toledo Edison, and Cleveland Electric).

FirstEnergy Corp.

Justin Gawne

Name: Justin Gawne

Title: Credit Risk Analyst

Phone: 330-315-7226

Exhibit C-5 “Forecasted Financial Statements”

Provide two years of forecasted income statements for the applicant’s **ELECTRIC related business activities in the state of Ohio Only**, along with a list of assumptions, and the name, address, email address, and telephone number of the preparer. The forecasts should be in an annualized format for the two years succeeding the Application year.

As explained previously, FES has filed a voluntary petition in the Bankruptcy Court for relief pursuant to Chapter 11 of the United States Bankruptcy Code. Subject to approval of the transactions contemplated by the Exelon APA by the Bankruptcy Court, the satisfaction of the other conditions to closing under the Exelon APA and the consummation of the closing thereunder, FES intends to commence the process of assigning its retail customer contracts to Exelon promptly after the closing of the proposed sale to Exelon. FES currently expects this assignment process to be substantially completed by the end of 2018. However, no assurance can be given that the pending sale to Exelon will be consummated or the timing thereof. As such, FES is unable to provide two years of forecasted financial statements.

Exhibit C-6 "Credit Ratings"

Provide a statement disclosing the applicant's credit rating as reported by two of the following organizations: Duff & Phelps, Fitch IBCA, Moody's Investors Service, Standard & Poor's, or a similar organization. In instances where an applicant does not have its own credit ratings, it may substitute the credit ratings of a parent or an affiliate organization, provided the applicant submits a statement signed by a principal officer of the applicant's parent or affiliate organization that guarantees the obligations of the applicant. If an applicant or its parent does not have such a credit rating, enter "N/A" in Exhibit C-6.

Neither Standard & Poor's nor Moody's has a continuing credit rating for FES, as its rating has been withdrawn due to its status in bankruptcy.

Exhibit C-7 “Credit Report”

Provide a copy of the applicant’s credit report from Experian, Dun and Bradstreet or a similar organization. An applicant that provides an investment grade credit rating for Exhibit C-6 may enter “N/A” for Exhibit C-7.

Attached is a credit report provided by S&P Global Ratings Direct.

RatingsDirect®

Research Update:

FirstEnergy Solutions Corp. Downgraded To 'D' On Bankruptcy

Primary Credit Analyst:

Michael T Ferguson, CFA, CPA, New York (1) 212-438-7670; michael.ferguson@spglobal.com

Secondary Contact:

Aneesh Prabhu, CFA, FRM, New York (1) 212-438-1285; aneesh.prabhu@spglobal.com

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Issue Ratings--Recovery Analysis

Related Criteria

Ratings List

Research Update:

FirstEnergy Solutions Corp. Downgraded To 'D' On Bankruptcy

(Editor's Note: We are republishing this research

update to correct an issue

level rating that was inadvertently excluded from the previous rating action and research update. We have lowered that issue rating to 'D' and the recovery expectation to '6' (0%).)

Overview

- The challenges for merchant generation persist, as weak power pricing conditions in the Pennsylvania-Jersey-Maryland (PJM) Interconnection have led to sharply lower cash flows and diminished liquidity.
- Additionally, FirstEnergy Solutions Corp. recently announced the deactivation of its four nuclear units, resulting in the valuations of those assets in our recovery being sharply diminished.
- We are lowering our issuer credit rating on FirstEnergy Solutions to 'D' from 'CCC-' in light of the recently announced bankruptcy filing.

Rating Action

On April 2, 2018, S&P Global Ratings lowered its issuer credit rating on FirstEnergy Solutions Corp. to 'D' from 'CCC-'. We also lowered all issue-level ratings to 'D'.

Rationale

The downgrade to 'D', which is used to signify an event of default, culminates several years of declining prospects for FirstEnergy Solutions Corp.

Several key factors have conspired to lead to this event. First, diminished gas prices and weaker-than-expected demand growth have contributed to softer power pricing; for FES' fleet of coal and nuclear assets, this has especially potent, leading to weakening cash flows. This weaker demand pattern has also contributed to a number of unexpectedly weak outcomes in PJM capacity auctions, the most recent of which severely affect Regional Transmission Organization, where FES' assets are concentrated.

