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FirstEnergy

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*Via Federal Express
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February 2, 2009

Ms. Rence J. Jenkins
Director, Administration Department
Secretary to the Commission
Docketing Division
The Public Utilities Commission of Ohio
180 East Broad Street
Columbus, OH 43215-3793

Dear Ms. Jenkins:

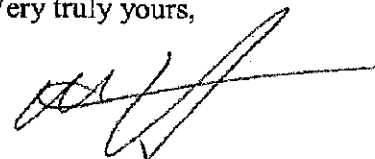
Re: *Information Pertaining to RFP
In the Matter of the Application of Ohio Edison Company, The
Cleveland Electric Illuminating Company and The Toledo
Edison Company for Approval of Rider FUEL and Related
Accounting Authority*
Case Nos. 09-21-EL-ATA
09-22-EL-AEM
09-23-EL-AAM

Enclosed for filing, and pursuant to the Entry of January 30, 2009 regarding the above-referenced case, please find the original and twelve (12) copies of information pertaining to the RFP conducted on December 31, 2008. Please file the enclosed information, time-stamping the two extras and returning them to the undersigned in the enclosed envelope.

Thank you for your assistance in this matter. Please contact me if you have any questions concerning this matter.

MAH/kli
Enclosures
cc: Parties of Record

Very truly yours,



This is to certify that the images appearing are an accurate and complete reproduction of a case file document delivered in the regular course of business.
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INTERNATIONAL

FINAL REPORT

**Post-RFP Report on the
FirstEnergy Ohio Utilities'
Competitive Procurement for
Standard Service Offer Supply**

December 2008 RFP Process

Submitted to:

FirstEnergy Ohio Utilities

Submitted by:

CRA International, Inc.
Boston, Massachusetts

January 9, 2009

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Executive Summary

This is the report of CRA International, Inc. ("CRA") to the FirstEnergy Ohio Utilities ("FirstEnergy") regarding our role as the RFP Manager and our assessment of FirstEnergy's competitive bidding process to procure wholesale energy and capacity for the provision of retail electric generation service as the provider of last resort ("Standard Service Offer Load" or "SSO Load").¹ The competitive bidding process used a Request for Proposal ("RFP") format with bids due on December 31, 2008 for delivery during the supply period beginning January 5, 2009 through March 31, 2009 ("Delivery Period").

Context of the Competitive Procurement Process

FirstEnergy is obligated to provide service to retail customers who choose not to shop with an alternative supplier. The Companies, which do not own any electric generation, serve approximately 2.1 million customers in Ohio. The RFP process was conducted to ensure that customers have a reliable supply of electricity and specifically sought to procure up to 100 percent of the aggregate wholesale energy and capacity requirements FirstEnergy requires to serve its SSO Load.

FirstEnergy approached CRA in mid-November 2008 to oversee the design and implementation of a competitive procurement process that would meet the requirements adopted by the Federal Energy Regulatory Commission ("Commission") in *Edgar and Allegheny*, two separate cases in which the Commission approved affiliate transactions resulting from competitive bidding processes (hereafter referenced as *Edgar/Allegheny*).² An important aspect of the Commission's approval in these cases was the evidence that the outcome resulted from "direct head-to-head competition between affiliated and competing unaffiliated suppliers."³

FirstEnergy advised CRA that it desired to obtain its wholesale electric energy and capacity requirements for the Delivery Period by means of a competitive RFP solicitation process.

CRA's Role in the RFP Process

FirstEnergy asked CRA to develop and implement a competitive procurement process in which potential suppliers would compete directly with each other by bidding to supply the energy and capacity required

¹ FirstEnergy Ohio Utilities refers to The Cleveland Electric Illuminating Company, The Toledo Edison Company, and Ohio Edison Company ("the Companies").

² See *Boston Edison Company Re: Edgar Electric Energy Company*, 55 FERC ¶ 61,382 (1991) (*Edgar*); *Allegheny Energy Supply Company, LLC*, 108 FERC ¶ 61,082 (2004) (*Allegheny*).

³ *Edgar*, 55 FERC ¶ 61,382 at 62,167-69. See also *Connecticut Light & Power Co. and Western Massachusetts Electric Co.*, 90 FERC ¶ 61,195 at 61,633-34 (2000); *Aquila Energy Marketing Corp.*, 87 FERC ¶ 61,217 at 61,857-58 (1999); *MEP Pleasant Hill, LLC*, 88 FERC ¶ 61,027 at 61,059-60 (1999).

Executive Summary

for FirstEnergy to meet its SSO Load. It was critical to design and implement the competitive procurement process in a way that met the conditions described by the Commission that no affiliate should receive undue preference during any stage of the process.

CRA designed the competitive procurement process, led implementation of the competitive procurement process, evaluated bid submissions to determine winning suppliers, and notified FirstEnergy and bidders of the results.

Results of RFP Process

The bid evaluation criteria selected the lowest-priced tranches up to the maximum number of tranches to be sold. The pricing rule was paid-as-bid, meaning winning bidders are paid the price they bid rather than a single uniform price paid to all winning bidders.

The following table summarizes the results of the RFP process.

Table ES-1. Summary of FirstEnergy's RFP Process

| | |
|--|----------------------------------|
| Period of Delivery | January 5, 2009 - March 31, 2009 |
| Number of Companies that Submitted Bids | 5 |
| Number of Companies that Submitted Conforming Bids | 4 |
| Number of Winning Bidders | 4 |
| Maximum Number of Tranches to be Purchased | 100 |
| Number of Tranches Purchased | 97 |
| Average Price for Tranches Purchased | \$66.68/MWh |

Assessment of the RFP Process

The Commission stated four guidelines that would help it determine if a procurement process satisfied their underlying principles for competitive solicitation: transparency, definition, evaluation, and oversight. In evaluating whether the RFP process meets these requirements, the RFP Manager assessed the process against the requirements described by the Commission that would indicate those underlying principles had been met.

The RFP process was consistent with the requirements of Edgar/Allegheny:



Executive Summary

- The RFP process was designed and implemented without undue preference for any supplier that is affiliated with FirstEnergy;
- The analysis of bids did not favor any affiliate of FirstEnergy; and
- Even though an affiliated supplier's bid was selected, such selection was based on a reasonable combination of price and non-price factors.

Conclusion

The FirstEnergy RFP process to procure energy and capacity for the SSO Load of FirstEnergy met the requirements described by the Commission in Edgar/Allegheny and resulted in a direct head-to-head competition between the affiliate and non-affiliates of FirstEnergy.

The RFP process was designed and implemented without undue preference to FirstEnergy affiliates, and the analysis of bids was performed according to the bidding rules in an objective, non-discriminatory manner that did not favor an affiliate. Even though a FirstEnergy affiliate was awarded a portion of the tranches up for bid, this selection was based on a reasonable combination of price and non-price factors that were established in advance of the bidding window.



1. Introduction

FirstEnergy retained CRA to act as the RFP Manager for FirstEnergy's competitive process to procure energy and capacity to meet the requirements of its SSO Load. A competitive RFP process was conducted with bids due on December 31, 2008. This report is the post-RFP assessment of the competitive procurement process.

The competitive procurement process and the window for bidding were announced by FirstEnergy Corp. in a press release on Monday, December 22, 2008 in the afternoon. The press release referenced the FirstEnergy auctions Website (www.firstenergy-auction.com) where additional details regarding the RFP, documents and data that bidders could review were posted. The press release also referenced that CRA International was the RFP Manager, and further inquiries could be directed to Brad Miller at CRA using the email address (RFPManager@crai.com) or phone number provided in the press release and on the Website.

At any time from December 22, 2008 to the bidding date, parties could raise questions and provide comments on the RFP process to the RFP Manager. Upon receipt of an inquiry, the RFP Manager would relay the inquiry, without reference to who submitted the question, to FirstEnergy. The RFP Manager and FirstEnergy would develop an answer to the question, and both the question and answer would be posted on the Website. The RFP Manager then would respond directly to the inquirer with the answer and inform all registrants that the Website had been updated.

As scheduled, the bidding window opened on December 31, 2008 at 9:00 am and closed at 11:00 am Eastern Prevailing Time on the same day. All bids were faxed to the RFP Manager on a dedicated fax line at CRA's headquarters in Boston, Massachusetts. Until the results were determined, only CRA personnel had access to the bids; FirstEnergy did not have a representative onsite at CRA's offices and did not receive a copy of the submissions of winning bidders until after the bid evaluation was completed. FirstEnergy did not receive a copy of the non-winning bid submissions.

On the day bids were due, the RFP Manager reviewed bid submissions, evaluated them against the pre-specified criteria referred to in the bidding rules, and determined the winning bids. The RFP Manager then informed FirstEnergy of the winning bidders, their number of winning tranches, and the average price of the winning tranches for each winning bidder. The RFP Manager subsequently informed the winning bidders of the number of tranches and average price they had been awarded, and informed the one bidder who had submitted a non-conforming bid that its bid had been rejected for being non-conforming.

CRA's efforts as the RFP Manager in assisting FirstEnergy through this process are summarized as follows:

- Designing the competitive RFP process, including review and recommendations of possible bidding rules, protocols, and documentation.

Introduction

- Reviewing and providing comments on documents to be disclosed to potential bidders in advance of the bidding window, namely the press release, Standard Service Offer Supply Agreement ("SSO Supply Agreement"), bidding rules, and Website.
- Preparing internal memoranda and real-time documentation on the resolution of key aspects of the RFP operations, including Communications Protocols, Credit Review to be performed for potential bidders, and the process to be followed during the bidding.
- Registering potential bidders and ensuring communication with registrants occurred in a fair, open and non-discriminatory way.
- Fielding inquiries from potential bidders concerning the RFP, confirming receipt of their inquiry, answering questions, communicating other inquiries to FirstEnergy without bidder identification, drafting answers, reviewing answers, and approving responses to be posted on the Website. Once answers to inquiries were approved, the RFP Manager would respond directly to the inquirer with the answer and would inform all registrants that new questions and answers had been posted to the FAQ section of the Website.
- Receiving bids, determining if they were conforming or non-conforming, evaluating them against the pre-specified bid evaluation criteria described in the bidding rules, and determining the winning and non-winning bidders.
- Providing the results of winning bids to FirstEnergy.
- Notifying bidders of their results.
- Participating with FirstEnergy in a post-RFP review of the competitive procurement process, held on January 2, 2009.

Our final task as the RFP Manager of this RFP is the preparation of this post-RFP report, which is organized as follows.

- Section 2 summarizes the context of the competitive procurement process and key considerations in the design and implementation of the RFP.
- Section 3 summarizes CRA's roles and responsibilities in the RFP process.
- Section 4 summarizes the results of the RFP process.
- Section 5 provides our assessment of the RFP process, focusing on the Edgar/Allegheny requirements of transparency, definition, evaluation, and oversight.



2. Context of the Competitive Procurement Process

This section of the report provides the context surrounding FirstEnergy's RFP process.

FirstEnergy is obligated to provide service to retail customers who choose not to shop with an alternative supplier. FirstEnergy, which does not own any electric generation, serves approximately 2.1 million customers in Ohio. The RFP process was conducted to ensure that customers have a reliable supply of electricity and specifically sought to procure up to 100 percent of the aggregate wholesale energy and capacity requirements FirstEnergy requires to serve its SSO Load.

FirstEnergy approached CRA in mid-November to oversee the design and implementation of a competitive procurement process that would meet the requirements adopted by the Commission in Edgar/Allegheny, two separate cases in which the Commission approved affiliate transactions resulting from competitive bidding processes.¹ An important aspect of the Commission's approval in these cases was the evidence that the outcome resulted from "direct head-to-head competition between affiliated and competing unaffiliated suppliers."²

FirstEnergy advised CRA that it desired to obtain its wholesale electric energy and capacity requirements for the Delivery Period by means of a competitive RFP solicitation process.

¹ See *Boston Edison Company Re: Edgar Electric Energy Company*, 55 FERC ¶ 61,382 (1991) (*Edgar*); *Allegheny Energy Supply Company, LLC*, 108 FERC ¶ 61,082 (2004) (*Allegheny*).

² *Edgar*, 55 FERC ¶ 61,382 at 62,167-69. See also *Connecticut Light & Power Co. and Western Massachusetts Electric Co.*, 90 FERC ¶ 61,195 at 61,633-34 (2000); *Aquila Energy Marketing Corp.*, 87 FERC ¶ 61,217 at 61,857-58 (1999); *MEP Pleasant Hill, LLC*, 88 FERC ¶ 61,027 at 61,059-60 (1999).



3. CRA's Role in the RFP Process

FirstEnergy asked CRA to act as the RFP Manager for a competitive procurement process in which potential suppliers would compete directly with each other by bidding to supply the energy and capacity required for FirstEnergy to meet its SSO Load. It was critical to design and implement the competitive procurement process in a way that met the conditions described by the Commission that no affiliate should receive undue preference during any stage of the process.

In its role as RFP Manager, CRA designed the competitive procurement process, led implementation of the RFP process, evaluated bid submissions to determine winning suppliers, and notified FirstEnergy and bidders of the results. This section summarizes CRA's roles and responsibilities as the RFP Manager in each of these areas.

3.1. Design

CRA started working with FirstEnergy on November 23, 2008 to design a competitive procurement process. Over the next five weeks, CRA and FirstEnergy worked together with regular conference calls to develop the RFP rules, list of potential bidders, public announcement, and the documentation that would be available to bidders. CRA and FirstEnergy also worked through the venue of communication (the FirstEnergy auctions Website) and the content that would be provided on the Website.

Internally, CRA developed protocols, processes, and draft templates that would be followed during the RFP process.

3.2. Implementation of the Competitive Procurement Process

Once the competitive procurement was announced on December 22, the RFP Manager forwarded the press release to 26 different companies and referenced the FirstEnergy auctions Website where additional information could be found. Starting on December 22, CRA fielded inquiries from potential bidders in its role as the RFP Manager, forwarding specific questions and, in some cases, draft answers to FirstEnergy. In its communications with FirstEnergy regarding bidder inquiries, CRA did not disclose the names of potential bidders and ensured that the inquiries forwarded to FirstEnergy did not identify the potential bidders who had submitted the questions.

The RFP Manager also served as the primary contact for potential bidders interested in confirming their credit requirements as described in the SSO Supply Agreement. Although the SSO Supply Agreement described the relevant calculations for determining the credit and whether cash or a letter of credit would be required, potential bidders could confirm their calculations by contacting the RFP Manager before noon Eastern Prevailing Time on December 29, 2008. Upon receipt of a request for confirmation, the RFP Manager would confirm the Independent Credit Threshold and Unsecured Credit Limit for the



CRA's Role in the RFP Process

requesting bidder with FirstEnergy's credit department before responding to the potential bidder with these values.

3.3. Bid Submission Compilation and Bid Evaluation

In preparation for the competitive RFP, CRA developed a bid evaluation tool that would be used to assess the bids according to the evaluation criteria in the bidding rules and the pricing criteria FirstEnergy provided to CRA the day before the bidding window opened. When bids were received, CRA identified whether a bid was conforming or non-conforming, compiled the information in the conforming bids, and used the bid evaluation tool to rank the conforming bids according to the pre-defined criteria.

3.4. Notification to FirstEnergy, Winning Bidders and Unsuccessful Bidders

Once the bids were evaluated and the winning bidders were determined, CRA, in its role as the RFP Manager, notified the relevant parties:

- **FirstEnergy:** The RFP Manager provided FirstEnergy with a list of winning bidders, the number of tranches each had won, and the average price in \$/MWh to be paid to each winning bidder.
- **Winning Bidders:** The RFP Manager notified each winning bidder that it had won, the number of tranches it had won, and the average price in \$/MWh for those tranches.
- **Unsuccessful bidders:** The RFP Manager notified one unsuccessful bidder that it had not been awarded any tranches due to its submission of a non-conforming bid.



4. Results of the RFP Process

The bid evaluation criteria selected the lowest-priced tranches up to the maximum number of tranches to be sold subject to the pricing criteria established by FirstEnergy and communicated to CRA the day before the bid window opened. The pricing rule was paid-as-bid, meaning winning bidders are paid the price they bid rather than a single uniform price paid to all winning bidders.

4.1. Registration

Between the initial press release and the bidding window, eleven (11) companies registered with the RFP Manager to receive ongoing information on the RFP process. The RFP Manager corresponded with registrants as a group at least nine times before the bidding window opened, often referencing updates to the auctions Website and providing links to the updated pages.

4.2. The RFP Process

The bidding window opened at 9:00 am Eastern Prevailing Time on Wednesday, December 31, 2008, and closed at 11:00 am Eastern Prevailing Time on the same day. During the bid submission window, the RFP Manager received five submissions. Four of the submissions were deemed to be conforming bids. One of the submissions was non-conforming and was excluded from the bid evaluation process. No additional submissions were received before or after the bidding window.

Although the pricing criteria provided to the RFP Manager by FirstEnergy included a volume adjustment after a certain level of prices, no volume adjustment was made during the bid evaluation process because that price threshold was not reached. So, the pre-bidding tranche target of 100 was unchanged for the bid evaluation process.

4.3. Results

The following tables summarize the results of the RFP process.



Results of the RFP Process

Table 1. Summary of FirstEnergy's RFP Process

| | |
|--|----------------------------------|
| Period of Delivery | January 5, 2009 - March 31, 2009 |
| Number of Companies that Submitted Bids | 5 |
| Number of Companies that Submitted Conforming Bids | 4 |
| Number of Winning Bidders | 4 |
| Maximum Number of Tranches to be Purchased | 100 |
| Number of Tranches Purchased | 97 |
| Average Price for Tranches Purchased | \$66.68/MWh |

Table 2. Summary of Winning Bidders

| Winning Bidder | Number of Winning Tranches | Average Price to be Paid (\$/MWh) |
|----------------|----------------------------------|--------------------------------------|
| | | |
| | | |
| | | |
| | | |
| | | |
| Total | 97 | 66.68 |

5. Assessment of the RFP Process

This section of our report provides our assessment of the FirstEnergy RFP process, focusing on the standards expressed in *Edgar/Allegheny* concerning affiliate inclusion in competitive procurement processes.

In order to approve market-based rate sales agreements between regulated and unregulated affiliates, the Commission has established the *Edgar* criteria in order to have assurance that: (1) a competitive solicitation process was designed and implemented without undue preference for an affiliate; (2) the analysis of bids did not favor affiliates, particularly with respect to non-price factors; and (3) the affiliate was selected based on some reasonable combination of price and non-price factors.⁶

In *Allegheny*, the Commission also stated four guidelines that would help the Commission determine if a competitive solicitation process satisfied its requirements in *Edgar*: transparency, definition, evaluation, and oversight.

The RFP process was consistent with the requirements of *Edgar/Allegheny*:

- The RFP process was designed and implemented without undue preference for any supplier that is affiliated with FirstEnergy;
- The analysis of bids did not favor any affiliate of FirstEnergy; and
- Even though an affiliated supplier's bid was selected, such selection was based on a reasonable combination of price and non-price factors.

We apply the four guidelines established in *Allegheny* below.

5.1. The RFP Process was Transparent

Allegheny states that the underlying transparency principle is that the competitive solicitation should be open and fair. In the design and implementation of the RFP process, many decisions were made to encourage participation and competitive bidding and ensure that any affiliates were not given an undue advantage. Specific ways in which this RFP process was open and fair include the following design characteristics:

⁶ *Edgar*, 55 FERC ¶ 61,382 at 62,168.



Assessment of the RFP Process

- **Public Announcement:** The RFP process was announced with a public press release that set forth the activities and timeline for the RFP process, directed all inquiries to the RFP Manager, and provided opportunities for bidders to respond. Potential bidders could register to receive further information from the RFP Manager.
- **Equal Access to Information:** Potential bidders had equal access to information related to the RFP process using FirstEnergy's public auctions Website. Potential bidders were informed of how to contact the RFP Manager and were able to submit their inquiries by phone, fax, or email. Answers to bidder inquiries along with the inquiries were posted anonymously (without identifying the inquirer) on the Website for all potential bidders to review. Notifications that questions and answers had been posted were emailed to all registrants.
- **Low Barriers to Entry:** Any company able to meet the requirements of the SSO Supply Agreement and bidding rules could submit a bid. In order to allow as many bidders as possible to qualify, winning bidders would schedule and deliver their respective wholesale energy and capacity obligations under the SSO Supply Agreement to the FE.FESR delivery point in the Midwest ISO.
- **Tranche Limit:** No bidder was allowed to bid or win more than 75 tranches. This winning tranche limit, or load cap, assured bidders that this RFP would not result in a "winner-take-all" outcome.
- **Non-discriminatory Credit Requirements:** All bidders were subject to the same credit requirement criteria, based on their credit rating and financial position.
- **Independent Evaluation:** The RFP Manager, and not FirstEnergy, determined which bids satisfied the pre-defined bid evaluation criteria.

These efforts provided an open, transparent, and non-discriminatory bidding process for all bidders.

5.2. The RFP Process was Defined Appropriately

The RFP satisfies the definition criteria because the products procured through the RFP process were defined in a clear and non-discriminatory manner.

- **Product Design:** The product was clearly defined as a tranche, or one (1) percent of the aggregate wholesale load-following energy and capacity requirements FirstEnergy would need to serve their SSO Load for the delivery period of January 5, 2009 through March 31, 2009. By defining the product as a tranche equal to one percent of energy and capacity requirements, many more bidders would be able to meet the credit requirements and manage the risk associated with delivering the product.

Assessment of the RFP Process

- **Pre-defined Bidder Qualification Criteria:** Bidder qualification criteria and bid evaluation methods were provided in the bidding rules in advance of the bid submission deadline. Bidders thus had knowledge of the bidding and evaluation process before they placed their bids.
- **Pre-defined Contractual Requirements:** The SSO Supply Agreement was posted on the Website in advance of the bid submission deadline. Bidders had to agree to the terms of the SSO Supply Agreement in advance; there was no post-bid negotiation. Bidders thus had knowledge of the contractual obligations to which they would be subject if awarded their bids.

The products and bidder qualification criteria were clearly defined and publicly available to all potential bidders in advance of the bidding window.

5.3. The RFP Process Met the Evaluation Criteria Requirements

The evaluation criteria were clearly defined in the bidding rules. In selecting winning bidders, the RFP Manager applied a reasonable combination of price and non-price factors. Selection of winning bidders was based on the criteria summarized in the bidding rules, which identified the requirements for winning bidders described below.

5.3.1. Non-price factors

As part of the bid submission, bidders were required to certify that they met certain non-price requirements. Any bid submission that did not have acceptable certification that the bidder met these requirements would be considered a non-conforming bid and would be excluded from the price criteria evaluation. The required non-price factors were the same for all bidders and included the following:

- **Membership in the Midwest ISO:** Bidders were required to be a member of the Midwest Independent Transmission System Operator and qualified as a market buyer and market seller in good standing able to secure generation or otherwise obtain and deliver electricity in MISO through compliance with all applicable requirements of MISO to fulfill the obligations of the SSO Supply Agreement.
- **Authorization by FERC:** Bidders were required to be authorized by the Commission to make sales of energy, capacity, and ancillary services at market based rates, pursuant to the Federal Power Act and the provisions of regulations promulgated there under.
- **Compliance with RFP Rules:** Bidders were required to certify that they had read and understood the RFP rules and would comply with the rules.



Assessment of the RFP Process

- **Compliance with SSO Supply Agreement:** Bidders were required to certify that they had read and understood the SSO Supply Agreement and would accept its terms.
- **Ability to Execute the SSO Supply Agreement:** Bidders were required to submit their bids with the signature of a person able to bind the company, and were required to be able to execute the SSO Supply Agreement within one (1) business day following the close of the solicitation.
- **Independence and Non-collusion:** Bidders were required to bid independently of other bidders and not enter into any agreement with another bidder directly or indirectly.