In addition, in light of the challenges facing high fixed-cost coal and nuclear generators, numerous proposals to remedy their struggles have been attempted, in the form of regulation. These have included the Department of

Energy Notice of Proposed Rulemaking and various state subsidies for nuclear generation. However, as yet, none of these fixes has coalesced, and the challenges continue.

Finally, parent FirstEnergy Corp. has, for the past 18 months, sought to trim its holdings to focus exclusively on its regulated operations. Consequently, there has been no meaningful parent company support in that time.

Issue Ratings--Recovery Analysis

FirstEnergy Solutions Corp. and affiliates own or lease and operate power plants in the U.S. with a combined operating capacity of about 10,180 megawatts (MW). Parent FirstEnergy Corp. and its other regulated subsidiaries, which have committed to exit competitive generation, guarantee only a minimal amount of lease liability and it is unlikely that there would be a compelling economic reason to provide additional support to the entities if they come under stress. We no longer attribute any support from FirstEnergy in our corporate credit rating on the competitive entities, and we evaluate their recovery prospects on a stand-alone basis. That said, FirstEnergy does have about \$200 million in guarantees and other obligations that it is obliged to support.

The companies have a moderately complex capital structure, with secured debt at and FirstEnergy Nuclear Generation (FENG) and FirstEnergy Generation (FEG) backed by the underlying assets at these entities, which generate about 4,100 MW and 5,200 MW of power, respectively. While parent FirstEnergy Corp. has taken a credit exposure to FES, the secured revolver is also guaranteed by FEG and FENG and secured primarily by a value lien of substantially all of those entities' generation assets. Separately, senior unsecured debt at FES, FEG, and FENG is largely pari passu due to the nature of the guarantees between FES, NEG, and FENG.

We performed our valuation using debt-per-kilowatt (kW) values for each plant, with valuations ranging generally by asset type, location, and level of emissions control. Baseload coal plant valuations were revised downward--to about \$200/kW. All values for plants (\$ per kW) are based on recent comparable transactions as well as our expectation of asset sale proceeds. We do not currently ascribe any uplift in value based on either an Ohio nuclear subsidy or a FERC response to the recent Department of Energy Notice of Proposed Rulemaking (NOPR). In light of the recent announcement by FES that it intends to deactivate its nuclear assets, we have lowered those valuations to \$0/kW, resulting in lower overall recovery valuations, though the recovery ratings have not changed due to cross collateralization. We value oil/gas peakers at about \$150/kW based on our expectations for the capacity market in the PJM Interconnection.

The companies' debt structures consists of (amounts as of Dec. 31, 2017):

- A \$500 million secured credit facility at FES. This facility that has been fully drawn since Dec. 31.

Research Update: FirstEnergy Solutions Corp. Downgraded To 'D' On Bankruptcy

- A total of \$695 million in unsecured notes at FES (due 2021 and 2039).
- About \$677 million in unsecured notes and about \$328 million of secured notes at FEG.
- About \$842 million of senior unsecured and \$285 million of secured notes at FENG.
- About \$679 million of pass-through certificates at Bruce Mansfield I.

The senior secured debt obligations at FEG and FENG are secured by a corresponding series of first mortgage bonds issued by FEG and FENG, respectively. FEG obligations under each senior secured note are directly guaranteed by FES and indirectly by FENG. In addition, FENG obligations under each senior secured note are directly guaranteed by FES and indirectly by FEG.

We have assumed that the residual claim of the Bruce Mansfield I lease debt is also pari passu with unsecured obligations of FES. In a bankruptcy case of the lessee, it is possible that a court could recharacterize the leases as "financing leases." Resolution of this issue would depend on a bankruptcy court's analysis of the particular facts and circumstances associated with the leveraged lease transaction. If the leases are recharacterized as financing leases, the facility would be included as part of the lessee's bankruptcy estate and the leases would be treated as financing obligations of the lessee.