These requirements are reasonable and necessary for purposes of delivering power to the designated delivery point in the Midwest ISO wholesale market to meet FirstEnergy's objectives to procure a reliable supply of energy and capacity for its SSO Load in the timeframe required by FirstEnergy. In addition, the independence and non-collusion requirement helped to assure a competitive procurement process.

5.3.2. Price factors

Once the non-price criteria were met, conforming bids were subject to evaluation based on price. The pricing rule was paid-as-bid, meaning winning bidders are paid the price they bid rather than a single uniform price paid to all winning bidders.

Winning bids were determined based on the criteria defined in the bidding rules. Conforming bids were ordered from lowest to highest prices, with tranches being awarded to the lowest-priced tranches up to the maximum number of tranches to be awarded. No bidder was allowed to win more than 75 tranches. In the event the number of tranches to be awarded could be met at the same price by multiple bidders, preference would be given to the bidder who would win the lowest number of tranches, with additional tie-breaking rules that would generate a random outcome. However, given the bids, there was no need for application of the tie-breaking rules.

In addition, the RFP Manager incorporated the price-based reservation prices which were provided by FirstEnergy the day before the bidding window opened. The reservation prices were applied to all bidders and all tranches from conforming bids as follows:

- A lower reservation price would be used to award all tranches up to 100 tranches that were priced no higher than this lower reservation price.
- If fewer than 100 tranches were awarded based on the lower reservation price, a higher reservation price would be used to award additional tranches up to a total of 95 tranches awarded that were priced no higher than this higher reservation price.
- No tranches would be awarded that were priced above the higher reservation price.



Assessment of the RFP Process

Although FirstEnergy chose to develop a reservation price, and withhold the details of those price values from bidders, it was disclosed in advance that FirstEnergy would be developing such price-based criteria and would provide them to the RFP Manager in advance of the bidding window.

Using the rank order approach to award tranches by price is consistent with the Commission's evaluation guidelines.

5.4. The RFP Process Met the Oversight Criteria

CRA served as the RFP Manager. CRA is not affiliated with FirstEnergy or its affiliates, and has no financial interest in any of the potential bidders, or in the outcome of the RFP process.

The RFP Manager had direct interaction with potential bidders and served as the sole link for transmitting information between potential bidders and the RFP issuer. This ensured that the RFP design, implementation, and evaluation did not favor any particular bidder, particularly an affiliate.

The involvement of an independent, experienced consultant in all stages of the RFP process provided sufficient independent third-party management and oversight of the design, administration, and bid evaluation stages of the process.

5.5. Conclusion

The FirstEnergy RFP process to procure energy and capacity for the SSO Load of FirstEnergy met the requirements described by the Commission in Edgar/Allegheny and resulted in a direct head-to-head competition between the affiliate and non-affiliates of FirstEnergy.

The RFP process was designed and implemented without undue preference to FirstEnergy affiliates, and the evaluation of bids was performed according to the bidding rules in an objective, non-discriminatory manner such that no affiliate was favored. Even though a FirstEnergy affiliate was awarded a portion of the tranches up for bid, this selection was based on a reasonable combination of price and non-price factors that applied equally to all bidders and that were established in advance of the bidding window.



INTERNATIONAL

Memorandum

To: FirstEnergy Ohio Utilities ("Companies")

CRA No. D13965

From: CRA International, Inc. ("RFP Manager")

Date: December 21, 2008

cc:

Subject: **COMMUNICATIONS PROTOCOLS**

INTRODUCTION

The communications protocols in this memo are intended to promote a fair, open, transparent, objective, and non-discriminatory process for the Companies' request for proposal ("RFP") process to procure power supply for retail standard service offer ("SSO") customers of the Companies and further ensure no bidder in the RFP process that is affiliated with the Companies receives undue preference.

"Companies" refers to the FirstEnergy Ohio Utilities (Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company) or individuals of the Companies.

The "RFP Manager" for this RFP process is the CRA International, Inc. team working on this process.

Unless noted otherwise, for brevity, "bidders" refers to any parties that may become qualified bidders in the RFP process, or that are qualified bidders in the RFP process.

OBJECTIVES

This document and its procedures follow three main objectives:

- The first objective is to establish a fair and equitable process for all bidders by ensuring all of them have equal access to the same information necessary to evaluate the bidding opportunity and to prepare their bids in a timely manner.
- The second objective is to take all reasonable precautions that any information generated by the RFP process that could harm the competitive position of bidders, if released, is kept confidential.
- The third objective is to take all reasonable precautions that confidential information is provided only to those persons to whom it is deemed necessary for the conduct and management of the RFP process.

These objectives will be accomplished by following two guiding principles. The first is that there shall be one communication point for bidders: all communications to prospective and actual bidders shall be through the RFP Manager. The second guiding principle is that the RFP Manager shall distribute and disseminate information equally and fairly to all prospective and actual bidders. These two guiding principles facilitate equal access to the same information for all bidders. Only the RFP Manager responds to inquiries from bidders and information is disseminated to all bidders by or under the supervision of the RFP Manager.

COMMUNICATIONS WITHIN THE COMPANIES

The Companies will designate individuals to work on the RFP process. These individuals directly or indirectly will not have communication with, or exchange information with, any individuals at an affiliate of the Companies that may bid in the RFP process if such communication or information is related directly or indirectly to this RFP process.

THE RFP INFORMATION WEB SITE

The central source of information made available publicly and to bidders is the RFP information Web site, www.firstenergy-auction.com. The RFP Manager will manage the information flow on the RFP information Web site.

Among other information and resources on the RFP information Web site, there will be a Q&A or FAQ (frequently asked questions) section. As inquiries are received (in whatever form), if they are of interest to bidders or to the general public, they will be converted into a FAQ and posted on the RFP information Web site without revealing the identity of the party posing the inquiry. Inquiries to be answered by the Companies will be forwarded by the RFP Manager to the Companies. Inquiries to be answered by the RFP Manager will be forwarded to the Companies with a draft response. Any inquiry or draft response forwarded by the RFP Manager to the Companies will not identify the party posing the inquiry. Both the Companies and the RFP Manager will review any inquiry and response before the FAQ is posted to the RFP information Web site. Counsel for the Companies also may be involved in reviewing proposed FAQs.

COMMUNICATIONS WITH THE GENERAL PUBLIC INCLUDING THE MEDIA

Inquiries from the general public or the media will be directed to the RFP information Web site. The Companies and/or the RFP Manager may issue one or more press releases or may place news items in the trade press with the intent to disseminate information about the RFP process efficiently, fairly, and timely.

COMMUNICATIONS WITH BIDDERS

The central source of information made available to bidders is the RFP information Web site. This facilitates making information available equally to all bidders in a timely manner.

The Companies will not communicate with the bidders prior to the selection of winning bids, if any. If and when the RFP Manager informs the Companies what the winning bids are and who the winning bidders are, the Companies then will communicate with the winning bidders in order to execute the necessary documents.

If a bidder attempts to contact the Companies whether by phone call, email, fax, or other means, the Companies simply will direct the bidder to the RFP information Web site and/or to the RFP Manager.

COMMUNICATIONS BETWEEN THE COMPANIES AND THE RFP MANAGER

Before the day bids are due, the Companies will provide the RFP Manager with the bid evaluation and selection criteria. The bid evaluation and selection criteria will be price-based and may include, for example, a reservation price or amount.

When bids are submitted only the RFP Manager will have access to bids submitted by bidders.

The RFP Manager will ensure the bids submitted by bidders conform to the rules of the RFP process.

The RFP Manager will apply the bid evaluation and selection criteria to determine which bids, if any, meet the criteria as winning bids.

If there are such winning bids: (a) the RFP Manager will inform the Companies what the winning bids are and identify the winning bidders, and (b) the RFP Manager will inform the winning bidders. The Companies then will contact the winning bidders to execute the necessary documents.

If there are no such winning bids, the RFP Manager will inform the Companies there are no such winning bids.

COMMUNICATIONS BETWEEN THE BIDDERS AND THE RFP MANAGER

Any information the RFP Manager has that is relevant for all bidders concerning the RFP process will be made available equally to all bidders in a timely manner. The method of such communication likely will be via the RFP information Web site and/or emails to bidders using the BCC field so bidders are not identified to other bidders.

If the RFP Manager receives an inquiry from a bidder and prepares a response that would be relevant for all bidders, the RFP Manager will ensure the information will be made available equally to all bidders in a timely manner.

Any communications from the RFP Manager to bidders will not reveal the identity of bidders.

COMMUNICATIONS AMONG BIDDERS

Pursuant to the RFP rules, bidders are prohibited from communications with each other in ways that would compromise the integrity and competitiveness of the RFP process. Sanctions will be applied if these rules are violated.

RFP SUMMARY REPORT

Within three business days of the conclusion of the RFP process, the RFP Manager will provide the Companies with a written summary report regarding the RFP process.

FIRSTENERGY OHIO UTILITIES
REQUEST FOR PROPOSALS
WHOLESALE ENERGY AND CAPACITY
JANUARY 5, 2009 to MARCH 31, 2009

BIDDER RULES

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ARTICLE I. INTRODUCTION

I. 1. Overview

I. 1. 1. This Request for Proposal¹ ("RFP") is a solicitation process by which The Cleveland Electric Illuminating Company, The Toledo Edison Company and Ohio Edison Company (hereafter referred to as the "FirstEnergy Ohio Utilities") are seeking to procure wholesale energy and capacity for the provision of retail electric generation service ("Standard Service Offer Load" or "SSO Load") which is load not being served by a Competitive Retail Electric Service ("CRES") Supplier. This solicitation specifically seeks to procure 100% of the aggregate wholesale energy and capacity requirements the FirstEnergy Ohio Utilities need to serve their retail SSO Load for the period January 5, 2009 through March 31, 2009 ("Delivery Period"). Winning bidders will be required to execute the SSO Supply Agreement within one (1) business day following the close of the solicitation.

I. 1. 2. The RFP solicitation is designed to procure tranches of load-following energy and capacity for the FirstEnergy Ohio Utilities to serve their retail SSO Load. The FirstEnergy Ohio Utilities will remain the Load Serving Entity ("LSE") and, as such, will be responsible for transmission and ancillary related costs incurred by the FirstEnergy Ohio Utilities under the Midwest Independent Transmission System Operator ("MISO") Open Access Transmission and Energy Markets Tariff. Winning bidders will be required to schedule and deliver their respective wholesale energy and capacity obligations under the SSO Supply Agreement to the FE.FESR delivery point in MISO. Winning bidders will not be required to provide alternative or renewable energy under any state or federal rules or programs, as any such obligation will remain with the FirstEnergy Ohio Utilities.

¹ Capitalized terms utilized in this document have the meaning set forth in the Definitions section of the SSO Supply Agreement.

I. 1. 3. Prior to 4:00 p.m. prevailing Eastern Time on Tuesday, December 30, 2008, the Companies may, for any reason and at their sole discretion, terminate or suspend this RFP Process.

I. 1. 4. Winning bidders must be both MISO Market Participants and Asset Owners as those terms are defined in the MISO tariffs and agreements, and must be knowledgeable and capable of adhering to all MISO-related protocols necessary to conduct business with respect to delivering wholesale energy and capacity to the FE.FESR delivery point, including but not limited to, the use of MISO's financial scheduling protocols.

I. 2. Product Definition – Energy and Capacity to be Procured

I. 2. 1. The FirstEnergy Ohio Utilities are seeking to procure the wholesale energy and capacity needed to serve retail SSO Load. Capacity, or Designated Network Resources ("DNR"), will include the MISO Planning Reserve Margin requirements. SSO Load will be divided into 100 identical units called tranches, each representing an equivalent percentage of SSO Load. Each tranche represents one percent (1%) of the actual hourly energy required for the SSO Load for the Delivery Period as well as one percent (1%) of the required DNR for the Delivery Period as shown in Table 1 below.

I. 2. 2.

The table below shows the nominal MW quantity associated with the energy to be delivered for each tranche based solely on historical data for the maximum hourly energy but is not necessarily indicative of the actual energy quantity to be delivered for each tranche because the amount of actual SSO Load will depend upon many factors, including but not limited to, customer migration to CRES Suppliers and weather conditions. Bidders are responsible for evaluating the uncertainties associated with providing the wholesale energy needed to serve the FirstEnergy Ohio Utilities SSO Load. Thus, energy tranches could vary each hour from the nominal 88 MW of maximum hourly energy for the Delivery Period shown in Table 1. In contrast to the MW quantity that will be associated with the energy to be delivered for each tranche, the MW quantity associated with the DNR quantity to be delivered for each tranche is fixed since this capacity obligation has already been established under the MISO protocols.

Table 1. Tranches for Energy and DNR.

| Energy Component | | | | DNR Component | | | | | |
|----------------------|---------------------|--|------------------------------|-------------------------|----------------------------|-------------------------|----------------------------|-------------------------|----------------------------|
| January-March 2009 | | | | January-09 | | February-09 | | March-08 | |
| Number of Tranches # | Size of Tranche (%) | Historical SSO Maximum Hourly Energy (MW/hr) | Nominal Size of Tranche (MW) | SSO DNR Obligation (MW) | Size of Fixed Tranche (MW) | SSO DNR Obligation (MW) | Size of Fixed Tranche (MW) | SSO DNR Obligation (MW) | Size of Fixed Tranche (MW) |
| | | | | | | | | | |
| 100 | 1% | 8,800 | 88 | 10,006 | 100 | 9,848 | 98 | 8,227 | 82 |

I. 3. Payment to Winning Bidders

- I. 3. 1.** This RFP is a “pay-as-bid” solicitation. Specifically, the price paid to the winning bidders in \$/MWh will be the average price of the tranches that the winning bidder has won. The SSO Supply Agreement provides the payment terms.

ARTICLE II. RFP Information

II. 1. Information Provided for Bidders

- II. 1. 1.** Relevant documents, data and information related to this RFP is available by accessing www.firstenergy-auction.com and clicking on “Ohio RFP”.
- II. 1. 2.** The web site will contain, among other information, the following documents:
- SSO Supply Agreement.
 - RFP Process Rules.
 - Frequently Asked Questions (“FAQ”). The FAQ document and associated “web links” will allow prospective suppliers to interface with the RFP Manager about any aspect of this solicitation.
 - RFP Timeline.
 - All forms needed to submit bids with necessary instructions.
 - Hourly Load Data.

ARTICLE III. Bidder Requirements

III. 1. General Requirements

- III. 1. 1.** A bidder will be required to adhere to the terms and conditions of the SSO Supply Agreement, including but not limited to, the following:
- Agree to comply with all rules of the RFP;

- Agree that if the bidder becomes a winning bidder, to execute the SSO Supply Agreement within one (1) business day following the close of the solicitation;
- Certify that the bidder is both a MISO Market Participant and Asset Owner as those terms are defined in the MISO tariffs and agreements;
- Agree that if the bidder becomes a winning bidder, to comply with the creditworthiness requirements set forth in the SSO Supply Agreement;
- Agree to be bound by the bids entered and submitted by the bidder which shall constitute a firm offer to supply energy and capacity in accordance with the SSO Supply Agreement;
- Certify that the bidder is bidding independently of other bidders and is not associated with another bidder. A bidder is associated with another bidder if the two bidders have ties that could allow them to act in concert or that could prevent them from competing actively against each other;
- Certify that the signatory that provides the binding bid in response to this RFP has the authority to bind and act on behalf of the bidder to perform the terms and conditions of the SSO Supply Agreement at the prices and for the tranches specified in its proposal;
- Agree that sanctions may be imposed on the bidder for failing to disclose information relevant to determining associations, for coordinating with another bidder, or for failing to abide by any of the certifications that it will have made. Such sanctions can include, but are not limited to, loss of all rights to provide supply for the FirstEnergy Ohio Utilities won by such bidder, prosecution under applicable state and federal laws, and debarment from participation in future solicitations. Moreover, if any bidder is found to provide faulty or misleading information, misrepresent its financial or

operational characteristics or omit any pertinent information, the FirstEnergy Ohio Utilities reserve the right to eliminate such bidder from the RFP process and may terminate the SSO Supply Agreement at any time;

- Accept at the bidder's own cost and expense, an obligation to defend the RFP Manager, FirstEnergy Ohio Utilities and its subsidiaries, affiliates, successors and assigns, and each and every one of their respective past, present, or future officers, directors, trustees, employees, shareholders, executors, administrators, successors and assigns, against any and all manner of past, present, or future claims, demands, disputes, controversies, complaints, suits, actions, proceedings, or allegations of any kind which in any manner relate to, arise out of, or result from any false statement in the bidder's proposal or breach of any covenant by the bidder set forth herein.
- Indemnify and hold harmless the RFP Manager, FirstEnergy Ohio Utilities, its parent Companies, subsidiaries, affiliates, successors and assigns, and each and every one of their respective past, present, or future officers, directors, trustees, employees, shareholders and agents, as well as the heirs, executors, administrators, successors and assigns against any and all liens, judgments, liabilities, losses, injuries, damages, fees, fines, costs or expenses which in any manner relate to, arise out of, or result from any false statement or misrepresentation in the proposal or breach of any certification by the bidder as set forth herein.

ARTICLE IV. Proposal Requirements

IV. 1. Proposal Definition

IV. 1. 1. A complete proposal consists of the submission of the following four Appendices attached to this document by the Bid Date:

- Appendix 1 – Attestation Form. This form contains certain certifications made by the bidder to ensure all bidders act in a fair and compliant manner and abide by the RFP requirements and protocols.
- Appendix 2 - Confidentiality Statement Form. Bidders must acknowledge and agree to the confidentiality provisions of the RFP Rules and, consistent with those rules, agree to take reasonable precautions to ensure that all data and information supplied by bidders in response to the RFP are maintained in confidence and not disclosed to the public.
- Appendix 3 - Bidder's Credit Representative Form. This form contains the information of the bidder's credit representative who can answer questions or provide information about the bidder's credit with respect to the credit requirements set forth in the SSO Supply Agreement.
- Appendix 4 - Bid Submittal Form. The bidder must use the Bid Submittal Form provided in Appendix 4 to submit a bid, in addition to completing all other Appendices. The Bid Submittal Form is the sole means by which bids are to be submitted to the RFP Manager. The format of the Bid Submittal Form shows that for each bid on the form a bid consists of a bid number, the number of tranches of the bid, and the price of the bid in dollars per MWh at which the bidder is willing to supply the tranches in the bid. A bid price must be in dollars per MWh rounded to the nearest cent (\$xx.xx). Only bids on the Bid Submittal Form with bid prices that are expressed in dollars per MWh will be considered; other bids not in the required format on the Bid

Submittal Form will be rejected. A bid price that is not rounded to the nearest cent will be rounded down to the nearest cent. The bidder may not bid on less than a full tranche. The bidder may not bid on fractions, portions, or parts of tranches.

- IV. 1. 2.** The submission of a proposal (Appendices 1, 2, 3 and 4) to the RFP Manager by the specified Bid Date constitutes the bidder's acknowledgement, acceptance, and binding agreement to all the terms and conditions of this RFP process, regardless of the outcome of this RFP or such proposal. All such Appendices are required to be completed and submitted correctly by the specified Bid Date.

IV. 2. Credit Information

- IV. 2. 1.** The FirstEnergy Ohio Utilities will calculate the Independent Credit Threshold and the total unsecured credit to be granted to each winning bidder. Before submitting its proposal, if the bidder wants to confirm its total unsecured credit in accordance with Section 6.4 and 6.6 in the SSO Supply Agreement, bidders need to provide the RFP Manager a completed Appendix 3 by noon prevailing Eastern Time on Monday, December 29, 2008.

IV. 2. 2. Bidders will be required to meet the credit terms in accordance with Article 6, Creditworthiness in the SSO Supply Agreement. In accordance with Section 6.3, the Independent Credit Requirement (ICR) per tranche will be required of winning bidders under the SSO Supply Agreement. In accordance with Section 6.6, the FirstEnergy Ohio Utilities will assess the creditworthiness of winning bidders to determine the credit limit to cover the Total Exposure Amount as defined in the SSO Supply Agreement.

IV. 2. 3. For an illustrative example of the Mark to Market Credit and Margining Methodology, see the SSO Supply Agreement.

IV. 3. MISO Requirements

IV. 3. 1. The bidder must be a Market Participant and an Asset Owner, as those terms are defined by MISO, in MISO at the time the proposal is submitted and otherwise meet or satisfy the requirements of the SSO Supply Agreement that apply or require (directly or implicitly) membership and participation in MISO.

IV. 4. Bid Submission Requirements

IV. 4. 1. Each RFP Bidder must fax its Proposal to the following address:

CRA International
John Hancock Tower
200 Clarendon Street, T-33
Boston, MA 02116-5092
Phone 617-425-3384
Fax 617-425-6574
Attn: Brad Miller / RFP Manager

IV. 4. 2. Bids must be faxed between 9:00 a.m. and 11:00 a.m. prevailing Eastern Time on Wednesday, December 31, 2008 (“Bid Date”). Bids received before or after the 9:00 a.m. to 11:00 a.m. window as determined solely by the RFP Manager based on the fax machine transmittal, will be rejected.

IV. 4. 3. Bids must be submitted in the complete legal name of the party that will execute the SSO Supply Agreement with the FirstEnergy Ohio Utilities. Bids must be submitted by a person that has the authority to bind and act on behalf of the bidder to perform the terms and conditions of the SSO Supply Agreement at the prices and for the tranches specified in its proposal. By submitting a bid, each bidder agrees that its proposal will remain in full force and effect for at least one (1) business day following submission of the proposal on the required Bid Date.

IV. 5. Independence and Confidentiality

IV. 5. 1. Each bidder will make certifications regarding associations to ensure that it is bidding independently of other bidders and to ensure the confidentiality of information regarding the RFP. By submitting a proposal, a bidder certifies that it is bidding independently of any other bidders and that it has no knowledge of any proposal being submitted by another bidder in response to this RFP.

IV. 6. Certifications and Disclosures to Be Made

IV. 6. 1. Bidders will be required to disclose any bidding agreement or any other arrangement, including, but not limited to, the amount to bid at certain prices, in which the bidder may have entered and that is related to its participation in the RFP. A bidder that has entered into such an agreement or arrangement must name the entities with which the bidder has entered into a bidding agreement, or a joint venture for the purpose of participating in the RFP, or a bidding consortium, or any other arrangement pertaining to participating in the RFP.

IV. 6. 2. In addition, a bidder will be required to make the following certifications.

- A bidder must certify that it will not substitute another entity in its place, transfer its rights or obligations to another entity, or otherwise assign its status as a bidder (or winning bidder) to another entity. The bidder must further certify that it understands that any such substitution, transfer, or assignment is null and void, and will result in its exclusion from further participation in the RFP and termination of the SSO Supply Agreement.
- A bidder must certify that it agrees that the submission of any bid creates a binding and irrevocable offer to provide energy and capacity under the terms set forth in the SSO Supply Agreement.
- A bidder must certify that a binding and enforceable contract to provide service with respect to the number of tranches for which the bidder is a winner will arise under the SSO Supply Agreement, and that the bidder will within one (1) business day following the close of solicitation, execute the SSO Supply Agreement and comply with the creditworthiness requirements contained therein to supply the number of tranches for which the bidder is a winner.
- A bidder must certify that it does not have any knowledge of confidential information relative to the bidding preparation, bidding strategy, or bids of any other bidder and a bidder must certify that it will not disclose confidential information relative to its own bidding preparation, bidding strategy or bids to any other bidder. A bidder must also certify that it will not, at any time, disclose any confidential information regarding the RFP.
- No bidder can reveal winning or losing bid prices or any other outcome of the RFP process prior to this information being publicly released by the FirstEnergy Ohio Utilities.

IV. 7. Sanctions

- IV. 7. 1.** Sanctions may be imposed on a bidder for failing to properly disclose information relevant to determining independence, for coordinating with another bidder without disclosing this fact, for releasing confidential information or disclosing information during the RFP, and in general for failing to abide by any of the certifications that the bidder will have made. Such sanctions can include, but are not limited to, any one or more of the following: the loss of all rights to provide tranches won by such bidder; action (including prosecution) under applicable state and/or federal laws; attorneys' fees and court costs incurred in any litigation that arises out of the bidder's improper disclosure; termination of the SSO Supply Agreement, debarment from participation in future RFPs; and/or any other sanctions that may be appropriate.

ARTICLE V. Evaluation of Proposals

V. 1. Proposal Processing

- V. 1. 1.** A proposal that does not include all four Appendices properly completed, or is otherwise non-conforming to these RFP rules, as determined by the RFP Manager, will be rejected.

V. 2. Load Cap

- V. 2. 1.** A single bidder may not be awarded more than the RFP load cap. For this RFP, the load cap is 75 tranches for the Delivery Period. If a bidder submits bids for more tranches than the load cap, only the lowest priced tranches bid by the bidder up to the load cap will be considered.

V. 3. Bid Selection Criteria

- V. 3. 1.** Prior to the Bid Date, the FirstEnergy Ohio Utilities will provide the RFP Manager with specific, price-based selection criteria that the RFP Manager will use to evaluate bids. Application of these criteria to the submitted bids may result in the determination that fewer than 100 tranches bid meet the selection criteria, or even that no tranches bid meet the selection criteria.

V. 4. Proposal Evaluation

- V. 4. 1.** The RFP Manager will evaluate all proposals in a manner that is independent from the FirstEnergy Ohio Utilities. The RFP Manager reserves the right, in its sole and exclusive discretion, to reject any and all proposals on the grounds that such proposal does not conform to the terms and conditions of this RFP or on the grounds that the bidder has not complied with provisions of this RFP. In addition, the RFP Manager may waive minor or administrative errors in proposals received.
- V. 4. 2.** The bids from conforming proposals will be ranked from lowest to highest price. If two or more bidders submit bids with the same price, these bids will be considered “tied bids” at that price and will be addressed as described below.
- V. 4. 3.** If there are no tied bids at the price of the highest-priced winning bid, but the number of tranches in the highest-priced winning bid would result in more than 100 tranches being procured, only the number of tranches in the highest-priced winning bid corresponding to a total number of 100 tranches across all winning bids being procured would be considered winning tranches. For example, if a bidder’s bid comprises 5 tranches, all priced the same, and the 5 tranches would correspond to winning tranches 98 through 102, only three of the tranches would be selected as winning tranches.

V. 4. 4. If there are tied bids at the price of the highest-priced winning bid and selecting all tied bids as winning bids would result in more than 100 tranches being procured, the RFP Manager will use a tie-breaking procedure. The bidder with the fewest number of tranches that otherwise would be considered winning tranches bid at prices at or below the price of the tied bids will be favored such that its tied bid will be selected before the other tied bid(s) are selected as winning bids. If the bidders with the tied bids have the same number of tranches bid at or below the price of the tied bids, then the RFP Manager will assign a random number to each such bidder and the bidder with the highest random number will be favored.

V. 4. 5. After bids are ranked from lowest to highest, including incorporation of the tie-breaking procedure, if applicable, the RFP Manager will independently apply the FirstEnergy Ohio Utilities' pre-determined Bid Selection Criteria and determine which bids (and tranches), if any, meet the criteria as winning bids.

V. 4. 6. After the RFP Manager applies the Bid Selection Criteria to the bids, the RFP Manager will then notify the FirstEnergy Ohio Utilities of the identity of winning bidders, the number of tranches won by each winning bidder, and the prices for the tranches won, if any. The FirstEnergy Ohio Utilities will, within one (1) business day following the close of the solicitation, execute the SSO Supply Agreement with each winning bidder.

V. 5. After Bidding Ends

V. 5. 1. Upon conclusion of the bid evaluation, the RFP Manager will notify winning bidders of how many tranches they have won and at what prices. The RFP Manager will also notify the unsuccessful bidders that they have not won any tranches.

V. 5. 2. Upon the conclusion of the RFP solicitation, the winning bidders and the FirstEnergy Ohio Utilities will, within one (1) business day following the close of the solicitation, execute the SSO Supply Agreement. To participate in the RFP process, a bidder must certify that it accepts the terms of the SSO Supply Agreement and, should it be a winning bidder, sign the SSO Supply Agreement within one (1) business day following the close of the solicitation and comply with all creditworthiness requirements set forth in the SSO Supply Agreement. The SSO Supply Agreement provides, among other things, that if the FirstEnergy Ohio Utilities exercise their right to collect on financial guarantees, any contractual rights or other entitlements of the winners, the SSO Supply Agreement will immediately terminate without further notice by the FirstEnergy Ohio Utilities. In addition, the SSO Supply Agreement further provides that bidders will be liable for any damages incurred by the FirstEnergy Ohio Utilities, which will be determined in accordance with the terms of the SSO Supply Agreement, as though the winning bidders were a defaulting party to the SSO Supply Agreement.

V. 6. *Confidentiality*

V. 6. 1. Confidential information shall consist of oral, electronic and written information that is confidential, proprietary, or generally not available to the public. The FirstEnergy Ohio Utilities will consider all data and information provided by bidders in response to this RFP to be confidential and will make all reasonable attempts to protect the confidentiality, restrict the use of and limit the disclosure of such information to the public in accordance with the provisions of this Section. The FirstEnergy Ohio Utilities will also take reasonable action to ensure that its employees, representatives and agents authorized to consider and evaluate all proposals protect the confidentiality of such data and information.

- V. 6. 2. Each bidder will be asked to certify that it will undertake to appropriately restrict its disclosure of confidential information relative to its bidding preparation, bidding strategy and bids, and confidential information regarding the RFP. Bidders will be required to certify that they will continue to maintain the confidentiality of any non-public information that they will have acquired through their participation in the RFP.
- V. 6. 3. Absolute protection from public disclosure of the bidders' data and information filed in response to this RFP cannot be provided. By submitting a proposal in response to this RFP, each bidder acknowledges and agrees to the confidentiality provisions set forth herein, as well as any limitations thereto.
- V. 6. 4. In addition, the bidder agrees the bidder's data and information submitted in response to the RFP will be disclosed if required by any federal, state or local agency (including, without limitation, the Public Utilities Commission of Ohio "PUCO") or by a court of competent jurisdiction. However, the FirstEnergy Ohio Utilities will endeavor to notify the bidder in advance of such disclosure. In any event, neither the FirstEnergy Ohio Utilities nor the RFP Manager, or any of their employees or agents will not be responsible to the bidders or any other party or liable for any disclosure of such designated materials before, during or subsequent to this RFP. Notwithstanding the above, the FirstEnergy Ohio Utilities and the RFP Manager reserve the right to use and communicate publicly and/or to third parties any and all information/data submitted in any proposal in any proceedings before FERC, the PUCO, and any other regulatory body and the courts, if necessary, without the prior consent/approval of, or notice to, any such bidder.

ARTICLE VI. MISCELLANEOUS

VI. 1. Warranty on Information

- VI. 1. 1.** The information provided in the RFP, or on the RFP website, has been prepared to assist bidders in evaluating the RFP. It does not purport to contain all the information that may be relevant to a bidder in satisfying its due diligence efforts. Neither the FirstEnergy Ohio Utilities nor the RFP Manager make any representation or warranty, expressed or implied, as to the accuracy or completeness of the information, and shall not, either individually or as a corporation, be liable for any representation expressed or implied in the RFP or any omissions from the RFP, or any information provided to a bidder by any other source. A bidder should check the website frequently to ensure it has the latest documentation and information. Neither the FirstEnergy Ohio Utilities, nor the RFP Manager, nor any of their representatives, shall be liable to a bidder or any of its representatives for any consequences relating to or arising from the bidder's use of outdated information.

VI. 2. Hold Harmless

- VI. 2. 1.** Bidder shall hold the FirstEnergy Ohio Utilities and the RFP Manager harmless of and from all damages and costs, including but not limited to legal costs, in connection with all claims, expenses, losses, proceedings or investigations that arise as a result of the RFP or the award of a bid pursuant to the RFP.

VI. 3. Proposals Become the FirstEnergy Ohio Utilities' Property

- VI. 3. 1.** All proposals submitted by RFP Bidders in response to this RFP will become the exclusive property of the FirstEnergy Ohio Utilities upon the receipt of a conforming bid.

VI. 4. Bidder's Acceptance

- VI. 4. 1.** The submission of a proposal shall constitute a bidder's acknowledgement and acceptance of all the terms, conditions and requirements of this RFP and the SSO Supply Agreement. Bidders and their representatives agree to submit to the personal jurisdiction of any State or Federal court sitting in and for Summit County, Ohio and any appellate court thereof in respect to any action, dispute or proceeding arising out of this RFP process, including but not limited to the execution, implementation and performance of the SSO Supply Agreement.

VI. 5. Permits, Licenses, Compliance with the Law and Regulatory Approvals

- VI. 5. 1.** Bidders shall obtain all licenses and permits and status that may be required by any governmental body or agency necessary to conduct business or to perform hereunder. Bidders' subcontractors, employees, agents and representatives of each in performance hereunder shall comply with all applicable governmental laws, ordinances, rules, regulations, orders and all other governmental requirements.

APPENDIX 1

ATTESTATION FORM

Authorized Representative

The Authorized Representative is authorized to represent the bidder in the RFP. The Authorized Representative must ensure that only authorized persons act on behalf of the bidder in the RFP. The Authorized Representative is the only person authorized to distribute confidential information. The RFP Manager will communicate exclusively with the Authorized Representative.

The person designated below is the bidder's Authorized Representative.

Last Name
Mr/Mrs/Ms/Dr/(other)

Given Name(s)

Title

Bidder Name

Street Address

City

State

Zip Code

Telephone No.

Cell Phone No.

Email Address

Communications with the Authorized Representative are typically done via fax and by courier. Please provide below a fax number at which the Authorized Representative will be able to receive faxes from the RFP Manager in a secure and timely fashion.

Fax No.

The bidder hereby acknowledges that any notification or other communication given by the RFP Manager to the bidder shall be delivered by hand to the address provided above or sent by fax to the fax number provided above and shall be deemed received by the bidder at the time of delivery or transmission.

This certification must be signed by the Authorized Representative and the signature must be notarized.

1. I hereby certify that I am authorized by the bidder to serve as Authorized Representative and represent the bidder in the RFP. I further certify that I will be responsible for all confidential information regarding the RFP and I will distribute confidential information only to other individuals who are authorized to act on behalf of the bidder.

Signature of Authorized Representative

Date

Signature and Seal from Notary Public

Date

2. I hereby certify that bidder is a member of the Midwest Independent Transmission System Operator ("MISO") and qualified as a market buyer and market seller in good standing able to secure generation or otherwise obtain and deliver electricity in MISO through compliance with all applicable requirements of MISO to fulfill the obligations of the SSO Supply Agreement. I further certify that bidder has been authorized by the Federal Energy Regulatory Commission ("FERC") to make sales of energy, capacity and ancillary services at market based rates, pursuant to the Federal Power Act and the provisions of FERC's regulations promulgated there under. The bidder's authorization to make such sales at market based rates was granted in Docket No(s). _____

Signature and Seal from Notary Public

Date

Signature of Authorized Representative

Date

Additional Certifications

All bidders must make these certifications. Completion of the following certifications also signifies your acknowledgement that you do not know of or cannot reasonably anticipate any events that might cause these certifications to become untrue during the period to which each certification applies.

Please certify that you have read and understand the RFP Rules and that you will comply with these Rules. Please further certify that you have read and understand the SSO Supply Agreement and that you accept its terms. Please also certify that if you become a winning bidder, you will execute the SSO Supply Agreement within one (1) business day following the close of the solicitation. Moreover, no bidder in the RFP shall substitute another party, transfer its rights to another party, or otherwise assign its status as a bidder to another party. Any such substitutions, transfers, or assignments shall be null and void and will result in the exclusion of the bidder from the RFP. Please certify that you agree to the limitations and certifications set forth in this paragraph.

Signature of Authorized Representative

Date

Please certify that you will be bidding independently of other bidders and are not associated with, to the best of your knowledge, another bidder such that the association could allow both bidders to act in concert or could prevent both bidders from competing actively against each other.

Signature of Authorized Representative

Date

Please certify that you have not entered into any agreement with another bidder, directly or indirectly, regarding bids in the RFP.

Signature of Authorized Representative

Date

Please certify your agreement that the submission of any bid in the RFP creates a binding and irrevocable offer to provide service under the terms set forth in the SSO Supply Agreement and that a binding and enforceable contract to provide service with respect to the number of tranches for which you were a winner in the RFP shall arise under the SSO Supply Agreement. The submission of such binding offer shall constitute the bidder's acknowledgment and acceptance of all the terms, conditions and requirements of this RFP.

Signature of Authorized Representative

Date

APPENDIX 2

CONFIDENTIALITY STATEMENT FORM

I agree and acknowledge that I am authorized to submit a bid on behalf of my respective company or affiliate to supply a portion of FirstEnergy Ohio Utilities' SSO Load for the period January 5, 2009 through March, 31 2009. In addition, I certify that I am authorized to execute the SSO Supply Agreement, a binding and enforceable contract. In the aforesaid capacity, I hereby acknowledge and understand the confidentiality provisions of the RFP Rules and, consistent with those rules, agree to take reasonable precautions to ensure that all data and information supplied by bidders in response to the RFP are maintained in confidence and not disclosed to the public, except as may be permitted by the RFP Rules. I further certify that:

- I do not have any knowledge of confidential information that is relevant to the bidding preparation, bidding strategy, or bids of any other bidder;
- I will not disclose confidential information relative to my bidding preparation, bidding strategy, or bids;
- I will not disclose any confidential information regarding the RFP to any party.

Name Print:

Signature:

Title:

Date:

Bidder Name:

APPENDIX 3

BIDDER CREDIT REPRESENTATIVE FORM

The bidder's credit representative is the bidder's in-house credit representative who can answer questions or provide information about the bidder's credit with respect to the credit requirements for the RFP.

The person designated below is the bidder's credit representative.

Last Name

Given Name(s)

Mr/Mrs/Ms/Dr/(other)

Title

Bidder Name

Street Address

City

State

Zip Code

Telephone No.

Fax No.

Email Address

APPENDIX 4

BID SUBMITTAL FORM

OVERVIEW

Bidder_____ willingly and knowingly submits the following bid(s) to the FirstEnergy Ohio Utilities with all rights and obligations as described in the Request for Proposals Rules and the SSO Supply Agreement. This bid submittal form is the exclusive way in which bids may be submitted to the RFP Manager in response to the RFP. Bids submitted under this bid submittal form must fulfill all requirements set out in the RFP Rules.

The format of the Bid Submittal Form shows that for each bid on the form, a bid consists of a bid number, the number of tranches of the bid, and the price of the bid in dollars per MWh at which the bidder is willing to supply the tranches in the bid. A bid price must be in dollars per MWh rounded to the nearest cent (\$xx.xx). Only bids on the Bid Submittal Form with bid prices that are expressed in dollars per MWh will be considered; other bids not in the required format on the Bid Submittal Form will be rejected. A bid price that is not rounded to the nearest cent will be rounded down to the nearest cent. The bidder may not bid on less than a full tranche. The bidder may not bid on fractions, portions, or parts of tranches.

PRODUCT QUANTITY

SSO Load will be divided into identical tranches. A tranche represents a fixed percentage of the SSO Load. A winning bidder that serves one tranche is responsible for serving the percentage of the SSO Load represented by one tranche as further described in the Article 1.

USE OF THE FORM

This form provides for: (i) identifying each bid from the bidder by a bid number, (ii) the number of tranches a bidder is bidding on for each bid on the form, and (iii) the price at which the bidder is willing to supply the tranches for each bid on the form.

APPENDIX 4

BID SUBMITTAL FORM

| Bid Number | Number of Tranches Bid | Price (\$/MWh) |
|------------|------------------------|-------------------|
| 1 | | |
| 2 | | |
| 3 | | |
| 4 | | |
| 5 | | |
| 6 | | |
| 7 | | |
| 8 | | |
| 9 | | |
| 10 | | |
| 11 | | |
| 12 | | |
| 13 | | |
| 14 | | |
| 15 | | |

The bids contained herein constitute a binding and irrevocable offer to provide service under the terms set forth in the SSO Supply Agreement. I am an Authorized Representative of the bidder empowered to undertake contracts and bind the bidder.

Name and Position

Bidder Name

Address

Email

Signature of Officer of Bidder

Phone/Fax

STANDARD SERVICE OFFER (“SSO”)

SUPPLY AGREEMENT

FOR THE PERIOD

FROM JANUARY 5, 2009

THROUGH MARCH 31, 2009

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SSO SUPPLY AGREEMENT

THIS SSO SUPPLY AGREEMENT, made and entered into this 15 day of August , 200 by and between The Cleveland Electric Illuminating Company, The Toledo Edison Company and Ohio Edison Company (collectively, the "Companies"), each of which is a corporation organized and existing under the laws of the State of Ohio, and the supplier listed on Appendix A (an "SSO Supplier"). The Companies and the SSO Supplier are hereinafter sometimes referred to collectively as the "Parties," or individually as a "Party,"

WITNESSETH:

WHEREAS, each of the Companies is an Ohio public utility engaged, inter alia, in providing SSO Service within its service territory; and

WHEREAS, on 12/01 the Companies conducted and completed a successful solicitation for SSO Supply; and,

WHEREAS, the SSO Supplier was one of the winning bidders in the solicitation for the provision of SSO Supply; and

WHEREAS, the Companies and the SSO Supplier desire to enter into this Standard Service Offer (SSO) Supply Agreement ("Agreement") setting forth their respective obligations concerning the provision of SSO Supply.

NOW, THEREFORE, in consideration of the mutual covenants and promises set forth below, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto, intending to be legally bound, hereby covenant, promise and agree as follows:

ARTICLE 1: DEFINITIONS

Any capitalized or abbreviated term not elsewhere defined in this Agreement will have the definition set forth in this Article.

Ancillary Services has the same meaning ascribed to the term in the applicable MISO Rules.

Applicable Legal Authorities means generally, those federal and Ohio statutes and administrative rules and regulations that govern the electric utility industry in Ohio.

Asset Owner has the meaning ascribed thereto in the applicable MISO Rules.

Bankruptcy Code means those laws of the United States of America related to bankruptcy, codified and enacted as Title 11 of the United States Code, entitled "*Bankruptcy*" and found at 11 U.S.C. § 101 *et seq.*, as such laws may be amended, modified, replaced or superseded from time to time.

Billing Month means each calendar month during the term of this Agreement.

Business Day means any day on which the Companies' and MISO's corporate offices are open for business and commercial banks are not authorized or required to close.

Capacity means a Designated Network Resource as defined by MISO EMT (including being deliverable to FESR) for use to meet Resource Adequacy obligations under the Module E section of MISO Energy Market and Open Access tariffs. MISO EMT and business practice manuals can be modified from time to time and such changes to terminology or process shall not change the intent of the definition of capacity.

Charge(s) means any fee, charge or other amount that is billable by the Companies to the SSO Supplier under this Agreement.

Cinergy Hub means the liquid pricing point located in MISO.

Commercial Pricing Node or "CP Node" has the same meaning ascribed to the term in the applicable MISO EMT and business practice manuals as of the Effective Date.

Competitive Electricity Supply means unbundled Energy, Resource Adequacy Requirements, Ancillary Services and Firm Transmission Service, including all transmission and distribution losses and congestion associated with the provision of the foregoing services, other obligations or responsibilities currently imposed or that may be imposed by MISO, and such other services or products that are provided by a CRES Supplier to fulfill its obligations to serve customer load. The provision of Competitive Electricity Supply by CRES Suppliers entails fulfillment of all obligations associated

with service to Customers, including the obligations of an LSE under the applicable MISO Rules.

Costs means, with respect to the Non-Defaulting Party, any brokerage fees, commissions and other similar transaction costs and expenses reasonably incurred by such Party either in terminating any arrangement pursuant to which it has hedged its obligations or entering into new arrangements which replace this Agreement; and all reasonable attorneys' fees and expenses incurred by the Non-Defaulting Party in connection with the termination of this Agreement.

CRES Supplier means a person or entity that is duly certified by the commission to offer and to assume the contractual and legal responsibility to provide Competitive Electricity Supply to Customers located in the state of Ohio pursuant to retail open access programs approved by the Commission.

Customer means any person or entity who enters a contractual agreement with any of the Companies to receive distribution service, including, without limitation, all persons eligible to receive Competitive Electricity Supply from a CRES Supplier or SSO Service, respectively, in accordance with the Applicable Legal Authorities.

Damages means the amount of compensation specified in Article 5 of this Agreement due to a Party resulting from an Event of Default or an Early Termination of this Agreement.

Defaulting Party means a Party that causes or is subject to an Event of Default.

Early Termination means termination of this Agreement prior to the end of the term due to the occurrence of an Event of Default as specified in Section 5.2 of this Agreement and the declaration of Early Termination.

Early Termination Date means the date upon which an Early Termination becomes effective as specified in Section 5.2 of this Agreement.

Emergency means (i) an abnormal system condition requiring manual or automatic action to maintain system frequency, or to prevent loss of firm load, equipment damage, or tripping of system elements that could adversely affect the reliability of an electric system or the safety of persons or property; or (ii) a condition that requires implementation of emergency operations procedures; or (iii) any other condition or situation that the Companies, the FirstEnergy Control Area operator, other transmission owner, or MISO deems imminently likely to endanger life or property or to affect or impair the Companies' electrical system or the electrical system(s) of other(s) to which the Companies' electrical system is directly or indirectly connected (a "Connected Entity"). Such a condition or situation may include, but shall not be limited to, potential overloading of the Companies' transmission or distribution circuits, MISO minimum generation ("light load") conditions, or unusual operating conditions on either the Companies' or a Connected Entity's electrical system, or conditions such that the

Companies are unable to accept Energy from the SSO Supplier without jeopardizing the Companies' electrical system or a Connected Entity's electrical system.

Energy means three-phase, 60-cycle alternating current electric energy, expressed in units of kilowatt-hours or megawatt-hours.

Event of Default means a breach of obligations under this Agreement as set forth in Section 5.2 hereof.

FERC means the Federal Energy Regulatory Commission, or any successor thereto.

Final FERC Order means a final order issued by FERC which is no longer subject to rehearing or judicial review and is not the subject of proceedings at FERC on remand from any court.

Finsched (financial schedule) means the market mechanism as defined by MISO EMT and business practice manuals for declaring bilateral transactions in the MISO for proper energy accounting settlement amongst parties.

Firm Transmission Service means "Network Integration Transmission Service" under the MISO Rules. In the event the MISO Rules are modified such that "Network Integration Transmission Service" is no longer offered, Firm Transmission Service means the type of transmission service offered under the MISO Rules that is accorded the highest level of priority for scheduling and curtailment purposes.

FirstEnergy Balancing Area means the geographic region represented by the combined service territories of The Cleveland Electric Illuminating Company, The Toledo Edison Company, Pennsylvania Power Company and Ohio Edison Company, as may be modified from time to time, and which is recognized by the North American Electric Reliability Council as the "FirstEnergy Balancing Area."

FirstEnergy Load Zone means that set of electrical locations determined pursuant to the applicable MISO tariff, rules, agreements and procedures, representing the aggregate area of consumption for the Companies within the FirstEnergy Balancing Area and used for the purposes of scheduling, reporting withdrawal volumes, and settling Energy transactions at aggregated load levels, to facilitate Energy market transactions. The reference commercial pricing node will be the MISO commercial pricing node labeled "FESR".