Related Criteria

- Criteria - Corporates - General: Reflecting Subordination Risk In Corporate Issue Ratings, Sept. 21, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings , April 7, 2017
- Criteria - Corporates - General: Recovery Rating Criteria For Speculative-Grade Corporate Issuers, Dec. 7, 2016
- General Criteria: Post-Default Ratings Methodology: When Does S&P Global Ratings Raise A Rating From 'D' Or 'SD'?, March 23, 2015
- Criteria - Corporates - General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Criteria - Corporates - Industrials: Key Credit Factors For The Unregulated Power And Gas Industry, March 28, 2014
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013

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- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- General Criteria: Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings, Oct. 1, 2012
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

Ratings List

Downgraded

	To	From
FirstEnergy Solutions Corp. Corporate Credit Rating	D/--	CCC-/Negative/--
FirstEnergy Solutions Corp. Senior Secured Recovery Rating	D 1 (95%)	CCC+ 1 (95%)
FirstEnergy Generation LLC Senior Secured Recovery Rating	D 1 (95%)	CCC+ 1 (95%)
FirstEnergy Nuclear Generation LLC Senior Secured Recovery Rating	D 1 (95%)	CCC+ 1 (95%)

Downgraded; Recovery Expectations Revised

FirstEnergy Solutions Corp. Senior Unsecured Recovery Rating	D 6 (0%)	C 6 (5%)
FirstEnergy Generation LLC Senior Unsecured Recovery Rating	D 6 (0%)	C 6 (5%)
FirstEnergy Nuclear Generation LLC Senior Unsecured Recovery Rating	D 6 (0%)	C 6 (5%)

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action

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Exhibit C-8 “Bankruptcy Information”

Provide a list and description of any reorganizations, protection from creditors or any other form of bankruptcy filings made by the applicant, a parent or affiliate organization that guarantees the obligations of the applicant or any officer of the applicant in the current year or within the two most recent years preceding the application.

1. *In re: FirstEnergy Solutions Corp., et al.*, United States Bankruptcy Court for the Northern District of Ohio, Eastern Division, Case No. 18-50757 (Jointly Administered)

On March 31, 2018, FirstEnergy Solutions Corp., its subsidiaries, and its affiliate FirstEnergy Nuclear Operating Company (collectively, the “Filing Entities”) filed voluntary petitions in the United States Bankruptcy Court for the Northern District of Ohio, Eastern Division (“Bankruptcy Court”) for relief pursuant to Chapter 11 of Title 11 of the United States Bankruptcy Code (“Bankruptcy Proceeding”).

Although FES and the other Filing Entities are subject to the oversight of the Bankruptcy Court overseeing the Bankruptcy Proceeding, FES is continuing to operate in the ordinary course of business and serve its Ohio customers. FES has already received approval from the Bankruptcy Court to continue maintaining and administering customer programs and to continue honoring its obligations to customers pursuant to an order entered by the Bankruptcy Court on April 4, 2018. As a result, FES continues to perform under its contracts, and does not anticipate any change in service in the near future as a result of the Bankruptcy Proceeding, other than as a result of the sale transaction described below.

On July 9, 2018, FES entered into an asset purchase agreement (the “Exelon APA”) with Exelon Generation Company LLC for the sale of FES’s assets related to its retail business to Exelon, subject to the receipt of any higher or better offers at an auction. No qualified bids were received by the time period required in advance of the auction and as a result the auction was cancelled by FES.

Accordingly, subject to approval of the transactions contemplated by the Exelon APA by the Bankruptcy Court, the satisfaction of the other conditions to closing under the Exelon APA and the consummation of the closing thereunder, FES intends to commence the process of assigning its retail customer contracts to Exelon promptly after the closing of the proposed sale to Exelon. FES currently expects this assignment process to be substantially completed by the end of 2018. However, no assurance can be given that the pending sale to Exelon will be consummated or the timing thereof. Prior to the consummation of the sale, FES intends to operate its retail business in the ordinary course including continuing to provide contracted services, billing statements, and responding to customer inquiries and complaints consistent with Commission rules adopted pursuant to Section 4928.10 of the Revised Code.

For more information, pleadings and other filings from the Bankruptcy Proceeding are publicly available and accessible via the Public Access to Court Electronic Records ("PACER") system at <https://www.pacer.gov> or via Prime Clerk at <https://cases.primeclerk.com/FES/>.