Forward Market Price means forward market prices as determined by concurrent broker quotations obtained by the Companies for the Cinergy Hub, which is indicative of market conditions in the FirstEnergy Balancing Area.

FPA means the "Federal Power Act" as such may be amended from time to time and as codified at 16 U.S.C. § 791a, and all implementing regulations and FERC orders as may issue thereunder.

Gains means, with respect to any Party, an amount equal to the present value of the economic benefit to it, if any (exclusive of Costs), resulting from an Early Termination of this Agreement, determined in a commercially reasonable manner.

Guaranty means a guaranty, hypothecation agreement, margins or security agreement or any other document, (whether in the form attached to this Agreement or other form approved by the Companies.)

Guarantor means any party having the authority and agreeing to guarantee a SSO Supplier's financial obligations under this Agreement, recognizing that such a party will be obligated to meet the Companies' creditworthiness requirements for the SSO Supplier.

Independent Credit Requirement or "ICR" means an amount per Tranche required as security under Section 6.3 hereof, to reflect the risk of Energy price movements between the date of an Early Termination caused by an Event of Default by a SSO Supplier and the date the final calculation of Damages owing to the Companies under Section 5.2 is made

Interest Index means the average Federal Funds Effective Rate, defined below, for the period of time the funds are on deposit. The Federal Funds Effective Rate is published daily on the Federal Reserve website <http://www.federalreserve.gov/releases/h15/update/>.

Kilowatt or "kW" means a unit of measurement of useful power equivalent to 1,000 watts.

Kilowatt-hour or "kWh" means one kilowatt of electric power used over a period of one hour.

Load Serving Entity or "LSE" has the same meaning ascribed to the term in the applicable MISO EMT and business practice manuals.

Losses means, with respect to any Party, an amount equal to the present value of the economic loss to it, if any (exclusive of Costs), resulting from an Early Termination of this Agreement, determined in a commercially reasonable manner.

Margin means the amount by which the Total Exposure Amount exceeds the Credit Limit of the SSO Supplier, or its Guarantor, as defined in Section 6.6 of this Agreement; less any ICR allocated or posted by SSO Supplier as defined in Section 6.3 of this Agreement.

Market Participant has the meaning ascribed thereto in the MISO Rules.

Mark-to-Market Exposure Amount means an amount calculated daily for each SSO Supplier reflecting the exposure to the Companies due to fluctuations in market prices for

Energy as set forth in Section 6.5 and in Appendix C minus amounts due pursuant to this Agreement to such SSO Supplier for the delivery of SSO Supply.

Megawatt or “MW” means one thousand kilowatts.

Megawatt-hour or “MWh” means one megawatt of electric power used over a period of one hour.

Merger Event means when a Party consolidates or amalgamates with, or merges into or with, or transfers all or substantially all of its assets to another entity and either (i) the resulting entity fails to assume all of the obligations of such Party hereunder or (ii) the benefits of any credit support provided pursuant to Article 6 fail to extend to the performance by such resulting, surviving or transferee entity of the Party’s obligations hereunder, and the resulting entity fails to meet the creditworthiness standards of this Agreement. Transfer of all or substantially all of the Companies’ generation assets does not qualify as a Merger Event.

Meter Read Date means the date on which each of the Companies is scheduled, in accordance with its own established procedures and practices and its own regularly-scheduled billing cycles, to read a meter for purposes of producing Customer bills.

Meter Reading means the process whereby each of the Companies takes notice of the information presented on a Customers’ meters. A Meter Reading may be obtained manually, through telemetry, or by estimation, in accordance with each of the Companies’ established procedures and practices.

Minimum Rating means a minimum senior unsecured debt rating as defined in Section 6.4(a)(i) of this Agreement.

MISO or Midwest ISO means the Midwest Independent Transmission System Operator, Inc. its successors and assigns.

MISO Charges means the prevailing charges required by MISO to be paid by each LSE operating in the MISO.

MISO EMT means the prevailing MISO Open Access Transmission and Energy Markets Tariff on file with the FERC, which sets forth the rates, terms and conditions, among other things, of transmission service over transmission facilities located in the FirstEnergy Balancing Area and the rules governing MISO’s administration of Energy markets, Ancillary Services, Financial Transmission Rights and Resource Adequacy Requirements. The term MISO EMT also includes any MISO Business Practice Manuals as are in effect on the date hereof and as modified from time to time.

MISO Planning Reserve Sharing Group means the agreement whereby participants study the collective resources of the Midwest Planning Reserve Sharing Group

participants (or an applicable successor group) to determine the minimum level of reserve requirements based upon the reliability principles and standards.

MISO Rules means any MISO tariff, rules or agreements, or succeeding, superseding or amended versions of the MISO tariff, rules or agreements that may take effect from time to time over the term of this Agreement.

Mutual Termination Agreement has the meaning ascribed to in Section 4.4 of this Agreement.

Monthly Billing Energy Allocation or "MBEA" means a quantity of Energy expressed in MWh which, for any Billing Month, is the calculation of the Supplier's SSO Supplier Responsibility Share using MISO S7 Settlement data.

NERC means the North American Electric Reliability Council or its successor.

Price means the price in \$/MWh set forth in Appendix A hereto, resulting from the Companies' solicitation for the opportunity to provide SSO Supply. The Price is the basis for financial settlement of SSO Supply supplied by the SSO Supplier for SSO Customers under this Agreement.

PUCO or "Commission" means the Public Utilities Commission of Ohio, or any successor thereto.

Resource Adequacy Requirements means those requirements (or equivalent requirements) set forth in the applicable MISO Rules, and as may be replaced or superseded by other requirements in or in succeeding, superseding or amended versions of the MISO Rules.

Service Territory means the geographic areas of the State of Ohio in which the Companies serve Customers.

Settlement Amount means, with respect to a Non-Defaulting Party, the net amount of the Losses or Gains, and Costs, expressed in U.S. Dollars, which such party incurs as a result of Early Termination, as set forth in Section 5.4(a) of this Agreement. For the purposes of calculating the Termination Payment, the Settlement Amount shall be considered an amount due to the Non-Defaulting Party under this Agreement if total of the Losses and Costs exceeds the Gains and shall be considered an amount due to the Defaulting Party under this Agreement if the Gains exceed the total of the Losses and Costs.

SSO Customers means Residential, Commercial and Industrial Customers, including special contract (SC) Customers, taking SSO Service from the Companies during the term of this Agreement.

SSO Load means without limitation, Energy and Capacity necessary for the Companies to provide retail electric generation service to SSO Customers not being served by a CRES Supplier. The hourly Energy requirements of SSO Load used to determine the MBEA will be measured and reported by the Companies to MISO and will include distribution losses.

SSO Load Share means the SSO Supplier's portion of the FirstEnergy Load Zone single coincident peak attributable to the Companies SSO Customers.

SSO Service means Standard Service Offer electric generation service that is provided by the Companies to any Customer that is not being served by a CRES Supplier.

SSO Supplier means an entity that has been selected through the SSO solicitation and has accepted the obligations and associated rights to provide SSO Supply to the Companies for retail customers within the State of Ohio in accordance with the Applicable Legal Authorities and has entered into this Agreement with the Companies as a Party. The term "supplier" also refers generically to any entity authorized by the PUCO to provide SSO Supply where the context makes it appropriate to do so. The distinction can be derived from the context, but is also generally reflected in the use of lower case type ("supplier") to reflect the generic usage, and an initial capital ("Supplier") to reflect a Party to this Agreement.

SSO Supplier Representative means any officer, director, employee, consultant, contractor, or other agent or representative of the SSO Supplier in connection with the SSO Supplier's activity solely as a SSO Supplier. To the extent the SSO Supplier is a division or group of a company, the term SSO Supplier Representative does not include any person in that company who is not part of the SSO Supplier division or group.

SSO Supplier Responsibility Share means, for each SSO Supplier, the fixed percentage share of the Companies' SSO Load for which the SSO Supplier is responsible as set forth in Appendix A. The stated percentage share is determined by multiplying the number of Tranches won by the SSO Supplier in the solicitation times the Tranche size percentage share.

SSO Supply means without limitation, Energy and Capacity, as measured and reported by the Companies to MISO, and such other services or products that a SSO Supplier may be required, by MISO or other governmental body having jurisdiction, to provide in order to meet the SSO Supplier Responsibility Share under this Agreement.

SSO Tariffs means Schedules of Rates of The Cleveland Electric Illuminating Company (P.U.C.O. 13), The Toledo Edison Company (P.U.C.O. 8) and Ohio Edison Company (P.U.C.O. 11), and as those Rate Schedules may be amended from time to time. Copies of the SSO Tariffs may be obtained at http://www.firstenergycorp.com/corporate/Operating_Companies/index.html.

Standard Service Offer means a market-based standard service offer of all competitive retail electric services necessary to maintain essential electric service to consumers, including a firm supply of electric generation service as required by Section 4928.141 of the Revised Code of Ohio.

Statement means a monthly report prepared by the Companies for the SSO Supplier indicating the amount due to the SSO Supplier in compensation for kWh supplied for SSO Customers by the SSO Supplier during the current Billing Month, in accordance with SSO Supplier's obligations under this Agreement.

Tangible Net Worth or "TNW" means total assets less intangible assets and total liabilities. Intangible assets include benefits such as goodwill, patents, copyrights and trademarks.

Termination Payment has the meaning set forth in Section 5.4 of this Agreement.

Total Exposure Amount means an amount calculated daily for each SSO Supplier reflecting the total credit exposure to the Companies and consisting of the sum of (i) the Mark-to-Market Exposure Amount arising under this Agreement; (ii) any amount(s) designated as the "Mark-to-Market Exposure Amount" arising under any other SSO Supply agreements providing for "SSO Supply" or similar SSO Service; and (iii) the amount designated as the "credit exposure" under any other SSO Supply agreements providing for SSO Supply; provided that in the event the amount calculated for any day is a negative number, it shall be deemed to be zero for such day.

Tranche means a fixed percentage share of the Companies' SSO Load as determined for the purposes of the solicitation conducted to procure SSO Supply for the Companies' SSO Load.

Zonal Peak Load means the monthly coincident peak load of the transmission system within the FirstEnergy Balancing Area.

ARTICLE 2: GENERAL TERMS AND CONDITIONS

2.1 Capacity In Which Companies Are Entering Into This Agreement

Each SSO Supplier agrees and acknowledges that the Companies are contracting for the provision of SSO Supply from such SSO Supplier for Customers receiving SSO Service by the Companies. The SSO Supplier further agrees and acknowledges that the Companies will administer and monitor the SSO Supplier's performance in providing SSO Supply under this Agreement and that the Companies will be entitled to enforce

SSO Supplier's obligations related to the provision of SSO Supply. The SSO Supplier hereby permanently and irrevocably waives any claim that Companies are not entitled to seek enforcement of this Agreement.

The Parties acknowledge that this Agreement is a forward contract and, accordingly, the Parties hereto are entitled to the protections of Section 556 of the Bankruptcy Code. The Parties therefore agree that this Agreement may be terminated by either Party upon the commencement of a proceeding by one Party under any chapter of the Bankruptcy Code in accordance with Section 5.2 hereof.

2.2 Parties' Obligations

(a) Obligations of SSO Supplier

Each SSO Supplier hereby agrees severally, but not jointly, as follows:

(i) to provide sufficient quantities of SSO Supply (Energy and Capacity) on an instantaneous basis at all times to meet the SSO Supplier Responsibility Share delivered to FE.FESR;

(ii) to procure those services provided by MISO and to perform such functions as may be required by MISO that are necessary for the delivery of SSO Supply required hereunder, and to pay all costs, fees, and charges associated with such services.;

(iii) to cooperate with the Companies in any regulatory proceeding that may be required to maintain the ongoing legitimacy and enforceability of the terms of this Agreement and to fulfill any regulatory reporting requirement associated with the provision of SSO Supply or SSO Service, before the PUCO, FERC or any other regulatory body asserting jurisdiction;

(iv) to become the Asset Owner and Market Participant solely with respect to the provision of SSO Supply for the SSO Supplier Responsibility Share and to comply with all MISO rights and obligations of an Asset Owner and Market Participant with respect to such SSO Supplier Responsibility Share;

(v) to become a Market Participant and to remain a Market Participant continuously for the entire term this Agreement;

(vi) to complete any and all daily Finscheds required by MISO or as necessary or required to effectuate the purpose of this Agreement.

(vii) to comply in a timely manner with all obligations under this Agreement imposed upon a SSO Supplier.

(b) Obligations of the Companies

The Companies hereby agree severally, but not jointly, as follows:

(i) to pay to each SSO Supplier every Billing Month an amount equal to the Price multiplied by the MBEA, as detailed in Article 9;

(ii) to submit and update the hourly MW values of the appropriate Finsched associated with this transaction;

(iii) to remain in the Midwest Planning Reserve Sharing Group or its successor during the term of this Agreement, and to adhere to the rules, requirements and standards adopted by the group; and

(iv) to provide a monthly Statement to the SSO Supplier showing calculation of amounts due pursuant to Article 9.

2.3 MISO Services

Each SSO Supplier must make all necessary arrangements for the delivery of SSO Supply through MISO. As the party responsible for determining MW values for updating Finsched(s) for settlement purposes, the Companies will inform MISO of the magnitude of each SSO Supplier's actual SSO Supplier Responsibility Share, as required by applicable MISO Rules, for the purpose of calculating such SSO Supplier's appropriate Energy obligation, Capacity obligation, and other requirements and obligations currently and as may be amended from time to time by MISO, related to the provision of service under this Agreement by the SSO Supplier. The SSO Supplier will remain responsible to MISO for the performance and cost of its Asset Owner, Market Participant, and any other MISO obligations associated with the provision of SSO Supply under this Agreement.

2.4 Communications and Data Exchange

The SSO Supplier and the Companies will supply to each other all data, materials or other information that is specified in this Agreement, or that may otherwise reasonably be required by the SSO Supplier or by the Companies in connection with the provision of SSO Supply by the SSO Supplier for SSO Customers, if required, in a thorough and timely manner.

Electronic information exchange between each SSO Supplier and the Companies under this Agreement will employ a SSO Supplier identification number, assigned by the Companies, which must be consistent with the SSO Supplier's Dunn & Bradstreet Business number. Each SSO Supplier must be equipped with the communications capabilities necessary to comply with the communications and data exchange standards that are set by and as may, from time to time, be modified by MISO, and must bear the

costs of putting in place and successfully testing all required information technology systems that will enable it to send to and receive data from the Companies and MISO and to satisfy its obligations under this Agreement, any applicable MISO Rules.

2.5 Record Retention

The Companies will retain for a period of two (2) years following the expiration of the term of this Agreement, necessary records so as to permit the SSO Supplier to confirm the validity of payments due to the SSO Supplier hereunder; provided that, if a SSO Supplier has provided notice within two (2) years of the expiration of the term of this Agreement that it disputes the validity of any payments, the Companies agree that they will retain all records related to such dispute until the dispute is finally resolved.

Each SSO Supplier will have the right, upon reasonable notice, to inspect the books and records retained by the Companies which document the payments due and owing, or owed and paid, to the SSO Supplier. Such inspection must take place at the Companies' offices in Akron Ohio during regular business hours.

2.6 Verification

In the event of a good faith dispute regarding any invoice issued or payment due under this Agreement, each Party will have the right to verify, at its sole expense, the accuracy of the invoice or the calculation of the payment due by obtaining copies of the relevant portions of the books and records of the other Party. The right of verification will survive the termination of this Agreement for a period of two (2) years after such termination. Both Parties agree that the books and records to be inspected for performance of this paragraph shall be deemed and treated by the Parties as confidential information. Both Parties agree to use the confidential information of the other Party for

the sole purpose of performance under this paragraph. Both Parties will take all precautions and actions to prevent sale, use or disclosure of the other Party's confidential information to any third party.

ARTICLE 3: REPRESENTATIONS AND WARRANTIES

3.1 SSO Supplier's Representations and Warranties

Each SSO Supplier hereby represents, warrants and covenants to the Companies as follows:

- a) such SSO Supplier is a corporation, partnership, limited liability company or other legal entity, as set forth in Appendix A hereto, duly organized, validly existing and in good standing under the laws of the State of Ohio or, if another jurisdiction, is duly registered and authorized to do business and is in good standing in the State of Ohio;
- b) such SSO Supplier has all requisite power and authority to execute and deliver this Agreement and to carry on the business to be conducted by it under this Agreement and to enter into and perform its obligations hereunder, including satisfaction of all applicable FERC and MISO requirements, including ongoing status as a signatory to a service agreement, if required, between each of the Companies and SSO Supplier pursuant to the applicable FERC-approved Tariffs;
- c) the execution and delivery of this Agreement and the performance of such SSO Supplier's obligations hereunder have been duly authorized by all necessary action on the part of the SSO Supplier and do not and will not conflict with, or constitute a breach of or default under, any of the terms, conditions, or provisions of the SSO Supplier's certificate of incorporation or bylaws or any indenture, mortgage, other evidence of indebtedness, or other agreement or instrument or any statute or rule,

regulation, order, judgment, or decree of any judicial or administrative body to which the SSO Supplier is a party or by which the SSO Supplier or any of its properties is bound or subject;

d) all necessary and appropriate action that is required on the SSO Supplier's part to execute this Agreement has been completed;

e) this Agreement is the legal, valid and binding obligation of such SSO Supplier, enforceable in accordance with its terms;

f) there are no actions at law, suits in equity, proceedings or claims pending or, to such SSO Supplier's knowledge, threatened against the SSO Supplier before any federal, state, foreign or local court, tribunal or government agency or authority that might materially delay, prevent or hinder the SSO Supplier's performance of its obligations hereunder;

g) it has entered into this Agreement with a full understanding of the material terms and risks of the same, and it is capable of assuming those risks;

h) the SSO Supplier is in good standing as an Asset Owner and Market Participant in MISO, is a signatory to all applicable MISO agreements, and is in compliance, and will continue to comply with all obligations, rules, tariffs and regulations, as established and interpreted by MISO, that are applicable to Asset Owners and Market Participants;

i) the SSO Supplier will be solely responsible for payment of all charges due to MISO currently and as may be amended from time to time by MISO associated with the SSO Supplier's standing as an Asset Owner and as a Market Participant and the provision of SSO Supply for the SSO Supplier Responsibility Share;

j) it has made its trading and investment decisions (including regarding the suitability thereof) based upon its own judgment and any advice from such advisors as it has deemed necessary and not in reliance upon any view expressed by the Companies; and

k) the SSO Supplier will comply with any and all information and data transfer protocols that may be adopted by the Companies or that are set by, and from time to time modified by, the Commission; provided that each SSO Supplier will be entitled to challenge any such protocols in the appropriate forum.

3.2 Companies' Representations and Warranties

Each of the Companies hereby represents, warrants and covenants to the SSO Supplier as follows:

a) it is an electric utility corporation duly organized, validly existing and in good standing under the laws of the State of Ohio;

b) it has all requisite power and authority to carry on the business to be conducted by it under this Agreement and to enter into and perform its obligations hereunder;

c) the execution and delivery of this Agreement and the performance of its obligations hereunder have been duly authorized by all necessary action on the part of the Companies and do not and will not conflict with, constitute a breach of or default under, any of the terms, conditions, or provisions of the Companies' certificate of incorporation or bylaws or any indenture, mortgage, other evidence of indebtedness, or other agreement or instrument or any statute or rule, regulation, order, judgment, or decree of any judicial

or administrative body to which the Companies are a party or by which the Companies or any of its properties is bound or subject;

d) all necessary and appropriate action that is required on the Companies' part to execute this Agreement has been completed;

e) this Agreement is the legal, valid and binding obligation of the Companies, enforceable in accordance with its terms, except as such enforceability may be limited by Applicable Legal Authorities;

f) the ability of the Companies to pay any and all amounts due and payable under this Agreement, or upon any potential breach thereof, is not conditioned upon any governmental or administrative appropriation by the Commission, the State of Ohio or any other governmental authority;

g) there are no actions at law, suits in equity, proceedings or claims pending or, to the Companies' knowledge, threatened against the Companies before any federal, state, foreign or local court, tribunal or governmental agency or authority that might materially delay, prevent or hinder the Companies' performance of its obligations under this Agreement;

h) it has entered into this Agreement with a full understanding of the material terms and risks of the same, and it is capable of assuming those risks;

i) the Companies' performance under this Agreement is not contingent upon the performance of Customers or the ability of any individual Customer to fully pay for SSO Service;

j) the Companies will have full responsibility for metering, billing and delivery with respect to Customers and the SSO Supplier will have no responsibility with respect thereto;

k) the Companies will be responsible for distribution services and the Supplier will not be responsible for distribution charges; and

l) The Companies will update Finscheds in accordance with MISO Energy Market Tariff and Business Practice Manuals.

3.3 Joint Representations and Warranties

Each Party hereby warrants, represents and covenants to the other that this Agreement is for the purchase and sale of the Energy and Capacity requirements of the SSO Load that will be delivered to FE.FESR and in quantities expected to be used or sold over a defined period in the normal course of business, and it is the intention at the inception and throughout the term of this Agreement that the fulfillment of the SSO Supplier's obligation under Section 2.2(a)(i) hereof will result in physical delivery and not financial settlement, and that the quantity of SSO Supply that each SSO Supplier must deliver and that each of the Companies must accept for delivery will be determined by the requirements of the SSO Load for which the SSO Supplier is responsible under the Agreement, and, as such, that this Agreement does not provide for an option by either Party with respect to the quantity of SSO Supply to be delivered or received during performance of the Agreement.

3.4 Survival of Obligations

All representations and warranties contained in this Article are of a continuing nature and must be maintained during the term of this Agreement. If a Party learns that

any of the representations, warranties, or covenants in this Agreement are no longer true during the term of this Agreement, the Party must immediately notify the other Party in accordance with the notice provisions of Section 15.1 of this Agreement.

ARTICLE 4: COMMENCEMENT AND TERMINATION OF AGREEMENT

4.1 Commencement and Termination

The term of this Agreement will commence upon the date first written above (the "Effective Date"); provided that the provision of SSO Supply by the SSO Supplier will commence for on or after January 5, 2009 at 12:00:01 a.m. on such date and continue through March 31, 2009, 11:59:59 p.m., unless this Agreement is terminated earlier in accordance with the provisions hereof.

4.2 Termination of Right to Supply SSO

Each SSO Supplier agrees that termination of this Agreement for reason of an Event of Default will terminate any right of such SSO Supplier to provide SSO Supply for the SSO Customers and nullify any of the entitlements to which such SSO Supplier became entitled as a result of being selected as a winning bidder in the competitive bidding for SSO Supply.

4.3 Survival of Obligations

Termination of this Agreement for any reason shall not relieve the Companies or any SSO Supplier of any obligation accrued or accruing prior to such termination. Applicable provisions of this Agreement will continue in effect after termination to the extent necessary to provide for final billings and adjustments.

4.4 Mutual Termination

The Companies and the SSO Supplier may agree at any time during the term of this Agreement to terminate their respective rights and obligations hereunder on such terms and under such conditions that they mutually deem to be appropriate as set forth in a mutual termination agreement acceptable in form and substance to the Companies and the SSO Supplier ("Mutual Termination Agreement"); provided that Companies agree that they will enter into a such Mutual Termination Agreement, which will discharge the terminating SSO Supplier (the "Terminating SSO Supplier") with respect to liabilities arising after the effective date of the Mutual Termination Agreement if the following conditions precedent are met: (i) the Terminating SSO Supplier identifies a replacement supplier willing to assume all obligations of the Terminating SSO Supplier hereunder for the remaining term of this Agreement (the "Replacement SSO Supplier"); (ii) the Replacement SSO Supplier demonstrates its compliance with Article 6 hereof, "Creditworthiness", as of the effective date of the Mutual Termination Agreement; (iii) the Replacement SSO Supplier executes a counterpart signature page to this Agreement and thereby becomes a Party under this Agreement, effective immediately following the effective date of the Mutual Termination Agreement; and (iv) the Terminating SSO Supplier is not, to the belief or knowledge of the Companies, subject to an Event of Default as of the effective date of the Mutual Termination Agreement or, if the Companies believe that the Terminating SSO Supplier may be subject to an Event of Default, either (a) the Companies have determined that, as of the effective date of the Mutual Termination Agreement, they have not incurred any Damages as a result of the Event of Default or (b) if the Companies have determined, as of the effective date of the

Mutual Termination Agreement, that they may have incurred Damages as a result of the Event of Default, that the Replacement SSO Supplier has agreed in writing to be responsible for the payment of such Damages or to otherwise cure the Event of Default, in either case to the satisfaction of the Companies.

ARTICLE 5: BREACH AND DEFAULT

5.1 Events of Default

An Event of Default under this Agreement will occur if a Party (the "Defaulting Party"):

- (i) is the subject of a voluntary bankruptcy, insolvency or similar proceeding;
- (ii) makes an assignment for the benefit of its creditors;
- (iii) applies for, seeks consent to, or acquiesces in the appointment of a receiver, custodian, trustee, liquidator or similar official to manage all or a substantial portion of its assets;
- (iv) is dissolved (other than pursuant to a consolidation, amalgamation or merger) or is the subject of a Merger Event;
- (v) has a secured party take possession of all or substantially all of its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all of its assets;
- (vi) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);

(vii) in the case of an SSO Supplier, fails to become a Market Participant or to remain a Market Participant for the entire term hereof as required under Section 2.2(a) of this Agreement;

(viii) in the case of an SSO Supplier, MISO terminates the SSO Supplier's ability to make purchases from the MISO markets or MISO holds any of the Companies responsible for the provision of Energy and Capacity requirements to meet the Supplier's SSO Supplier Responsibility Share under this Agreement;

(ix) fails to comply with the Creditworthiness standards as set forth in Article 6 below, including, without limitation, compliance with the Creditworthiness requirements to cover the Margin calculated under Section 6.7 or post any Margin due under Section 6.7, within the time frames set forth in the Agreement;

(x) fails to pay the other Party within one (1) Business Day after notice is given by the other Party of nonpayment when payment is due;

(xi) violates any federal, state or local code, regulation or statute applicable to the supply of Energy in a manner that materially, and adversely, affects the Party's performance under this Agreement, including by way of failure to continually satisfy all applicable FERC requirements or other failure to comply with MISO requirements under the applicable MISO tariff, rules or agreements;

(xii) is the subject of an involuntary bankruptcy or similar proceeding;

(xiii) subject to Section 5.3(b) hereof, in the case of the Companies, fails to accept SSO Supply properly tendered by SSO Supplier under this Agreement;

(xiv) fails to satisfy any other material obligation under this Agreement not listed above;

(xv) makes a materially incorrect or misleading representation or warranty under this Agreement; or

(xvi) commits an act or makes an omission that constitutes an "Event of Default" under any other agreement(s) for the provision of SSO Service between the Company and the SSO Supplier; and fails to remedy such condition, event or delinquency herein above described such that the other Party (the "Non-Defaulting Party") is completely made whole with respect to such condition, event or delinquency, within three (3) Business Days of receipt of written notice thereof from such Non-Defaulting Party; provided, however, that an Event of Default will be deemed to have occurred immediately, without any need for the provision of notice thereof by the Non-Defaulting Party and without any right of cure on the part of the Defaulting Party, in the event of the occurrence of a condition, event or delinquency described in subsections "i", "ii", "iii", "iv", "v", "vi", "vii", "viii", or "ix" above. Termination of this Agreement by the PUCO, other regulatory authority, or court of law does not constitute an Event of Default under this Agreement.

5.2 Rights Upon Default

Upon and during the continuation of an Event of Default, the Non-Defaulting Party will be entitled to:

- (i) pursue any and all available legal and equitable remedies;
- (ii) declare an Early Termination Date of this Agreement with respect to the obligations of the Defaulting Party without any liability or responsibility whatsoever except for obligations arising prior to the date of termination, by providing written notice to the Defaulting Party; provided, however, that this Agreement will immediately

terminate automatically and without notice in the case of any Event of Default in which a Supplier is the Defaulting Party occurring under Section 5.1(i), (ii), (iii), (iv), (v), (vi), (vii), (viii), or (ix) hereof and such date of automatic termination will be deemed the Early Termination Date of this Agreement with respect to such Supplier; and

(iii) receive Damages in accordance with Section 5.3 of this Agreement.

The Non-Defaulting Party will be entitled to elect or pursue one or more of the above remedies *simultaneously or sequentially*, as appropriate.

5.3 Damages Resulting From an Event of Default

(a) **SSO Supplier's Failure to Supply SSO Supply or Declaration of Early Termination By the Companies:** Damages resulting from (i) a SSO Supplier's failure to (A) provide SSO Supply in conformance with Section 2.2 hereof or (B) pay MISO for purchases of any products or services from MISO, or other failure to comply with the applicable MISO requirements, such that MISO holds any of the Companies responsible for the provision of Energy or Capacity requirements to meet the SSO Supplier Responsibility Share under this Agreement or (ii) the occurrence of any Event of Default attributable to a SSO Supplier resulting in Early Termination, will include all costs incurred by any of the Companies, acting in a commercially reasonable manner consistent with any statutory or regulatory requirements imposed by the Applicable Legal Authorities, in obtaining replacement services or in obtaining a replacement supplier, which costs exceed the amounts that would have been payable to the defaulting SSO Supplier under this Agreement. Costs incurred by the Companies for the purpose of calculating Damages hereunder will consist of the following:

(i) the cost of Energy and Capacity requirements currently and as may be amended from time to time by MISO allocated to the Company by MISO due to the failure of a SSO Supplier to meet obligations owing to MISO in connection with its obligations under this Agreement;

(ii) the cost of Energy and Capacity requirements currently and as may be amended from time to time by MISO purchased by the Companies to replace SSO Supply that a SSO Supplier was obligated to supply under this Agreement during the term hereof;

(iii) administrative and legal costs associated with procuring replacement SSO Supply; and

(iv) financial hedging costs incurred by any of the Companies as a result of having to procure SSO Supply not provided by a SSO Supplier.

Without limitation of the foregoing, Damages calculated hereunder will constitute the ultimate liability of a SSO Supplier in the event of an Early Termination caused by an Event of Default attributable to such SSO Supplier regardless of the reason or basis for such Early Termination. The Parties recognize, however, the final calculation of Damages hereunder may not be known for some time since the level of such Damages may be dependant upon the arrangements made by the Company to obtain replacement services or a replacement supplier. The Companies and each SSO Supplier agree that, until the calculation of Damages under this provision is completed, the amount and payment to the Companies of the Settlement Amount in the event of an Early Termination as set forth in Section 5.4 hereof will be immediately due and owing as an estimate of all Damages ultimately determined to be due and owing. After Damages

have been finally determined under this Section 5.3, the amounts of Damages due and owing will be reconciled with payments already made by SSO Supplier under Section 5.4 hereof.

(b) **Failure By the Companies To Accept SSO Supply Tendered By SSO Supplier:** Damages resulting from the failure of the Companies to accept SSO Supply tendered by the SSO Supplier necessary to meet the SSO Supplier Responsibility Share of SSO Load under this Agreement will consist of the positive difference (if any) between the amounts that would have been payable to the SSO Supplier hereunder had the Companies accepted the SSO Supply tendered by the SSO Supplier necessary to the SSO Supplier Responsibility Share of SSO Load under this Agreement minus the amount realized by the SSO Supplier in disposing, in a reasonable commercial manner, of the SSO Supply not accepted by the Companies; provided however, that the Companies will not be required to accept quantities of unbundled Energy, or Capacity components of SSO Supply on an instantaneous basis as a function of electrical load, in excess of such Customer's instantaneous consumption of such component of SSO Supply; and further provided that the Companies are not liable for any Damages if this Agreement is terminated by the PUCO, other regulatory authority or a court of law.

(c) **Damages Resulting From Early Termination Due To An Event of Default Attributable To the Companies:** Damages resulting from Early Termination due to an Event of Default attributable to the Companies will be as set forth in Section 5.4 below. Damages calculated in accordance with Section 5.4, and reflected in the Termination Payment, shall be the exclusive remedy available to the SSO Supplier in the event of Early Termination resulting from an Event of Default attributable to the

Companies. The Companies shall not be liable for any Damages if this Agreement is terminated by the PUCO, other regulatory authority or a court of law.

(d) **Other Damages:** Damages for Events of Default not specified above shall consist of the direct damages incurred by the Non-Defaulting Party.

5.4 Declaration of an Early Termination Date and Calculation of Settlement Amount and Termination Payment

(a) **Settlement Amount.** If an Event of Default with respect to a Defaulting Party has occurred and is continuing, the Non-Defaulting Party (in the case of an Event of Default by the Companies, each SSO Supplier shall be considered a “Non-Defaulting Party”) shall have the right (i) to designate a day, no earlier than the day such notice is effective and no later than twenty (20) days after such notice is effective, as a date for Early Termination (“Early Termination Date”) to accelerate all amounts owing between the Parties and to liquidate and terminate the undertakings set forth in this Agreement (ii) withhold any payments due to the Defaulting Party under this Agreement and (iii) suspend performance; provided however, that an Early Termination Date shall be deemed to occur automatically and concurrently with the Event of Default, without any requirement for the provision of notice by the Non-Defaulting Party, with respect to an Event of Default under subparagraphs “i”, “ii”, “iii”, “iv”, “v”, “vi”, “vii”, “viii”, and “ix” of Section 5.1. The Non-Defaulting Party will calculate, in a commercially reasonable manner, a Settlement Amount with respect to the obligations under this Agreement. For the purposes of such determination, the quantity amounts of Energy and Capacity provided for under this Agreement for the period following the Early Termination Date through the remainder of the term of this Agreement will be deemed to be those quantity amounts that would have been delivered on an hourly basis, had this

Agreement been in effect during the previous calendar year adjusted for such SSO Load changes as may have occurred since the previous calendar year.

(b) **Net Out of Settlement Amounts.** The Non-Defaulting Party will calculate Termination Payment by aggregating all Settlement Amounts due under this Agreement or any other agreement(s) between the Companies and the SSO Supplier for the provision of SSO Supply into a single amount by netting out (a) all Settlement Amounts that are due or will become due to the Defaulting Party, plus at the option of the Non-Defaulting Party, any cash or other form of security then available to the Non-Defaulting Party and actually received, liquidated and retained by the Non-Defaulting Party, plus any or all other amounts due to the Defaulting Party under this Agreement or any other agreement(s) between the Companies and the SSO Supplier for the provision of SSO Supply against (b) all Settlement Amounts that are due or will become due to the Non-Defaulting Party, plus any or all other amounts due to the Non-Defaulting party under this Agreement or any other agreement(s) between the Companies and the SSO Supplier for the provision of SSO Supply, so that all such amounts will be netted out to a single liquidated amount; provided however, that if the SSO Supplier is the Defaulting Party and the Termination Payment is due to the SSO Supplier, the Company will be entitled to retain a commercially reasonable portion of the Termination Payment, which may be equal to the entire amount of the Termination Payment, as security for additional amounts that may be determined to be due and owing by the SSO Supplier as Damages and further provided that any previously attached security interest of the Companies in such retained amounts will continue. The Termination Payment will be due to or due from the Non-Defaulting Party as appropriate. If the Termination Payment has been

retained by the Companies as security for additional amounts that may be determined to be due and owing by the SSO Supplier, and if, upon making a final determination of Damages, the Termination Payment, or any portion thereof, is to be made to the SSO Supplier, the Companies will pay simple interest on the Termination Payment amount being made to the SSO Supplier. Simple interest will be calculated at the lower of the Interest Index or six (6) percent per annum.

(c) **Notice of Termination Payment.** As soon as practicable after calculation of a Termination Payment, notice must be given by the Non-Defaulting Party to the Defaulting Party of the amount of the Termination Payment and whether the Termination Payment is due to or due from the Non-Defaulting Party. The notice will include a written statement explaining in reasonable detail the calculation of such amount. Subject to Section 5.4(b), the Termination Payment must be made by the Party that owes it within three (3) Business Days after such notice is received by the Defaulting Party.

(d) **Disputes With Respect to Termination Payment.** If the Defaulting Party disputes the Non-Defaulting Party's calculation of the Termination Payment, in whole or in part, the Defaulting Party must, within three (3) Business Days of receipt of Non-Defaulting Party's calculation of the Termination Payment, provide to the Non-Defaulting Party a detailed written explanation of the basis for such dispute; provided, however, that if the Termination Payment is due from the Defaulting Party, the Defaulting Party must first provide commercially reasonable financial assurances to the Non-Defaulting Party in an amount equal to the Termination Payment.

5.5 Step-up Provision

If any one or more SSO Suppliers defaults in its obligations hereunder resulting in the exercise of the right of Early Termination by the Companies with respect to such SSO Supplier(s), then the Companies, subject to Applicable Legal Authorities, may offer some or all Non-Defaulting Supplier(s) the optional right to assume under this Agreement additional Tranches of SSO Load, and subject to further compliance with the creditworthiness provisions of Article 6 of this Agreement. The provision of any such offer by the Companies to Non-Defaulting Suppliers will indicate the duration of the offer and the manner of acceptance thereof. Following the assumption by SSO Supplier(s) of additional Tranches hereunder, the Companies will prepare a modified Appendix A which will set forth the revised SSO Supplier Responsibility Shares of the SSO Load of the participating Non-Defaulting SSO Supplier(s) following such assumption. This modified Appendix A must be initialed (as a single document or in counterparts) by the Companies and any affected SSO Supplier(s) and shall thereafter be deemed a part of this Agreement, as to such affected SSO Supplier(s), from its effective date. A SSO Supplier will not suffer any prejudice under this Agreement or otherwise if it declines an offer to assume additional Tranches upon the default by another SSO Supplier.

5.6 Setoff of Payment Obligations of the Non-Defaulting Party

Any payment obligations of the Non-Defaulting Party to the Defaulting Party pursuant to this Agreement or any other agreement(s) between the Companies and the SSO Supplier for the provision of SSO Supply will be set off (i) first, to satisfy any payment obligations of the Defaulting Party to the Non-Defaulting Party pursuant to this

Agreement or any other agreement(s) between the Companies and the SSO Supplier for the provision of SSO Supply that are unsecured and not subject to any Guaranty; (ii) second, to satisfy any payment obligations of the Defaulting Party to the Non-Defaulting Party pursuant to this Agreement or any other agreement(s) between the Companies and the SSO Supplier for the provision of SSO Supply that are unsecured, but which are subject to a Guaranty; and (iii) third, to satisfy any remaining payment obligations of the Defaulting Party to the Non-Defaulting Party pursuant to this Agreement or any other agreement(s) between the Companies and the SSO Supplier for the provision of SSO Supply.

5.7 Preservation of Rights of Non-Defaulting Party

The rights of the Non-Defaulting Party under this Agreement, including without limitation Sections 5.4 and 5.6, will be supplemental to, and not in lieu of, any right of recoupment, lien, or set-off afforded by applicable law, and all such rights are expressly preserved for the benefit of the Non-Defaulting Party.

ARTICLE 6: CREDITWORTHINESS

6.1 Applicability

Each SSO Supplier agrees that it will meet the Creditworthiness standards of this Article 6 at all times during the term of this Agreements and will inform the Companies immediately of any changes in its credit rating or financial condition. Without limitation of the foregoing, each SSO Supplier shall, upon written request, affirmatively demonstrate to the Companies, its compliance with the Creditworthiness standards set forth hereunder. The Companies may, upon reasonable advance notice, establish less

restrictive Creditworthiness standards under this Article 6 in a non-discriminatory manner.

6.2 Creditworthiness Determination

The SSO Supplier may submit and maintain a security deposit in accordance with Section 6.3 and 6.6 below in lieu of submitting to or being qualified under a creditworthiness evaluation. The Companies shall provide the rationale for their determination of the credit limit and any resulting security requirement. The Companies shall perform their credit re-evaluation and associated security calculation in a non-discriminatory manner. The SSO Supplier shall provide unrestricted access to audited financial statements; however, if audited financial statements are not available, the Companies may specify other types of financial statements that will be accepted.

6.3 Independent Credit Requirement

The Independent Credit Requirement ("ICR") per tranche ("ICRT") that will be required of the SSO Supplier under this Agreement is \$200,000 per Tranche. The ICR under this Agreement is the ICRT times the number of Tranches. For the purpose of calculating Margin, a SSO Supplier's ICR, as posted by the SSO Supplier pursuant to this Section 6.3 or as allocated to the SSO Supplier by the Companies pursuant to Section 6.4 below, will be netted by the Companies when a SSO Supplier's Total Exposure Amount requires a SSO Supplier to post Margin.

6.4 Independent Credit Threshold

If the SSO Supplier qualifies under the following criteria, it will be granted an Independent Credit Threshold ("ICT"). The ICT will be used by the SSO Supplier solely to partially or fully cover the aggregate ICR amounts under this Agreement and any other

SSO agreement(s) between it and the Companies. In all instances, the most current senior unsecured debt rating (or, if unavailable, the most current corporate issuer debt rating discounted one notch) will be used.

(a) The following requirements shall apply to the SSO Supplier or Guarantor(s) of the SSO Supplier that have been incorporated or otherwise formed under the laws of the United States in order to be granted an ICT. If the SSO Supplier cannot meet the following requirements, the posting of cash or letter of credit in an acceptable form as defined in Section 6.9(b) below (see standard format in Appendix D) for the entire aggregate ICR amounts under this Agreement and any other SSO agreement(s) between it and the Companies will be required at the time of or prior to the execution of this Agreement.

(i) The SSO Supplier must (1) be rated by at least two of the following rating agencies: Standard & Poor's Rating Services ("S&P"), Moody's Investors Service, Inc. ("Moody's") or Fitch, Inc. ("Fitch"), and (2) have a minimum senior unsecured debt rating (or, if unavailable, corporate issuer rating discounted one notch) of at least "BBB-" from S&P, "Baa3" from Moody's, or "BBB-" from Fitch (a "Minimum Rating"). If the SSO Supplier is rated by only two rating agencies, and the ratings are split, the lowest rating will be used. If the SSO Supplier is rated by three rating agencies, and the ratings are split, the lower of the two highest ratings will be used; provided that, in the event that the two highest ratings are common, such common rating will be used. The maximum level of the ICT will be determined based on the following table:

| Credit Rating of the SSO Supplier | | | Max. Independent Credit Threshold |
|-----------------------------------|--------------|--------------|--|
| S&P | Moody's | Fitch | |
| A- and above | A3 and above | A- and above | 16% of TNW |
| BBB+ | Baa1 | BBB+ | 10% of TNW |
| BBB | Baa2 | BBB | 8% of TNW |
| BBB- | Baa3 | BBB- | 6% of TNW |
| Below BBB- | Below Baa3 | Below BBB- | 0% of TNW |

The SSO Supplier will be required to post cash or a letter of credit in an acceptable form as defined in Section 6.9 (b) below (see standard format in Appendix D) for the aggregate ICR amounts under this Agreement and any other SSO agreement(s) between it and the Companies, to the extent that the aggregate ICR exceeds the ICT; or

(ii) If the SSO Supplier has a Guarantor, the Guarantor must

- (1) be rated by at least two of the following rating agencies: S&P, Moody's, or Fitch, and
- (2) have a minimum senior unsecured debt rating (or, if unavailable, corporate issuer rating discounted one notch) equal to the Minimum Rating. If the SSO Supplier is rated by only two rating agencies, and the ratings are split, the lowest rating will be used. If the SSO Supplier is rated by three rating agencies, and the ratings are split, the lower of the two highest ratings will be used; provided that, in the event that the two highest ratings are common, such common rating will be used. The maximum level of the ICT that could be provided through the Guaranty (see standard format in Appendix E) will be determined based on the following table:

| Credit Rating of the Guarantor | | | Max. Independent Credit Threshold |
|--------------------------------|--------------|--------------|---|
| S&P | Moody's | Fitch | |
| A- and above | A3 and above | A- and above | 16% of TNW |
| BBB+ | Baa1 | BBB+ | 10% of TNW |
| BBB | Baa2 | BBB | 8% of TNW |
| BBB- | Baa3 | BBB- | 6% of TNW |
| Below BBB- | Below Baa3 | Below BBB- | 0% of TNW |

The SSO Supplier will be granted an ICT of up to the amount of the Guaranty, provided that the amount of the Guaranty is below the maximum ICT shown in the table above. If a Guaranty is provided for an unlimited amount, the SSO Supplier will be granted an ICT of up to the maximum ICT shown in the table above. The Guaranty tendered by the SSO Supplier to satisfy the ITC requirement arising under this Section 6.4 shall be a separate document from the Guaranty, if any, tendered by the SSO Supplier to satisfy any requirement for a credit limit to cover the Total Exposure Amount arising under Section 6.6 below; provided, however, that a single Guaranty may be provided if such Guaranty is for an unlimited amount. The SSO Supplier will be required to post security in an acceptable form as listed in Section 6.9 below for the aggregate ICR amounts under this Agreement and any other SSO agreement(s) between it and the Companies, to the extent that the aggregate ICR exceeds the ICT at the time of or prior to the execution of this Agreement.

(b) The following standards will apply to the SSO Supplier or Guarantors of the SSO Supplier that has not been incorporated or otherwise formed under the laws of the United States. If the SSO Supplier cannot meet the following requirements, the posting of cash or letter of credit in an acceptable form as defined in Section 6.9(b) below (see standard format in Appendix D) for the entire aggregate ICR amounts under this Agreement and any other SSO agreement(s) between it and the Companies will be required at the time of or prior to the execution of this Agreement.

(i) The SSO Supplier must supply such evidence of creditworthiness so as to provide the Companies with comparable assurances of creditworthiness as is applicable above for the SSO Supplier that has been incorporated or otherwise formed under the laws of the United States. The Companies will have full discretion, without liability or recourse to the SSO Supplier, to evaluate the evidence of creditworthiness submitted by such SSO Supplier; or

(ii) The Guarantor of a SSO Supplier must supply such evidence of creditworthiness so as to provide the Companies with comparable assurances of creditworthiness as is applicable above for the Guarantor(s) of the SSO Supplier that have been incorporated or otherwise formed under the laws of the United States. The Companies will have full discretion, without liability or recourse to the Guarantor or the SSO Supplier, to evaluate the evidence of creditworthiness submitted by such Guarantor.

(c) If the SSO Supplier or Guarantors of the SSO Supplier that have not been incorporated or otherwise formed under the laws of the United States must, in addition to all documentation required elsewhere in this Section 6.4, supply the following as a condition of being granted an ICT:

(i) For SSO Supplier: (1) a legal opinion of counsel qualified to practice in the foreign jurisdiction in the which SSO Supplier is incorporated or otherwise formed that this Agreement is, or upon the completion of execution formalities will become, the binding obligation of the SSO Supplier in the jurisdiction in which it has been incorporated or otherwise formed; (2) the sworn certificate of the corporate secretary (or similar officer) of such SSO Supplier that the person executing the Agreement on behalf of the SSO Supplier has the authority to execute the Agreement and that the governing board of such SSO Supplier has approved the execution of the Agreement and (3) the sworn certificate of the corporate secretary (or similar officer) of such SSO Supplier that the SSO Supplier has been authorized by its governing board to enter into agreements of the same type as this Agreement. The Companies will have full discretion, without liability or recourse to the SSO Supplier, to evaluate the sufficiency of the documents submitted by the SSO Supplier.