Exhibit C-9 "Merger Information"

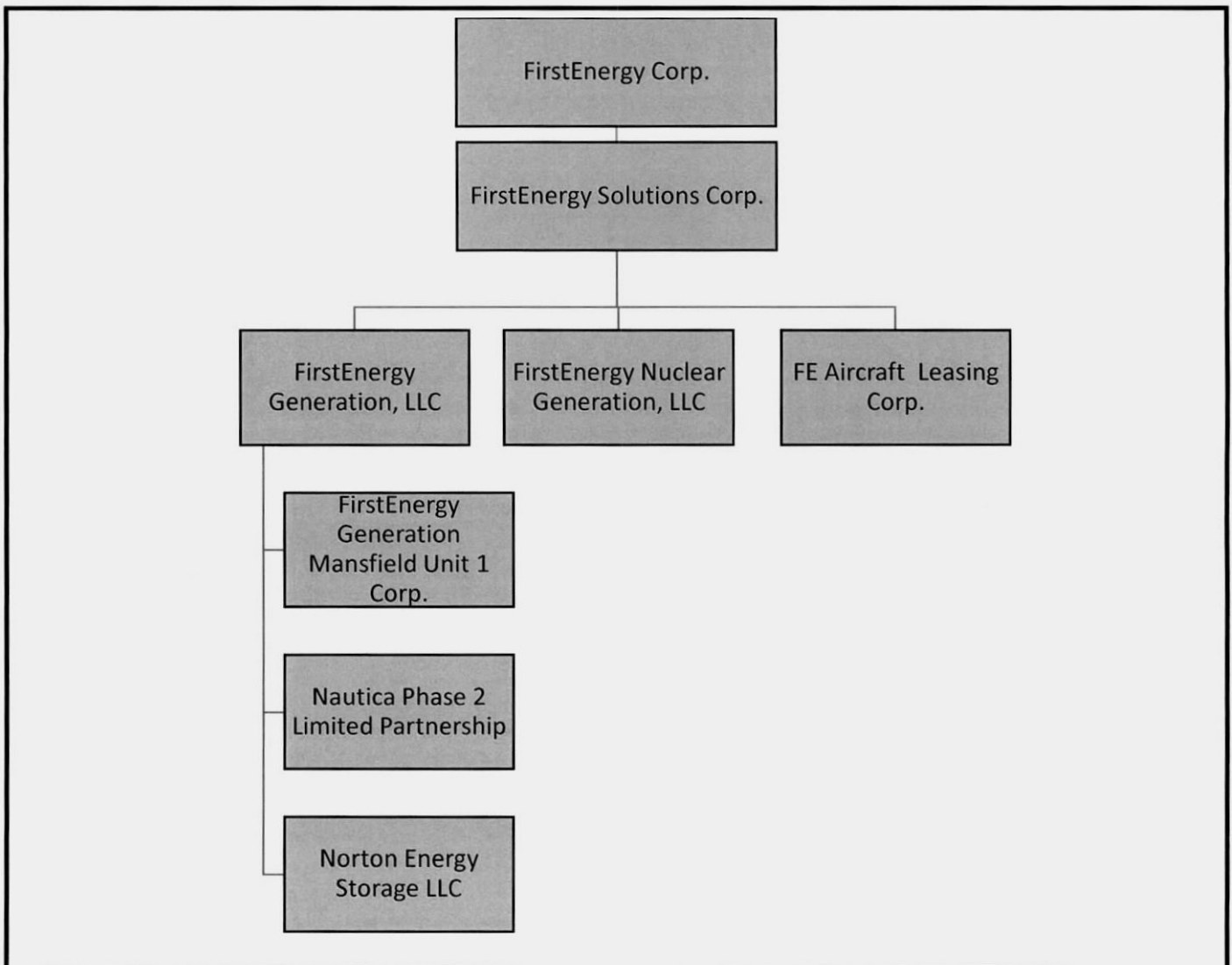
Provide a statement describing any dissolution or merger or acquisition of the applicant within the two most recent years preceding the application.

None.