(ii) For the Guarantor of a SSO Supplier: (1) a legal opinion of counsel qualified to practice in the foreign jurisdiction in which the Guarantor is incorporated or otherwise formed that this Guaranty is, or upon the completion of execution formalities will become, the binding obligation of the Guarantor in the jurisdiction in which it has been incorporated or otherwise formed; (2) the sworn certificate of the corporate secretary (or similar officer) of such Guarantor that the person executing the Guaranty on behalf of the Guarantor has the authority to execute the Guaranty and that the governing board of such Guarantor has approved the execution of the Guaranty and (3) the sworn certificate of the corporate secretary (or similar officer) of such Guarantor that the Guarantor has been authorized by its governing board to enter

into agreements of the same type as this Guaranty. The Companies will have full discretion, without liability or recourse to the Guarantor or the SSO Supplier, to evaluate the sufficiency of the documents submitted by such Guarantor.

6.5 Mark-to-Market Credit Exposure Methodology

To calculate the daily exposure for each SSO Supplier the Mark-to-Market (“MtM”) credit exposure methodology will be used. The “mark” for each Billing Month will be determined at the time the solicitation is completed based on the available Forward Market Prices. At the time the solicitation is completed, the MtM credit exposure for each SSO Supplier shall be equal to zero. Subsequently, the differences between the available Forward Market Prices on the valuation date and the “mark” prices for the corresponding Billing Months will be used to calculate the daily exposures for each SSO Supplier. The methodology for calculation of the MtM credit exposure is illustrated in the example (using hypothetical numbers) set forth in Appendix B hereto.

6.6 Credit Limit

The following criteria constitute the Companies’ creditworthiness requirements for the SSO Supplier to cover the Total Exposure Amount. In all instances, the most current senior unsecured debt rating (or, if unavailable, corporate issuer rating discounted one notch) will be used.

(i) For the SSO Supplier to be granted an unsecured line of credit, the SSO Supplier must (1) be rated by at least two of the following rating agencies: S&P, Moody’s, or Fitch, and (2) have a minimum senior unsecured debt rating (or, if unavailable, corporate issuer rating discounted one notch) equal to the Minimum Rating. If the SSO Supplier is rated by only two rating agencies, and the ratings are split, the

lowest rating will be used. If the SSO Supplier is rated by three rating agencies, and the ratings are split, the lower of the two highest ratings will be used; provided that, in the event that the two highest ratings are common, such common rating will be used. The maximum level of the credit limit to cover the Total Exposure Amount will be determined based on the following table:

| Credit Rating of the SSO Supplier | | | | Max. Credit Limit to be calculated as the lesser of the % of TNW and credit limit cap below |
|-----------------------------------|--------------|--------------|------------|---|
| S&P | Moody's | Fitch | % | Credit Limit Cap |
| A- and above | A3 and above | A- and above | 16% of TNW | \$60,000,000 |
| BBB+ | Baa1 | BBB+ | 10% of TNW | \$40,000,000 |
| BBB | Baa2 | BBB | 8% of TNW | \$30,000,000 |
| BBB- | Baa3 | BBB- | 6% of TNW | \$15,000,000 |
| Below BBB- | Below Baa3 | Below BBB- | 0% of TNW | 0 |

The SSO Supplier will be required to post cash or letter of credit in an acceptable form as defined in Section 6.9 (b) below (see standard format in Appendix D) for the Margin due the Company as set forth in Section 6.7 of this Agreement; or

(ii) If the SSO Supplier has a Guarantor, the Guarantor must (1) be rated by at least two of the following rating agencies: S&P, Moody's, or Fitch, and (2) have a minimum senior unsecured debt rating (or, if unavailable, corporate issuer rating discounted one notch) equal to the Minimum Rating. If SSO Supplier is rated by only two rating agencies, and the ratings are split, the lowest rating will be used. If the SSO

Supplier is rated by three rating agencies, and the ratings are split, the lower of the two highest ratings will be used; provided that, in the event that the two highest ratings are common, such common rating will be used. The maximum level of the credit limit to cover the Total Exposure Amount that could be provided through the financial guaranty (see standard format in Appendix E) will be determined based on the following table:

| Credit Rating of the Guarantor | | | | Max. Credit Limit to be calculated as the lesser of the % of TNW and credit limit cap below |
|--------------------------------|--------------|--------------|------------|---|
| S&P | Moody's | Fitch | % | Credit Limit Cap |
| A- and above | A3 and above | A- and above | 16% of TNW | \$60,000,000 |
| BBB+ | Baa1 | BBB+ | 10% of TNW | \$40,000,000 |
| BBB | Baa2 | BBB | 8% of TNW | \$30,000,000 |
| BBB- | Baa3 | BBB- | 6% of TNW | \$15,000,000 |
| Below BBB- | Below Baa3 | Below BBB- | 0% of TNW | 0 |

The SSO Supplier will be granted a credit limit equal to the lesser of (i) the amount of the Guaranty as provided to the Companies at the time this Agreement is executed as such amount may be modified in any amended or substitute Guaranty provided to the Companies during the term of this Agreement or (ii) the Supplier's Maximum Credit Limit. The SSO Supplier, however, may not increase or substitute its Guaranty for the purpose of increasing its applicable credit limit during the time period after the Companies have made a Margin call but before the SSO Supplier has posted the required Margin. Notwithstanding anything herein to contrary, the SSO Supplier may increase the limit of its Guaranty after satisfying a Margin call from the Companies and

upon the Companies' receipt of an amended or substitute Guaranty increasing the limit of the Guaranty, the SSO Supplier may request a return of Margin in accordance with Section 6.7 hereof. The SSO Supplier will be required to post cash or letter of credit in an acceptable form as defined in Section 6.9 (b) below (see standard format in Appendix C) for the Margin due the Companies as set forth in Section 6.7 of this Agreement; or

(iii) The posting of cash or letter of credit as defined in Section 6.9 (b) below for the entire Total Exposure Amount.

6.7 Posting Margin and Return of Surplus Margin

(a) If at any time and from time to time during the term of this Agreement, the Total Exposure Amount exceeds the SSO Supplier's or Guarantor's credit limit, then the Companies on any Business Day, may request that SSO Supplier provide cash or letter of credit in an acceptable form as defined in Section 6.9 (b) below (see standard format in Appendix C), in an amount equal to the Margin (net of ICR amounts and less any Margin posted by the SSO Supplier and held by the Companies pursuant to this Agreement or any other agreement(s) between the Companies and the SSO Supplier for the provision of SSO Supply).

If the SSO Supplier receives written notice for Margin from the Companies by 1:00 p.m. Eastern Standard Time on a Business Day, then the SSO Supplier shall post Margin the next following Business Day if posting cash and the second Business Day following the date of notice if received by the SSO Supplier if posting a letter of credit unless the Company agrees in writing to extend the period to provide Margin. If the SSO Supplier receives notice for Margin from the Companies after 1:00 p.m. Eastern Standard Time on a Business Day, whether posting cash or a letter of credit, then the SSO Supplier

must post Margin the second Business Day following the date of notice unless the Companies agree in writing to extend the period to provide Margin. The Companies will not unreasonably deny a request for a one-day extension of such period. In the event that the SSO Supplier fails to provide Margin when due, then an Event of Default under Article 5 will be deemed to have occurred and the Companies will be entitled to the remedies set forth in Article 5 of this Agreement.

(b) Surplus Margin being held by the Companies not needed to satisfy the Total Exposure Amount, as determined above, will be returned to the SSO Supplier upon receipt of a written request by the SSO Supplier. The returned amount to the SSO Supplier shall be the lesser of the surplus Margin then held by the Companies or the Total Exposure Amount less the Credit Limit. If the SSO Supplier posted cash and notice is received by 1:00 p.m. Eastern Standard Time on a Business Day, the surplus Margin will be returned by the next following Business Day and if the SSO Supplier posted cash and notice is received by the Companies after 1:00 p.m. Eastern Standard Time on a Business Day, the surplus Margin will be returned by the second Business Day following the date of notice. If the SSO Supplier posted a letter of credit, the Surplus Margin shall be returned on the next Business Day following the Business Day on which the amendment to the letter of credit is received from the issuing bank. In the event that the Companies fail to return the surplus Margin when due in accordance with this Article, then an Event of Default under Article 5 will be deemed to have occurred and the SSO Supplier will be entitled to the remedies set forth in Article 5 of this Agreement unless SSO Supplier agrees in writing to extend such period for providing the surplus Margin. The SSO

Supplier will not unreasonably deny a request for a one-day extension of the period for returning the surplus Margin.

6.8 Grant of Security Interest/Remedies

To secure its obligations under this Agreement and to the extent that the SSO Supplier delivered Margin/collateral hereunder, the SSO Supplier hereby grants to the Companies a present and continuing security interest in, and lien on (and right of setoff against), and assignment of, all cash collateral and cash equivalent collateral and any and all proceeds resulting therefrom or the liquidation thereof, whether now or hereafter held by, on behalf of, or for the benefit of, the Companies, and SSO Supplier and the Companies agree to take such action as reasonably required to perfect the secured Party's first priority security interest in, and lien on (and right of setoff against), such collateral and any and all proceeds resulting therefrom or from the liquidation thereof. Upon or any time after the occurrence or deemed occurrence and during the continuation of an Event of Default or an Early Termination Date, the Companies may do any one or more of the following: (i) exercise any of the rights and remedies of the Companies with respect to all collateral, including any such rights and remedies under law then in effect; (ii) exercise their rights of setoff against any and all property of the SSO Supplier in the possession of the Companies whether held in connection with this Agreement or any other agreement(s) between the Companies and the SSO Supplier for the provision of SSO Supply; (iii) draw on any outstanding letter of credit issued for their benefit; and (iv) liquidate all security held by or for the benefit of the Companies free from any claim or right of any nature whatsoever if the SSO Supplier, including any equity or right of purchase or redemption by the SSO Supplier. The Companies will apply the proceeds of

the collateral realized upon the exercise of such rights or remedies to reduce the SSO Supplier's obligation under this Agreement or any other agreement(s) between the Companies and the SSO Supplier for the provision of SSO Supply (the SSO Supplier remaining liable for any amounts owing to the Companies after such application), subject to the Companies' obligation to the return of any surplus proceeds remaining after such obligations are satisfied in full.

All notices, demands or requests regarding credit requirements and credit related security or deposit transfers shall be in writing and shall be personally delivered or sent by overnight express mail, courier service or facsimile transmission (with the original transmitted by any of the other aforementioned delivery methods) addressed as follows:

If to a SSO Supplier:

Notification information for each SSO Supplier is set forth on Appendix A hereto.

If to the Companies to:

Thomas R. Sims
Senior Business Analyst
FirstEnergy Corp.
76 South Main Street, 17th Floor
Akron, OH 44308
Telephone: 330-384-3808
Facsimile: 330-255-1662
simst@firstenergycorp.com

Copy to:

David M. Blank
Vice President, Rates & Regulatory Affairs
FirstEnergy Corp.
76 South Main Street, 8th Floor
Akron, OH 44308
Telephone: 330-384-5451
Facsimile: 330-761-4281
dmblank@firstenergycorp.com

Copy to:

Dean W. Stathis
Director, Regulated Commodity Sourcing
2800 Pottsville Pike
Reading PA 19612-6001
Telephone: 610-921-6766
Facsimile: 610-939-8542
dstathis@firstenergycorp.com

And:

Mark A. Hayden, Esq.
FirstEnergy Corp.
76 South Main Street
Akron, OH 44308
Telephone: 330-761-7735
Facsimile: 330-384-3875
haydenm@firstenergycorp.com

or to such other person at such other address as a Party may designate by like notice to the other Party. Notice received after the close of the Business Day will be deemed received on the next Business Day; provided that notice by facsimile transmission will be deemed to have been received by the recipient if the recipient confirms receipt telephonically or in writing.

6.9 Security Instruments

At each SSO Supplier's choice, the following are deemed to be acceptable methods for posting security, if required:

- (a) cash; or
- (b) a standby irrevocable letter of credit acceptable to the Company issued by a bank or other financial institution with a minimum "A" senior unsecured debt rating (or, if unavailable, corporate issuer rating discounted one notch) from S&P or Moody's (see standard format in Appendix C). The letter of credit shall state that it will

renew automatically for successive one-year or shorter periods, until terminated upon at least ninety (90) days prior written notice from the issuing financial institution. If the Companies receive notice from the issuing financial institution that letter of credit is being cancelled, the SSO Supplier will be required to provide a substitute letter of credit from an alternative bank satisfying the minimum requirements. The receipt of the substitute letter of credit must be effective as of the cancellation date and delivered to the Companies thirty (30) days before the cancellation date of the original letter of credit. If the SSO Supplier fails to supply a substitute letter of credit as required, then the Companies will have the right to draw on the existing letter of credit and to hold the amount as Margin.

If the credit rating of a bank or other financial institution from which a SSO Supplier has obtained a letter of credit falls below levels specified in this Article 6, the SSO Supplier will have two (2) Business Days following written notice by the Companies to obtain a suitable letter of credit from another bank or other financial institution that meets those standards unless such period is extended in writing by Companies.

6.10 Maintenance of Creditworthiness

(a) Reporting of Changes.

Each SSO Supplier must promptly notify the Companies of any change in its credit rating or financial condition or that of its Guarantor. The SSO Supplier or Guarantor must also furnish evidence of an acceptable credit rating or financial condition upon the request of the Companies.

(b) Change in Credit Standing.

The Companies will re-evaluate the creditworthiness of a SSO Supplier whenever it becomes aware of an adverse change, through the provision of notice by such SSO Supplier or otherwise, in the SSO Supplier's or Guarantor's credit standing. If the lowest credit rating (whether corporate issuer rating or unsecured senior debt rating) used to determine the SSO Supplier's ICT or its credit limit adversely changes, the Companies will require additional security from a SSO Supplier in accordance with Sections 6.4 and 6.6. The additional security must be in a form acceptable to the Companies, as specified in Section 6.9 of this Agreement.

6.11 Calling on Security

The Companies may call upon the security posted by the SSO Supplier if the SSO Supplier fails to pay amounts due to the Companies pursuant to this Agreement or any other agreement(s) between the Companies and the SSO Supplier for the provision of SSO Supply after all of the following events occur:

- (a) written Notice of Default is provided to the SSO Supplier; and
- (b) any applicable cure period ends.

The foregoing notwithstanding, the security posted by the SSO Supplier will become due automatically without prior notice or right of cure in the case of any Event of Default arising under Section 5.1 (i), (ii), (iii), (iv), (v), (vi), (vii), (viii), and (ix) hereof.

6.12 Interest on Cash Held by Company

The Companies will pay simple interest calculated at the lower of the Interest Index or six (6) percent per annum on all cash held by Companies pursuant to this

Agreement. Each Billing Month the SSO Supplier will prepare a statement of interest amounts due from the Companies. The statement will be sent to the Companies within three (3) Business Days after the end of the Billing Month via overnight mail or other expeditious means. The Companies will make interest payments on the first Business Day after the 5th day of each calendar month.

6.13 Confidentiality

Information supplied by a SSO Supplier in connection with the creditworthiness process shall be deemed confidential and not subject to public disclosure, unless Applicable Legal Authorities require disclosure of the information. If information must be disclosed, then the confidentiality of the information will be maintained consistent with the Applicable Legal Authority's rules and regulations pertaining to confidentiality. The SSO Supplier will be given prompt notice of any request by a third party to obtain confidential information related to the SSO Supplier's creditworthiness.

6.14 No Endorsement of SSO Supplier

The Companies' determination that a SSO Supplier is creditworthy pursuant to the process set forth above, will not be deemed to constitute an express or implied warranty or guarantee of any kind with respect to the financial or operational qualifications of the SSO Supplier. The Companies will treat all SSO Suppliers in a non-discriminatory manner and shall provide no preference to any SSO Supplier.

ARTICLE 7: PROCEDURES FOR ENERGY SCHEDULING AND DATA TRANSMISSION

The Parties must adhere to any applicable operational requirements of MISO necessary to protect the integrity of the transmission system within the FirstEnergy

Control Area and the transmission systems of interconnected balancing areas, and must satisfy any and all MISO and NERC criteria, when applicable. The SSO Supplier also must adhere to any applicable operational requirements of the Companies necessary to protect the integrity of each of the Companies' local distribution systems.

7.1 Load Obligations

The Companies and the SSO Supplier acknowledge that the SSO Customers are within the Companies' service territories and that the SSO Load must be divided into SSO Supplier obligations by applying the SSO Supplier Responsibility Share for each SSO Supplier.

7.2 Data Transmission

(a) Energy

The procedures for transmitting load obligation data for the SSO Supplier's hourly Energy obligations will be as set forth by MISO.

(b) Capacity

The procedures for transmitting load obligation data for the SSO Supplier's Resource Adequacy Requirements will be as set forth by MISO.

7.3 Energy Scheduling

The Companies will not provide load-forecasting services. The SSO Supplier is responsible to schedule Energy resources to meet its obligations with MISO as provided for in the applicable MISO tariff, rules, agreements, procedures, and manuals.

**ARTICLE 8: THE ENERGY SETTLEMENT/RECONCILIATION
PROCESS**

8.1 Energy Settlement By MISO

The settlement process occurs at MISO, pursuant to MISO tariffs, rules, agreements, and procedures, to reflect the SSO Supplier's actual Energy obligations in a reconciliation process. For purposes of the settlement process, the delivery point will be FE.FESR delivery point in MISO.

8.2 Energy Settlement by the Company

Energy Settlement shall be conducted by MISO. In the event that MISO imposes penalties on or against any of the Companies as a result of the SSO Supplier's transactions including but not limited to: failure to deliver the proper amount of Capacity; failure to approve MISO Finscheds, or failure to meet the MISO requirements, the Companies will bill such penalties directly to the SSO Supplier and the SSO Supplier will be directly responsible for prompt payment of such penalties.

ARTICLE 9: BILLING AND PAYMENT

9.1 The Companies Payment of Obligations to the SSO Supplier

The Companies will pay all amounts due to the SSO Supplier hereunder in accordance with the following provisions:

(a) Each Billing Month, the Companies will prepare and provide a Statement to each SSO Supplier. Line items on the Statement will show amounts due equal to the Price multiplied by MBEA in accordance with Section 2.2.

(b) The Statement will be sent to SSO Supplier within six (6) Business Days after the end of the Billing Month via overnight mail or other expeditious means.

(c) The Companies will make payment on the first Business Day after the 19th day of each calendar month.

(d) If each Party owes an amount to the other Party pursuant to this Agreement, including any related interest, and payments or credits, the Parties may satisfy their respective obligations to each other by netting the aggregate amounts due to one Party against the aggregate amounts due to the other Party, with the Party, if any, owing the greater aggregate amount paying the other Party the difference between the amounts owed.

(e) All payments shall be subject to adjustment for any arithmetic errors, computation errors, or other errors, provided that the errors become known within one (1) year of the termination of this Agreement.

(f) The Companies shall make payments of funds payable to the SSO Supplier by electronic transfer to a bank designated by the SSO Supplier.

(g) If a good faith dispute arises between the Companies and the SSO Supplier regarding a Statement, the disputing Party shall be obligated to pay only the undisputed portion of the Statement, if any, and shall present the dispute in writing and submit supporting documentation to the non-disputing Party within one-hundred twenty (120) calendar days from the date of the Statement in dispute. Statement disputes must be addressed promptly, and in accordance with the dispute resolution procedures set forth in this Agreement. Upon resolution of a Statement dispute, any payments made to either Party will include simple interest on the payment at the lower of the Interest Index or six (6) percent per annum payable from the date that notice of a Statement dispute was received by the non-disputing Party.

(h) If payment is made to the SSO Supplier after the due date shown on the Statement, a late fee will be added to the unpaid balance until the entire Statement is paid. This late fee will be calculated at the prime rate commercial J.P. Morgan Chase charges borrowers.

9.2 Billing for SSO Supplier's Obligations to Other Parties

The Companies shall have no responsibility for billing between the following entities: the SSO Supplier and MISO; the SSO Supplier and any Energy source; or the SSO Supplier and any other third party. The Companies shall be solely responsible for billing SSO Customers for SSO Service.

9.3 The SSO Supplier Payment of Obligations to the Companies

The SSO Supplier must pay all Charges it incurs hereunder in accordance with the following provisions:

(a) Each Billing Month, the Companies will submit an invoice to the SSO Supplier for all Charges provided under this Agreement. The SSO Supplier must make payment for Charges incurred on or before the due date shown on the invoice. The due date will be on the first Business Day after the 19th day of each calendar month. The invoice will be sent to SSO Supplier within six (6) Business Days after the end of the Billing Month via overnight mail or other expeditious means.

(b) Invoices shall be subject to adjustment for any arithmetic errors, computation errors, or other errors, provided that the errors become known within one year of the termination of this Agreement.

(c) The SSO Supplier must make payments of funds payable to the Companies by electronic transfer to a bank designated by the Companies.

(d) If a good faith dispute arises between the Companies and the SSO Supplier regarding an invoice, the disputing Party shall pay only the undisputed portion of the invoice, if any, and must present the dispute in writing and submit supporting documentation to the non-disputing Party within one-hundred twenty (120) calendar days from the due date of the invoice in question. All disputes shall be addressed promptly, and in accordance with the dispute resolution procedures set forth in Article 11. Upon resolution of a dispute, any payments made to either Party shall include simple interest on the payment at the lower of the Interest Index or six (6) percent per annum payable from the date that notice of a dispute was received by the non-disputing Party.

(e) If payment is made to the Companies after the due date shown on the invoice, a late fee will be added to the unpaid balance until the entire invoice is paid. This late fee shall be calculated at the prime rate commercial J.P. Morgan Chase charges borrowers.

ARTICLE 10: SYSTEM OPERATION

10.1 Disconnection and Curtailment by the Companies

Each of the Companies shall have the right, without incurring any liability to the SSO Supplier, to disconnect (or otherwise curtail, interrupt or reduce deliveries from) the SSO Supplier or to disconnect (or otherwise curtail, interrupt or reduce deliveries to) any Customer whenever one of the Companies determines in the exercise of its good faith discretion, or when the Companies are directed by MISO, that such a disconnection, curtailment, interruption or reduction is necessary to facilitate construction, installation, maintenance, repair, replacement or inspection of any of the Companies' facilities; or due to any other reason affecting the safe and reliable operation of the Companies' or a

Customer's facilities, including Emergencies, forced outages or potential overloading of the Companies' transmission or distribution circuits, potential damage to any Customer's facilities or any risk of injury to persons. The Companies shall not show any preference for any entity affiliated with it in connection with any such disconnection or curtailment.

10.2 Inadvertent Loss of Service to SSO Customers

The Parties agree and acknowledge that service to SSO Customers may be inadvertently lost due to storms, weather, accidents, breakage of equipment or other events beyond the reasonable control of the Companies affecting the transmission and distribution facilities of the Companies. Neither Party will have any liability to the other Party for the occurrence of such events except for the Companies' obligation to pursue steps for the resumption of the disrupted service as set forth in Section 10.3 below. In no event will an inadvertent loss of service affect a Party's obligation to make any payments then due or becoming due with respect to performance rendered prior to such inadvertent loss of service.

10.3 Good Faith Efforts

The Companies will use good faith efforts to (a) minimize any curtailment, interruption or reduction to the extent practicable under the circumstances; (b) provide the SSO Supplier with prior notification of any curtailment, interruption or reduction, to the extent practicable; and (c) resume service as promptly as practicable.

10.4 MISO Requirements

The Parties acknowledge and agree that, as members of MISO, each of them is bound by all of the MISO rules, operating instructions, policies and procedures set forth by MISO. The SSO Supplier acknowledges and agrees that it will cooperate with the

Companies, MISO and the applicable balancing authority and reliability coordinator so that the Companies will be in compliance with all MISO emergency operations procedures, which include, but are not limited to, those procedures pertaining to minimum and maximum generation Emergencies, and measures requiring involuntary Customer participation, such as supply voltage reduction or full interruption of Customer load by either manual or automatic means.

10.5 Compliance with Governmental Directives

The SSO Supplier also acknowledges and agrees that the Companies may need to act in response to governmental or civil authority directives that may affect SSO Customer load. The SSO Supplier agrees to cooperate with the Companies in order to comply with said directives.

ARTICLE 11: DISPUTE RESOLUTION

11.1 Informal Resolution of Disputes

The Companies and the SSO Supplier will use good faith and reasonable commercial efforts to informally resolve all disputes arising out of the implementation of this Agreement. The SSO Supplier's point of contact for all information, operations, and questions will be as provided for in Article 15. Any dispute between the Companies and the SSO Supplier under this Agreement may be referred to a designated senior representative of each of the Parties for resolution on an informal basis as promptly as practicable.

11.2 Recourse to Agencies or Courts of Competent Jurisdiction

Nothing in this Agreement shall restrict the rights of either Party to file a complaint with the FERC under relevant provisions of the Federal Power Act ("FPA"),

with the PUCO under relevant provisions of the Applicable Legal Authorities, with an Ohio State court of competent jurisdiction, or with a federal court of competent jurisdiction situated in the State of Ohio. The Parties' agreement hereunder is without prejudice to any Parties' right to contest the jurisdiction of the agency or court to which a complaint is brought.

To the extent that this Agreement is deemed to be subject to FERC jurisdiction, absent the agreement of all Parties to a proposed change, the standard of review for changes to any Article of the Agreement specifying the rate(s) or other material economic terms and conditions agreed to by the Parties herein, whether proposed by a Party, a non-party, the PUCO or FERC acting sua sponte, will be the "public interest" standard of review set forth in United Gas Pipe Line Co. v. Mobile Gas Service Corp., 350 U.S. 332 (1956) and Federal Power Commission v. Sierra Pacific Power Co., 350 U.S. 348 (1956).

ARTICLE 12: REGULATORY AUTHORIZATIONS AND JURISDICTION

12.1 Compliance with Applicable Legal Authorities

The Companies and the SSO Supplier are subject to, and will comply with, all existing or future applicable federal, State and local laws, all existing or future duly-promulgated orders or other duly-authorized actions of MISO or of Applicable Legal Authorities.

12.2 FERC Jurisdictional Matters

The inclusion herein of any descriptions of procedures or processes utilized by MISO or otherwise subject to the jurisdiction of FERC is intended solely for informational purposes. If anything stated herein is found by the FERC in a final rule, regulation, determination, or order to conflict with or be inconsistent with any provision

of the FPA, or any final rule, regulation, order or determination of the FERC under the FPA or if any existing procedures or processes utilized by MISO are duly modified, the applicable FERC rule, regulation, order, determination or modification will control. To the extent required under any provision of the FPA, or any rule, regulation, order or determination of the FERC under the FPA, the Companies, and SSO Supplier, if applicable, will use reasonable commercial efforts to secure, from time to time, all appropriate orders, approvals and determinations from the FERC necessary to support this Agreement.

ARTICLE 13: LIMITATION OF LIABILITY

13.1 Limitations on Liability

Except to the extent expressly set forth in this Agreement, each Party will be liable to other Parties for direct damages incurred as a result of such Party's failure to comply with this Agreement and no Party will have any liability to the other Party for consequential, indirect, special or punitive damages, including lost profits or lost revenues, arising out of such Party's failure to comply with its obligations under this Agreement. Notwithstanding anything to the contrary in this Agreement, nothing herein shall impose any obligations or liability from one SSO Supplier to any other SSO Supplier(s).

13.2 Risk of Loss

Solely for purposes of determining risk of loss and for determining the indemnity obligations under Article 14 hereof, the Companies will be deemed to have custody and control of the electric Energy delivered by a SSO Supplier upon receipt thereof into the Companies' distribution system and until delivery thereof at the retail electric meter of

the Customer; and each SSO Supplier will be deemed to have custody and control of the electric Energy at all times prior to receipt thereof by the Companies. Each SSO Supplier will at all times be deemed to hold title to electric Energy until delivery at the FE.FESR at which time title shall be deemed to pass to the Companies. The Party deemed to have custody and control of electric Energy will, among the Parties to this Agreement, be responsible for all loss or damage to property or injury or death to persons arising in connection with such electric Energy while in its custody and control and will indemnify the other Parties with respect to same as set forth in Article 14 of this Agreement.

ARTICLE 14: INDEMNIFICATION

14.1 Indemnification

(a) Should any of the Companies become the defendant in, or obligor for, any third party's claims or liabilities for losses, penalties, expenses, damage to property, injury to or death of any person including a Party's employees or any third parties, that were caused by or occur in connection with an act or omission of a SSO Supplier with respect to an obligation arising under or in connection with this Agreement, or for which such SSO Supplier has otherwise assumed liability under the terms of this Agreement, such SSO Supplier must defend (at the Companies' option), indemnify and hold harmless the Companies, their shareholders, board members, directors, officers and employees, agents and attorneys from and against any and all such third party claims and liabilities, except to the extent that a court of competent jurisdiction determines that the losses, penalties, expenses or damages were caused wholly or in part by the gross negligence or willful misconduct of the Companies. The Companies may, at their own expense, retain counsel and participate in the defense of any such suit or action.

(b) Should a SSO Supplier (the “Indemnified Supplier”) become the defendant in, or obligor for, any third party’s claims or liabilities for losses, penalties, expenses, damage to property, injury to or death of any person including a Party’s employees or any third parties, that were caused by or occur in connection with an act or omission of the Companies or another SSO Supplier with respect to an obligation arising under or in connection with this Agreement, or for which the Companies or such other SSO Supplier has otherwise assumed liability under the terms of this Agreement, the Companies or such SSO Supplier must defend (at the option of the Indemnified Supplier), indemnify and hold harmless the Indemnified Supplier, its shareholders, board members, directors, officers, employees, agents and attorneys from and against any and all such third party claims and/or liabilities, except to the extent that a court of competent jurisdiction determines that the losses, penalties, expenses or damages were caused wholly or in part by the gross negligence or willful misconduct of the Indemnified Supplier. The Indemnified Supplier may, at its own expense, retain counsel and participate in the defense of any such suit or action.

14.2 Survives Agreement

The obligation of a Party to defend, indemnify, and hold harmless another Party under this Article will survive termination of this Agreement, and will not be limited in any way by any limitation on the amount or type of damages, compensation, or benefits payable by or for either Party under any statutory scheme, including any Worker’s Compensation Acts, Disability Benefit Acts or other Employee Benefit Acts.

ARTICLE 15: MISCELLANEOUS PROVISIONS

15.1 Notices

Unless otherwise stated herein, all notices, demands or requests required or permitted under this Agreement must be in writing and must be personally delivered or sent by overnight express mail, courier service or facsimile transmission (with the original transmitted by any of the other aforementioned delivery methods) addressed as follows:

If to a SSO Supplier:

Notification information for each SSO Supplier is set forth on Appendix A hereto.

If to the Company to:

Dean W. Stathis
Director, Regulated Commodity Sourcing
2800 Pottsville Pike
Reading PA 19612-6001
Telephone: 610-921-6766
Facsimile: 610-939-8542
dstathis@firstenergycorp.com

Copy to:

David M. Blank
Vice President, Rates & Regulatory Affairs
FirstEnergy Corp.
76 South Main Street, 8th Floor
Akron, OH 44308
Telephone: 330-384-5451
Facsimile: 330-761-4281
dmbblank@firstenergycorp.com

Copy to:

Mark A. Hayden, Esq.
FirstEnergy Corp.
76 South Main Street
Akron, OH 44308
Telephone: 330-761-7735
Facsimile: 330-384-3875
haydenm@firstenergycorp.com

or to such other person at such other address as a Party may designate by like notice to the other Party. Notice received after the close of the Business Day will be deemed received on the next Business Day; provided that notice by facsimile transmission will be deemed to have been received by the recipient if the recipient confirms receipt telephonically or in writing.

15.2 No Prejudice of Rights

The failure of a Party to insist on any one or more instances upon strict performance of any provisions of this Agreement, or to take advantage of any of its rights hereunder, may not be construed as a waiver of any such provisions or the relinquishment of any such right or any other right hereunder, which will remain in full force and effect. No term or condition of this Agreement will be deemed to have been waived and no breach excused unless such waiver or consent to excuse is in writing and signed by the Party claimed to have waived or consented to excuse.

15.3 Assignment

Parties may not assign any of their rights or obligations under this Agreement without obtaining (a) any necessary regulatory approval(s) and (b) the prior written consent of the non-assigning Party, which consent will not be unreasonably withheld; provided that the Companies agree that they will grant their consent to a proposed

assignment by a SSO Supplier if the proposed assignee meets all of the Companies' creditworthiness requirements then in effect under Article 6 of this Agreement; and further provided that a SSO Supplier wishing to assign its interests hereunder will not be obligated to obtain the consent of any other SSO Supplier. No assignment of this Agreement will relieve the assigning Party of any of its obligations under this Agreement until such obligations have been assumed by the assignee and all necessary consents have been obtained. Any assignment in violation of this Section 15.3 will be void; provided, however, any of the Companies may assign any or all of its rights and obligations under this Agreement, without the SSO Supplier's consent, to any entity succeeding to all or substantially all of the assets of the Companies, if such assignee agrees, in writing, to be bound by all of the terms and conditions hereof and all necessary regulatory approvals are obtained. SSO Supplier may, with prior written notice to the Companies but without obtaining the approval of the Companies, assign the accounts, revenues or proceeds under this Agreement to a third party. The Companies agree that following receipt of such notice of the assignment of accounts, revenues or proceeds and such other documentation that the assigning SSO Supplier may reasonably request that the Companies will pay amounts becoming due to the assigning SSO Supplier under this Agreement directly to the designated assignee; provided however, that nothing herein shall enlarge or expand the rights of such designated assignee beyond the rights granted to the SSO Supplier and the right of such designated assignee to receive payments shall be subject to all defenses, offsets and claims of the Companies arising under this Agreement. The Companies further agrees that, in the event necessary regulatory approvals to effectuate an assignment have been sought in good faith but that action by the regulatory body is

pending, the Companies will accept the performance of the proposed assignee as a Party to this Agreement, as co-obligor with the Party proposing to assign its interest, until such approvals are obtained; provided that, in the event the regulatory body declines to grant its approval (or, in the discretion of the Companies, in the event the application seeking approval is still pending without action by the regulatory body after ninety (90) days), the request for approval of the assignment will be deemed to have been rejected.

15.4 Governing Law and Venue

To the extent not subject to the jurisdiction of the FERC, questions including those concerning the formation, validity, interpretation, execution, amendment, termination and construction of this Agreement will be governed by the laws of the State of Ohio, without regard to principles of conflicts of law. Any lawsuit not subject to FERC jurisdiction arising in connection with this Agreement must be brought in the State or Federal courts of Ohio, sitting in and for Summit County, Ohio.

15.5 Headings

The headings and subheadings contained in this Agreement are used solely for convenience and do not constitute a part of the Agreement between the Parties hereunto, nor should they be used to aid in any manner in the construction of this Agreement.

15.6 Third Party Beneficiaries

This Agreement is intended solely for the benefit of the Parties hereto including Customers for whom the Companies are executing this Agreement as agent. Nothing in this Agreement may be construed to create any duty, or standard of care with reference to, or any liability to, any person not a Party to this Agreement.

15.7 General Miscellaneous Provisions

(a) This Agreement may not be interpreted or construed to create an association, joint venture, or partnership between the Parties (or any of them), or to impose any partnership obligation or liability upon any Party. The obligations of the SSO Supplier are expressly agreed to be several and not joint. No Party will have any right, power, or authority to enter into any agreement or undertaking for, or on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the any other Party.

(b) Cancellation, expiration or Early Termination of this Agreement will not relieve the Parties of obligations that by their nature survive such cancellation, expiration or termination, including warranties, remedies, promises of indemnity and confidentiality.

(c) Should any provision of this Agreement be held invalid or unenforceable, such provision will be invalid or unenforceable only to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable any other provision hereof, unless it materially changes the agreement of the Parties.

(d) Each of the Parties acknowledges that it has read this Agreement, understands it, and agrees to be bound by its terms. This Agreement is intended by the Parties as a final expression of their agreement. The Parties further agree that this Agreement is the complete and exclusive statement of agreement and supersedes all proposals (oral or written), understandings, representations, conditions, warranties, covenants and all other communications between the Parties relating thereto.

15.8 Taxes

All present and future federal, state, municipal or other taxes imposed by any taxing authority by reason of the provision of SSO Supply by a SSO Supplier under this Agreement will be the liability of the SSO Supplier, except for Ohio Sales and Use Taxes, which will be the Companies' responsibility. Should a SSO Supplier be required to remit any Ohio Sales and Use Taxes directly to the applicable taxing authority, other than taxes previously collected by the SSO Supplier on behalf of the Companies, the Companies will defend and indemnify the SSO Supplier for such Sales and Use Taxes and will pay to the SSO Supplier all such tax amounts upon demand. Each SSO Supplier shall pay all such taxes to the applicable taxing authority to the extent required or permitted by law. If any transaction is exempt from the payment of any such taxes, the affected SSO Supplier will, if requested, provide the Companies with valid tax exemption certificates. Should the Companies be required to remit any such taxes directly to any applicable taxing authority, other than taxes previously collected by the Companies directly from an SSO Supplier, the SSO Supplier will defend and indemnify the Companies and will pay to the Companies all such tax amounts upon demand.

If new Federal or Ohio taxes or Federal or Ohio government-mandated fees are imposed on wholesale transactions covering Energy, Resource Adequacy Requirements, Firm Transmission Service or Ancillary Services after the effective date, the Companies will reimburse suppliers for such new taxes or fees provided the Companies recover the cost of such new taxes or fees from the Companies' customers.

15.9 Use of the Word "Including"

The word "including", when following any general statement or term, is not to be construed as limiting the general statement or term to the specific items or matters set forth or to similar items or matters, but rather as permitting the general statement or term to refer to all other items or matters that could reasonably fall within its broadest possible scope.

15.10 Federal Acquisition Regulation

If any of the following clauses prescribed by the Federal Acquisition Regulation ("FAR"), 48 Code of Federal Regulations Chapter 1 should be deemed to apply to this Agreement, the SSO Supplier shall comply with the requirements of such clause(s), and shall include the terms or substance of such clause(s) in its subcontracts, as and to the extent required by the FAR:

- (i) Clean Air and Water: §52.223-2;
- (ii) Contract Work Hours and Safety Standards Act-Overtime Compensation: §52.222-4
- (iii) Equal Opportunity: §52.222-26;
- (iv) Affirmative Action for and Employment Reports on Special Disabled and Vietnam Era Veterans: §52.222-35 and §52.222-37;
- (v) Affirmative Action for Handicapped Workers: §52.222-36; and
- (vi) Utilization of Small Business Concerns and Small Disadvantaged Business Concerns and Small Business and Small Disadvantaged Business Subcontracting Plan: §52.219-8 and §52-219-9.

In case of a conflict between the provisions of the FAR and the balance of this Agreement, the requirements of the FAR will prevail.

15.11 Binding Terms

This Agreement and the rates, terms and conditions herein will remain in effect for the entire term hereof and each Party agrees not to seek any change to such rates, terms and conditions pursuant to the Federal Power Act, if the Federal Power Act is deemed to have jurisdiction to this Agreement, including on the grounds that they are not just and reasonable.

15.12 Confidentiality

(a) Each Party shall hold in confidence and not release or disclose any document or information furnished by the other Party in connection with this Agreement, unless: (i) such document and information is necessary and must be disclosed in any proceeding in any federal, state or local agency or a court of competent jurisdiction; (ii) compelled to disclose such document or information by judicial, regulatory or administrative process or other provisions of law; (iii) such document or information is generally available to the public; (iv) such document or information was available to the receiving Party on a non-confidential basis; or (v) such document or information was available to the receiving Party on a non-confidential basis from a third-party, provided that the receiving Party does not know, and, by reasonable effort, could not know that such third-party is prohibited from transmitting the document or information to the receiving Party by a contractual, legal or fiduciary obligation.

(b) Notwithstanding any other provision of this Section 15.12, the Companies reserve the right to use and communicate publicly and/or to third parties any and all

information in any proceedings before FERC, the PUCO, and any other regulatory body and any court of competent jurisdiction, if necessary, without the prior consent and approval of, or notice to, the SSO Supplier.

(c) Notwithstanding any other provision of this Section 15.12, a Party may disclose to its employees, representatives and agents all documents and information furnished by the other Party in connection with this Agreement, provided that such employees, representatives and agents have been advised of the confidentiality provisions of this Section 15.12, and further provided that in no event shall a document or information be disclosed in violation of the standard of conduct requirements established by FERC.

(d) A Party receiving notice or otherwise concluding that any confidential document or information furnished by the other Party in connection with this Agreement is being sought under any provision of law, to the extent it is permitted to do so under any applicable law, shall: (i) promptly notify the other Party; and (ii) use reasonable efforts in cooperation with the other Party to seek confidential treatment of such confidential information.

(e) The Parties agree that monetary damages may be inadequate to compensate a Party for the other Party's breach of its obligations under this Section 15.12. Each Party accordingly agrees that the other Party shall be entitled to equitable relief, by way of injunction or otherwise, if the Party breaches or threatens to breach its obligations under this Section 15.12, which equitable relief shall be granted without bond or proof of damages, and the receiving Party shall not plead in defense that there would be an adequate remedy at law.

15.13 Amendment

This Agreement, including the appendices hereto, cannot be amended without the written agreement of all Parties and the approval of the Commission prior to such amendment becoming effective.

15.14 Counterparts

This Agreement may be executed in counterparts, each of which will be considered an original, but all of which will constitute one instrument.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the date first set forth above.

ATTEST:

| | |
|--|---------------------------------|
| _____ | By: _____ |
| Rhonda S. Ferguson | Steven E. Strah |
| Vice President, Corporate Secretary | Regional President, Ohio Edison |
| & Chief Ethics Officer First Energy Corp | |

| | |
|--|--------------------------------|
| | By: _____ |
| | Trent A. Smith |
| | Regional President, The Toledo |
| | Edison Company |

| | |
|--|-----------------------------------|
| | By: _____ |
| | Dennis M. Chack |
| | Regional President, The Cleveland |
| | Electric Illuminating Company |

ATTEST:

| | |
|-------|--------------|
| _____ | By: _____ |
| | Name: _____ |
| | Title: _____ |

APPENDIX A TO SSO SUPPLY AGREEMENT

DATED 12/15/2008

BY AND BETWEEN THE CLEVELAND ELECTRIC ILLUMINATING COMPANY,
THE TOLEDO EDISON COMPANY AND OHIO EDISON COMPANY
AND THE SSO SUPPLIER

Delivery Period : January 5, 2009 to March 31, 2009

| SSO Supplier | Price | SSO Supplier Responsibility Share (number of tranches) |
|--------------|------------|--|
| _____ | _____ /MWh | _____ of 100 total tranches |

Address for Notice

The address for any notice to TOLEDO EDISON provided pursuant to Sections 6.8 and 15.1 of the SSO Supply Agreement shall be the following:

For Credit Related Issues, Section 6.8:

Name
Address
Telephone
Fax
e-mail

For Notices, Section 15.1:

Name
Address
Telephone
Fax
e-mail

**APPENDIX B TO SSO SUPPLY AGREEMENT,
DATED _____**

**BY AND BETWEEN THE CLEVELAND ELECTRIC ILLUMINATING COMPANY,
THE TOLEDO EDISON COMPANY AND OHIO EDISON COMPANY
AND THE SSO SUPPLIER**

MtM Exposure Amount Calculation Information

Table 1 contains the illustrative marks for each month of the SSO solicitation period. Monthly marks (example only, to be updated in _____ 200_) are provided for January 2009 through March 2009. For the months, two-month blocks or quarterly blocks where broker quotes are available, broker quotes will be used for those months.

The mark for each Billing Month is the mark that is calculated on the date that the solicitation closes and will not change over the life of the contract. After the close of the SSO solicitation the Forward Market Prices will change. In addition, the on-peak and off-peak loads used to calculate the MtM Exposure Amount will be adjusted monthly to reflect the Companies' most current changes.

Forward Market Prices for the months, two-month blocks or quarterly blocks where broker quotes are available will be equal to the broker quotes. In case quotes for a component of a block and for the block are both available, the Companies reserve the right not to use both the component of a block and the block if they are inconsistent with each other. However, when this inconsistency occurs, the Companies must use either the component or the block. Forward Market Prices for the months, two-month blocks or quarterly blocks where broker quotes are unavailable will be equal to the last available broker quotes or in case they have not been quoted on the broker sheets since the solicitation closed, they will be equal to the marks set at the close of the solicitation.

The Companies will use reasonable discretion and prudent industry practice to assure that the new MtM Exposure Amount calculations fairly reflect both the market conditions at the time the initial marks were set and the then-current market conditions.

APPENDIX B TO SSO SUPPLY AGREEMENT,

DATED _____

BY AND BETWEEN THE CLEVELAND ELECTRIC ILLUMINATING COMPANY,
THE TOLEDO EDISON COMPANY AND OHIO EDISON COMPANY
AND THE SSO SUPPLIER

MtM Calculation Example

Parameters

On the closing day of the solicitation, the following parameters are set

1. The expected On-Peak Load per tranche.
2. The expected Off-Peak Load per tranche.
3. A table of monthly on-peak forward prices (to be used as the inception price for each month of the supply period).
4. A table of monthly on-and off-peak energy prices to determine the ratio of off-peak price to on-peak prices.

Indicative on-peak and off-peak loads per tranche will be made available prior to the solicitation.

All Energy prices are based on Cinergy Hub

EXAMPLE

Table 1 - Initial Data

Broker Sheets (Quotes from Solicitation Closing Day)

| Broker | Bid/Offer | Jan-09 | Feb-09 | Mar-09 |
|----------|-----------|---------|---------|---------|
| Broker 1 | Bid | \$56.50 | \$56.50 | \$53.25 |
| Broker 1 | Offer | \$56.75 | \$56.75 | \$53.50 |
| Broker 2 | Bid | \$56.00 | \$56.00 | \$53.00 |
| Broker 2 | Offer | \$56.50 | \$56.50 | \$53.35 |
| Broker 3 | Bid | \$56.15 | \$56.15 | \$52.90 |
| Broker 3 | Offer | \$56.45 | \$56.45 | \$53.25 |
| Average | Mid | \$56.39 | \$56.39 | \$53.20 |

Table 2 - Ratio of Off-Peak to On-Peak Price

| Month | Ratio of Off-Peak to On-Peak Price |
|----------|------------------------------------|
| January | .72 |
| February | .72 |
| March | .72 |

Table 3 - Data set on the Closing Day of the Competitive Bidding Process Energy (MWh/tranche)

| | On-Peak Volume | Off-Peak Volume | On-Peak Price ¹ | Off-Peak Price ² |
|--------|----------------|-----------------|----------------------------|-----------------------------|
| Jan-09 | 24,134 | 20,407 | \$56.39 | \$40.60 |
| Feb-09 | 23,286 | 21,550 | \$56.39 | \$40.60 |
| Mar-09 | 21,102 | 21,253 | \$53.20 | \$38.30 |

Table 4 - Data on Day 1 of the Supply Period**Broker sheets on day 1 of the Supply Period**

| Broker | Bid/Offer | Jan-09 | Feb-09 | Mar-09 |
|----------------|------------|----------------|----------------|----------------|
| Broker 1 | Bid | \$56.50 | \$57.50 | \$54.00 |
| Broker 1 | Offer | \$56.75 | \$57.75 | \$54.25 |
| Broker 2 | Bid | \$56.00 | \$57.00 | \$53.85 |
| Broker 2 | Offer | \$56.50 | \$57.50 | \$54.00 |
| Broker 3 | Bid | \$56.15 | \$57.15 | \$53.90 |
| Broker 3 | Offer | \$56.45 | \$57.45 | \$54.05 |
| Average | Mid | \$56.39 | \$57.39 | \$54.00 |

Note: For a monthly forward price from a broker to be included, both Bid and Offer must be available.