Exhibit C-10 "Corporate Structure"

Provide a description of the applicant's corporate structure, not an internal organizational chart, including a graphical depiction of such structure, and a list of all affiliate and subsidiary companies that supply retail or wholesale electricity or natural gas to customers in North America. If the applicant is a stand-alone entity, then no graphical depiction is required, and applicant may respond by stating that they are a stand-alone entity with no affiliate or subsidiary companies.

FirstEnergy Solutions Corp. (FES) is a subsidiary of FirstEnergy Corp.
FirstEnergy Solutions has three subsidiaries: FirstEnergy Generation, LLC,
FirstEnergy Nuclear Generation, LLC, FE Aircraft Leasing Corp.



A list of FirstEnergy Solutions Corp.'s affiliates and subsidiaries, which includes, but is not limited to, entities that supply retail or wholesale electricity to customers in North America, is attached.

List of FirstEnergy Solutions Corp. Affiliates

1. FirstEnergy Corp.
 - a. Allegheny Energy Service Corp.
 - b. Allegheny Energy Supply Company, LLC
 - i. AE Supply Renaissance Southwest, LLC
 - ii. Allegheny Energy Supply Renaissance, LLC
 - iii. Allegheny Generating Company
 - iv. Buchanan Energy Company of Virginia, LLC
 - v. Mon Synfuel, LLC
 - vi. NYC Energy, LLC
 - c. FirstEnergy Transmission, LLC
 - i. AET PATH Company, LLC
 - a. Potomac-Appalachian Transmission Highline, LLC
 - b. AYE Series, Potomac-Appalachian Transmission Highline, LLC
 - a. PATH Allegheny Transmission Company, LLC
 - i. PATH Allegheny Land Acquisition Company
 - ii. PATH Allegheny Maryland Transmission Company, LLC
 - iii. PATH Allegheny Virginia Transmission Corp.
 - c. West Virginia Series, Potomac-Appalachian Transmission Highline, LLC
 - a. PATH West Virginia Transmission Company, LLC
 - ii. Mid-Atlantic Interstate Transmission, LLC
 - iii. Trans-Allegheny Interstate Line Company
 - iv. American Transmission Systems, Inc.
 - d. Allegheny Ventures, Inc.
 - i. APS Constellation, LLC
 - ii. Utility Associates, Inc.
 - e. Monongahela Power Company
 - i. Allegheny Generating Company
 - ii. Allegheny Pittsburgh Coal Company
 - iii. MP Renaissance Funding, LLC
 - a. MP Environmental Funding LLC
 - f. The Potomac Edison Company
 - i. Allegheny Pittsburgh Coal Company
 - ii. PATH Allegheny Maryland Transmission Company, LLC

- iii. PE Renaissance Funding, LLC
 - a. PE Environmental Funding, LLC
- g. West Penn Power Company
 - i. Allegheny Pittsburgh Coal Company
 - ii. The West Virginia Power & Transmission Company
 - iii. West Penn Southwest, LLC
- h. FELHC, Inc.
- i. FirstEnergy Fiber Holdings Corp.
- j. FirstEnergy Properties, Inc.
- k. FirstEnergy Nuclear Operating Company
- l. FirstEnergy Service Company
- m. FirstEnergy Ventures Corp.
 - i. Bay Shore Power Company
 - ii. Global Mining Holding Company, LLC
 - iii. Warrenton River Terminal, Ltd.
- n. GPU Nuclear, Inc.
- o. Green Valley Hydro, LLC
- p. Jersey Central Power & Light Company
 - i. JCP&L Transition Funding LLC
 - ii. JCP&L Transition Funding II LLC
- q. Metropolitan Edison Company
- r. Ohio Edison Company
 - i. OE Funding LLC
 - ii. OES Ventures, Inc.
 - iii. Pennsylvania Power Company
- s. Pennsylvania Electric Company
 - i. The Waverly Electric Light and Power Company
- t. The Cleveland Electric Illuminating Company
 - i. CEI Funding LLC
- u. The Toledo Edison Company
 - i. TE Funding LLC
- v. Suvon, LLC

Exhibit D-1 “Operations”

Provide a written description of the operational nature of the applicant’s business. Please include whether the applicant’s operations include the generation of power for retail sales, the scheduling of retail power for transmission and delivery, the provision of retail ancillary services as well as other services used to arrange for the purchase and delivery of electricity to retail customers.

States FES Serve

FirstEnergy Solutions Corp. (FES) has been providing electric generation to businesses since the inception of retail competition in the late 1990s. FES is one of the largest electric generation suppliers in the country to commercial and industrial and government aggregation customers and is licensed to provide electric generation to customers in Illinois, Maryland, Delaware, District of Columbia, Michigan, New Jersey, Ohio and Pennsylvania.

Customers FES Serve

FES offers a wide range of electric generation supply and related products and services to residential, commercial and industrial customers in Ohio, Pennsylvania, Illinois, Michigan, Maryland and New Jersey.

Generation plants

FirstEnergy’s competitive generating fleet provides more than 12,000 megawatts of capacity annually, with nearly 100 percent of our electric generation coming from non-emitting nuclear, scrubbed coal, natural gas, and hydro plants.

Exhibit D-2 “Operations Expertise”

Given the operational nature of the applicant’s business, provide evidence of the applicant’s experience and technical expertise in performing such operations.

Headquartered in Akron, Ohio, FirstEnergy Solutions is a competitive subsidiary of FirstEnergy Corp. one of the nation’s largest investor-owned electric systems. Since 1997, FirstEnergy Solutions has been offering competitive, cost-saving options to millions of customers throughout the Northeast, Midwest and Mid-Atlantic regions of the U.S. And because FirstEnergy Solutions has been an alternative electric generation supplier since electric choice first became available, they have the experience to help customers – from the individual homeowner to large industrial businesses and entire communities – make the most beneficial energy decisions. The company’s goal is to be a responsive, knowledgeable partner who can help customers navigate the complex rules and regulations of the open power markets while providing superior customer service.

Exhibit D-3 “Key Technical Personnel”

Provide the names, titles, e-mail addresses, telephone numbers, and the background of key personnel involved in the operational aspects of the applicant’s business.

Key technical personnel backgrounds are attached.

David J. Sensius

*Director, RTO Interface Services
FirstEnergy Service Company
330-604-3328
sensiusd@FirstEnergyCorp.com*

David J. Sensius is director, RTO Interface Services for FirstEnergy Service Company.

Sensius joined the company in 1988, working in Ohio Edison's system control center, and has held various positions of increasing responsibility in transmission and generation operations, as well as energy trading. In 2004, he was promoted to manager, Portfolio Readiness – Conversion Economics. He was named interim director of Asset Utilization in 2007. In 2009, as director of Unit Dispatch, Sensius focused on the dispatch of competitive generation assets, market operations and strategy, real-time market operations and compliance, as well as trading systems support. He moved into his current position in 2018, where he focuses on RTO interface services for the dispatch of both competitive and regulated generation assets.

Sensius earned a Bachelor of Science degree in computer science math from The University of Akron.

Robert A. Rose

Manager, Short-Term Transactions, Commercial Operations
FirstEnergy Solutions
330-315-7319
Rarose@FirstEnergycorp.com

Robert Rose is manager of Short-Term Transactions in Commercial Operations for FirstEnergy Solutions (FES), a subsidiary of FirstEnergy Corp.

Rose is responsible for the day-to-day hourly balancing process for MISO and PJM. In 2014 he began managing the portfolio mid-term and short-term transactions hedging responsibility.

Rose began his career in 1982 with the Cleveland Electric Illuminating Co. He worked at the System Operations Center as a technician for seven years, and worked as a substation equipment outage coordinator for the following three years. Rose also worked as a Transmission and Distribution dispatcher, a bulk power Generation dispatcher and a short-term energy trader before becoming manager of Short-Term Position Balancing in 2000.

Rose graduated from The University of Akron with an Associate of Applied Science degree in business management.

Exhibit D-4 “FERC Power Marketer License Number”

Provide a statement disclosing the applicant’s FERC Power Marketer License number.
(Power Marketers only)

FirstEnergy Solutions Corp.’s FERC power marketer license number:
ER01-2968-000