¹ Forward price (if available). If not available, adjusted average price will be used.

² On-peak price multiplied by the off-peak/on-peak ratio.

Table 5 - Data set on the Closing Day of the Competitive Bidding Process Energy (MWh/tranche)

| | On-Peak Load per Tranche (MWh) | Off-Peak Load per Tranche (MWh) | Inception On-Peak | Current Day 1 On- Peak Prices | Change in On-Peak Price | Change in Off-Peak Price ¹ | MtM |
|--------|---|--|----------------------|--|-------------------------------|---|-----------------|
| Jan-09 | 24,134 | 20,407 | \$56.39 | \$56.39 | - | - | - |
| Feb-09 | 23,286 | 21,550 | \$56.39 | \$57.39 | \$1.00 | \$0.72 | \$38,802 |
| Mar-09 | 21,102 | 21,253 | \$53.20 | \$54.00 | \$0.80 | \$0.58 | \$29,208 |
| | | | | | | Total | \$68,010 |

¹ Change in on-peak price multiplied by ratio of off-peak price to on-peak price.

APPENDIX C TO SSO SUPPLY AGREEMENT

DATED _____

BY AND BETWEEN THE CLEVELAND ELECTRIC ILLUMINATING COMPANY,
THE TOLEDO EDISON COMPANY AND OHIO EDISON COMPANY
AND THE SSO SUPPLIER

Sample Letter of Credit

_____ (Date)

Letter of Credit No. _____

To: The Cleveland Electric Illuminating Company, The Toledo Edison Company and
Ohio Edison Company ("Beneficiaries")

1. We hereby establish in your favor this irrevocable transferable Letter of Credit (this "Letter of Credit") for the account of _____ (the "Applicant"), in the aggregate amount of \$_____, effective immediately and available to you at sight upon demand at our counters at _____ and expiring 364 days from date of issuance or any extension thereof (in the form of Annex 5), unless terminated earlier or automatically extended, in accordance with the provisions hereof or otherwise extended.
2. This Letter of Credit is issued at the request of the Applicant, and we hereby irrevocably authorize you to draw on us, in accordance with the terms and conditions hereof, up to the maximum amount of this Letter of Credit, subject to reduction as provided in paragraph 12 hereof. This Letter of Credit may be drawn upon an Event of Default under the SSO Supply Agreement(s) between the Applicant and you, dated _____.

3. A partial or full drawing hereunder may be made by you on any Business Day on or prior to the expiration of this Letter of Credit by delivering, by no later than 11:00 A.M. (New York, NY time¹) on such Business Day to _____ (Bank), _____ (address), (i) a notice executed by you in the form of Annex 1 hereto, appropriately completed and duly signed by an Authorized Officer of each of the Beneficiaries and (ii) your draft in the form of Annex 2 hereto, appropriately completed and duly signed by an Authorized Officer of each of the Beneficiaries. Authorized Officer shall mean President, Treasurer, any Vice President or any Assistant Treasurer.
4. We may, but shall not be obligated to, accept any request to issue a substitute Letter of Credit. Such request shall be in an Availability Certificate in the form of Annex 3 hereto by you to us for exchange for a new Letter of Credit in the amount set forth in an Availability Certificate, which amount shall not exceed the present value of this letter of credit. Upon acceptance by us of any such request to issue a substitute Letter of Credit for exchange, the new Letter of Credit shall be issued in the amount as set forth in the Availability Certificate.
5. We hereby agree to honor a drawing hereunder made in compliance with the terms and provisions of this Letter of Credit by transferring in immediately available funds the amount specified in the draft delivered to us in connection with such drawing to such account at such bank in the United States as you may specify in your draft delivered to us pursuant to Paragraph 3 hereof, by 3:00 P.M. (New York, NY time) on the date of such drawing, if delivery of this requisite document is made prior to

¹ If the issuer of the Letter of Credit is located in an area that is not in the Eastern time zone, this time and all other times in this Letter of Credit, and the definition of a business day should be adjusted accordingly

11:00 AM (New York, NY time) on a business day pursuant to Paragraph 3 herein above, but at the opening of business on the first Business Day next succeeding the date of such drawing if delivery of the requisite document is made on or after 11:00 AM (New York, NY time) on any Business Day pursuant to Paragraph 3 herein above.

6. If a demand for payment made by you hereunder does not, in any instance, conform to the terms and conditions of this Letter of Credit, we shall give you prompt notice (not exceeding three (3) Business Days following the date of receipt of the documents) that the demand for payment was not effected in accordance with the terms and conditions of this Letter of Credit, stating the reasons therefore and that we will upon your instructions hold any documents at your disposal or return the same to you. Upon being notified that the demand for payment was not effected in conformity with this Letter of Credit, you may attempt to correct any such non-conforming demand for payment to the extent that you are entitled to do so, provided, however, in such event a conforming demand for payment must be timely made in accordance with the terms of this Letter of Credit.
7. This Letter of Credit will automatically terminate and be delivered to us for cancellation on the earliest of (i) the making by you of the drawings in an amount equal to the maximum amount available to be made hereunder, (ii) the date we issue a new letter of credit in exchange for this Letter of Credit in accordance with paragraph 4 herein above, (iii) the date we receive from you a Certificate of Expiration in the form of Annex 4 hereto, or (iv) will be automatically extended without written amendment for successive additional one (1) year periods from the current or any

future extended expiry date, unless at least ninety (90) days prior to such date of expiration, we give written notice to Beneficiaries by registered or certified mail, return receipt requested, or by overnight courier, at the address set forth above, or at such other address of which prior written notice has been provided to us, that we elect not to renew this irrevocable standby Letter of Credit for such additional one (1) year period.

8. As used herein:

“Availability Certificate” shall mean a certificate substantially in the form of Annex 3 hereto, appropriately completed and duly signed by your authorized officer.

“Business Day” shall mean any day on which commercial banks are not authorized or required to close in New York, New York and any day on which payments can be effected on the Fed wire system.

9. This Letter of Credit is assignable and transferable, in accordance with Annex 6, to an entity who you certify to us in the form of Annex 6, and we hereby consent to such assignment or transfer, provided that this Letter of Credit may not otherwise be amended or modified without consent from us, you and the Applicant, and except as otherwise expressly stated herein, is subject to the Uniform Customs and Practice for Documentary Credits – 1993 Revision, ICC Publication No. 500, or any successor publication thereto (the “UCP”). Any and all transfer fees, expenses and costs shall be borne by the Applicant. This Letter of Credit shall, as to matters not governed by the UCP, be governed and construed in accordance with New York law, without regard to principles of conflicts of law. Transfers fees shall be borne by the Applicant.

10. This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, changed, amplified or limited by reference to any document, instrument or agreement referred to herein, except for Annexes 1 through 6 hereto and the notices referred to herein; and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except as set forth above.
11. We certify that as of _____(date) we _____
("Bank") satisfy the senior unsecured debt rating of "A" from Standard & Poor's Rating Service.
12. The amount which may be drawn by you under this Letter of Credit shall be automatically reduced by the amount of any drawings paid through us referencing this Letter of Credit No. _____. Partial drawings are permitted hereunder.
13. Faxed document(s) are acceptable. Presentation by fax must be made to fax number _____ confirmed by telephone to _____.
14. In the event of act of God, riot, civil commotion, insurrection, war, terrorism or by any strikes or lock outs, or any cause beyond our control, that interrupts our business, and causes the place for presentation of this letter of credit to be closed for business on the last day of presentation, the expiration date of this letter of credit shall be automatically extended without amendment to a date thirty (30) calendar days after the place for presentation reopens for business.
15. This original letter of credit has been sent to the Company located at _____ above (as per Applicant's instructions). The aggregate amount paid to the Company during the validity of this Letter of Credit will not exceed the

amount of this Letter of Credit. Any demands or communications in the form of the attached Annexes (except for Annex 5) or other communications directed to us under this Letter of Credit must be signed by an Authorized Officer of the EDC. Acceptance or rejection of any amendments to this Letter of Credit or any extensions pursuant to Annex 5 must be signed by an Authorized Officer of each of the Beneficiaries.

Very truly yours,
(Bank)

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Annex 1 to Letter of Credit

DRAWING UNDER LETTER OF CREDIT NO. _____

_____, 20__

To: (Bank)
(Address)

Attention: Standby Letter of Credit Unit

Ladies and Gentlemen:

The undersigned is making a drawing under the above-referenced Letter of Credit in the amount specified below and hereby certifies to you as follows:

1. Capitalized terms used herein that are defined herein shall have the meanings ascribed thereto in the Letter of Credit.
2. "Pursuant to Paragraph 2 of the Letter of Credit No. _____, dated _____, 20__, the undersigned is entitled to make a drawing under the Letter of Credit in the aggregate amount of \$ _____, inasmuch as there is an Event of Default under any SSO Supply Agreement between the Applicant and us.
3. The amount to be received by The Cleveland Electric Illuminating Company is \$ _____, the amount to be received by The Toledo Edison Company is \$ _____ and the amount to be received by The Ohio Edison Company is \$ _____, for total equal to the aggregate amount in the previous paragraph.
4. We acknowledge that, upon your honoring the drawing herein requested, the amount of the Letter of Credit available for drawing shall be automatically decreased by an amount equal to this drawing.

Very truly yours,

The Cleveland Electric Illuminating Company
By: _____
Name:
Title:
Date:

The Toledo Edison Company
By: _____
Name:
Title:
Date:

Ohio Edison Company
By: _____
Name:
Title:
Date:

Annex 2 to Letter of Credit

DRAWING UNDER LETTER OF CREDIT NO. _____

_____, 20__

ON [Business Day immediately succeeding
date of presentation]

PAY TO: The Cleveland Electric Illuminating Company

\$ _____

For credit to the account of _____.

PAY TO: The Toledo Edison Company

\$ _____

For credit to the account of _____.

PAY TO: Ohio Edison Company

\$ _____

For credit to the account of _____.

FOR VALUE RECEIVED AND CHARGE TO ACCOUNT OF LETTER OF CREDIT
NO. _____ OF

(Bank)
(Address)

The Cleveland Electric Illuminating Company

By: _____

Name:

Title:

Date:

The Toledo Edison Company

By: _____

Name:

Title:

Date:

Ohio Edison Company

By: _____

Name:

Title:

Date:

Annex 3 to Letter of Credit

AVAILABILITY CERTIFICATE
UNDER LETTER OF CREDIT NO. _____

_____, 20____
To: (Bank)
(Address)

Attention: Standby Letter of Credit Unit

Ladies and Gentlemen:

Each of the undersigned hereby requests that, in exchange for the above-referenced Letter of Credit, a new Letter of Credit be issued in the aggregate amount of \$_____ (the "New Amount") and to expire on _____ (date), but otherwise in the form of this Letter of Credit.

Please acknowledge your intention to issue such new Letter of Credit in the New Amount upon the surrender of the above-referenced Letter of Credit by signing the attached acknowledgment copy hereof and forwarding it to:

Beneficiaries
Addresses

Very truly yours,

The Cleveland Electric Illuminating Company
By: _____
Name:
Title:
Date:

The Toledo Edison Company
By: _____
Name:
Title:
Date:

Ohio Edison Company
By: _____
Name:
Title:
Date:

APPLICANT NAME

By: _____
Name:
Title:
Date:

Agreed and Accepted:
(Bank)

By _____

Name:

Title:

Date:

Annex 4 to Letter of Credit

CERTIFICATE OF EXPIRATION
OF LETTER OF CREDIT NO. _____

_____, 20__

To: (Bank)
(Address)

Attention: Standby Letter of Credit Unit

Ladies and Gentlemen:

The undersigned hereby certifies to you that the above referenced Letter of Credit may be cancelled without payment. Attached hereto is said Letter of Credit, marked cancelled.

The Cleveland Electric Illuminating Company

By: _____

Name:

Title:

Date:

The Toledo Edison Company

By: _____

Name:

Title:

Date:

Ohio Edison Company

By: _____

Name:

Title:

Date:

cc: _____ (Applicant Name)

Annex 5 to Letter of Credit

NOTICE OF EXTENSION
OF LETTER OF CREDIT NO. _____

_____, 20__

To The Cleveland Electric Illuminating Company, The Toledo Edison Company and
Ohio Edison Company:

Re: Our Letter of Credit no. _____ presently in the aggregate
amount of USD _____ issued for the account of
_____ and expiring on _____.

On the expiration date of the Letter of Credit no. _____, we will issue a new
Letter of Credit No. _____ to expire on _____ (date). This new
Letter of Credit No. _____ will, aside from the expiration date be in the
amount and form of our Letter of Credit No. _____.

Very truly yours,

BANK _____

By _____
Name:
Title:
Date:

cc: _____ (Applicant Name)

Annex 6 to Letter of Credit

NOTICE OF TRANSFER
OF LETTER OF CREDIT NO. _____

_____, 20__

To:
Bank
Bank Address

To Whom It May Concern:
Re: Credit _____
Issued by _____
Advice No _____

For the value received, the undersigned beneficiary hereby irrevocably transfers to:

(Name of Transferee)

(Address)

all rights of the undersigned beneficiary to draw under the above Letter of Credit in its entirety.

By this transfer, all rights of the undersigned beneficiary in such Letter of Credit are transferred to the transferee and the transferee shall have the sole rights as beneficiary thereof, including sole rights relating to any amendments whether increases or extensions or other amendments and whether now existing or hereafter made. All amendments are to be advised direct to the transferee without necessity of any consent of or notice to the undersigned beneficiary.

The advice of such Letter of Credit is returned herewith, and we ask you to endorse the transfer on the reverse thereof, and forward it direct to the transferee with your customary notice of transfer.

Enclosed is a certified check in the amount of \$_____ in payment of your transfer commission and in addition we agree to pay to you on demand any expenses that may be incurred by you in conjunction with this transfer.

Very Truly Yours

(signature of the Company)

The above signature with title as stated conforms to that on file with us and is authorized for the execution of said instruments.

(Name of authenticating party)

(Authorized signature of authenticating party)

Name

Title

APPENDIX D TO SSO SUPPLY AGREEMENT

DATED _____

BY AND BETWEEN THE CLEVELAND ELECTRIC ILLUMINATING COMPANY,
THE TOLEDO EDISON COMPANY AND OHIO EDISON COMPANY
AND THE SSO SUPPLIER

Guaranty

GUARANTY (this "Guaranty"), dated as of _____, made by _____ (the "Guarantor"), a corporation organized and existing under the laws of _____ in favor of The Cleveland Electric Illuminating Company, The Toledo Edison Company and Ohio Edison Company (the "Guaranteed Parties"), corporations organized and existing under the laws of the State of Ohio.

Terms not defined herein take on the meaning given to them in the SSO Master Supply Wholesale Agreement(s) dated _____. Guarantor enters into this Guaranty in consideration of, and as an inducement for Guaranteed Parties having entered into or entering into the "Agreements" with _____ [Name], a _____ [State] corporation (the "SSO Supplier"), which may involve the extension of credit by the Guaranteed Parties. Guarantor, subject to the terms and conditions hereof, hereby unconditionally and absolutely guarantees to the Guaranteed Parties the full and prompt payment when due, subject to an applicable grace period and upon demand in writing from the Guaranteed Parties to the Guarantor's attention at the address for Guarantor set forth in Article 11 hereof of any and all amounts payable by the SSO Supplier to the Guaranteed Parties arising out of the Agreement(s), and,

1. The Guarantor, as primary obligor and not merely as surety, hereby irrevocably and unconditionally guarantees the full and prompt payment when due (whether by acceleration or otherwise) of the principal and interest on any sums due and payable by the SSO Supplier as a result of an Event of Default under the Agreement(s) (including, without limitation, indemnities, damages, fees and interest thereon, pursuant to the terms of the Agreement(s)). Notwithstanding anything to the contrary herein, the maximum aggregate liability of the Guarantor under this Guaranty shall Option 1 [in no event exceed _____.] Option 2 [in no event exceed the lesser of [the credit limit amount] or the sum of the Total Exposures Amounts under the Agreement(s).] All such principal, interest, obligations and liabilities, collectively, are the "Guaranteed Obligations". This Guaranty is a guarantee of payment and not of collection.
2. The Guarantor hereby waives diligence, acceleration, notice of acceptance of this Guaranty and notice of any liability to which it may apply, and waives presentment

and all demands whatsoever except as noted herein, notice of protest, notice of dishonor or nonpayment of any such liability, suit or taking of other action by any Guaranteed Parties against, and any other notice to, any party liable thereon (including the Guarantor or any other guarantor), filing of claims with a court in the event of the insolvency or bankruptcy of the SSO Supplier, and any right to require a proceeding first against the SSO Supplier.

3. The Guaranteed Parties may, at any time and from time to time, without notice to or consent of the Guarantor, without incurring responsibility to the Guarantor and without impairing or releasing the obligations of the Guarantor hereunder, upon or without any terms or conditions: (i) take or refrain from taking any and all actions with respect to the Guaranteed Obligations, any Document or any person (including the SSO Supplier) that the Guaranteed Parties determine in their sole discretion to be necessary or appropriate; (ii) take or refrain from taking any action of any kind in respect of any security for any Guaranteed Obligation(s) or liability of the SSO Supplier to the Guaranteed Parties; or (iii) compromise or subordinate any Guaranteed Obligation(s) or liability of the SSO Supplier to the Guaranteed Parties including any security therefore.
4. Subject to the terms and conditions hereof, the obligations of the Guarantor under this Guaranty are absolute and unconditional and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by: (i) any extension, renewal, settlement, compromise, waiver, consent, discharge or release by the SSO Supplier concerning any provision of the Agreement(s) in respect of any Guaranteed Obligations of the SSO Supplier; (ii) the rendering of any judgment against the SSO Supplier or any action to enforce the same; (iii) the existence, or extent of, any release, exchange, surrender, non-perfection or invalidity of any direct or indirect security for any of the Guaranteed Obligations; (iv) any modification, amendment, waiver, extension of or supplement to any of the Agreement(s) or the Guaranteed Obligations agreed to from time to time by the SSO Supplier and the Guaranteed Parties; (v) any change in the corporate existence (including its constitution, laws, rules, regulations or powers), structure or ownership of the SSO Supplier or the Guarantor, or any insolvency, bankruptcy, reorganization or other similar proceedings affecting the SSO Supplier or its assets, the Guarantor or any other guarantor of any of the Guaranteed Obligations; (vi) the existence of any claim, set-off or other rights which the Guarantor may have at any time against the SSO Supplier, the Guaranteed Parties or any other corporation or person, whether in connection herewith or in connection with any unrelated transaction; provided that nothing herein shall prevent the assertion of any such claim by separate suit or compulsory counterclaim; (vii) the invalidity, irregularity or unenforceability in whole or in part of the Agreement(s) or any Guaranteed Obligations or any instrument evidencing any Guaranteed Obligations or the absence of any action to enforce the same, or any provision of applicable law or regulation purporting to prohibit payment by the SSO Supplier of amounts to be paid by it under the Agreement(s) or any of the Guaranteed Obligations; and (viii) except for a failure to comply with any applicable statute of limitations, any other act or omission to act or

delay of any kind of the SSO Supplier, any other guarantor, the Guaranteed Parties or any other corporation or person or any other event, occurrence or circumstance whatsoever which might, but for the provisions of this paragraph, constitute a legal or equitable discharge of the Guarantor's obligations hereunder.

5. The Guarantor hereby irrevocably waives (a) any right of reimbursement or contribution, and (b) any right of salvage against the SSO Supplier or any collateral security or guaranty or right of offset held by the Guaranteed Parties therefor.
6. The Guarantor will not exercise any rights, which it may acquire by way of subrogation until all Guaranteed Obligations to the Guaranteed Parties pursuant to the Agreement(s) have been paid in full.
7. Subject to the terms and conditions hereof, this Guaranty is a continuing one and all liabilities to which it applies or may apply under the terms here of shall be conclusively presumed to have been created in reliance hereon. Except for a failure to comply with any applicable statute of limitations, no failure or delay on the part of the Guaranteed Parties in exercising any right, power or privilege hereunder, and no course of dealing between the Guarantor and the Guaranteed Parties, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights, powers and remedies herein expressly provided are cumulative and not exclusive of any rights, powers or remedies, which the Guaranteed Parties would otherwise have. No notice to or demand on the Guarantor in any case shall entitle the Guarantor to any other or further notice of demand in similar or other circumstances or constitute a waiver of the rights of the Guaranteed Parties to any other or further action in any circumstances without notice or demand.
8. This Guaranty shall be binding upon the Guarantor and upon its successors and assigns and shall inure to the benefit of and be enforceable by the Guaranteed Parties and its successors and assigns; provided, however, that the Guarantor may not assign or transfer any of its rights or obligations hereunder without the prior written consent of the Guaranteed Parties. The assignment rights of the Guaranteed Parties will be in accordance with the terms of the underlying Agreement(s).
9. Neither this Guaranty nor any provision hereof may be changed, waived, discharged or terminated except upon written agreement of the Guaranteed Parties and the Guarantor.
10. The Guarantor agrees that its liability as guarantor shall continue and remain in full force and effect in the event that all or any part of any payment made hereunder or any obligation or liability guaranteed hereunder is recovered (as a fraudulent conveyance, preference or otherwise) rescinded or must otherwise be reinstated or returned due to bankruptcy or insolvency laws or otherwise.

11. All notices and other communications hereunder shall be made at the addresses by hand delivery, by the next day delivery service effective upon receipt or by certified mail return receipt requested (effective upon scheduled weekday delivery day) or telefacsimile (effective upon receipt of evidence, including telefacsimile evidence, that telefacsimile was received)

If to the Guarantor:
[To be completed]

If to the Guaranteed Parties:
Thomas R. Sims
Senior Business Analyst
FirstEnergy Corp.
76 South Main Street, 17th Floor
Akron, OH 44308
Telephone: 330-384-3808
Facsimile: 330-255-1662
simst@firstenergycorp.com

12. If claim is ever made upon the Guaranteed Parties for repayment or recovery of any amount or amounts received in payment or on account of any of the Guaranteed Obligations and the Guaranteed Parties repays all or part of such amount by reason of (a) any judgment, decree or order of any court or administrative body having jurisdiction over such payee or any of its property, or (b) any settlement or compromise of any such claim effected by such payee with any such claimant (including the Guarantor), then and in such event the Guarantor agrees that any such judgment, decree, order, settlement or compromise shall be binding upon it, notwithstanding any revocation hereof or the cancellation of the Agreement(s) or other instrument evidencing any liability of the Guarantor, and the Guarantor shall be and remain liable to the Guaranteed Parties hereunder for the amount so repaid or recovered to the same extent as if such amount had never originally been received by any such payee.
13. The Guarantor hereby certifies that it satisfies the Minimum Rating as defined in the Agreement(s).
14. This Guaranty shall remain in full force and effect until all Guaranteed Obligations have been fully and finally performed, at which point it will expire. The Guarantor may terminate this Guaranty upon thirty (30) days prior written notice to the Guaranteed Parties which termination shall be effective only upon receipt by the Guaranteed Parties of alternative means of security or credit support, as specified in the Agreement(s) and in a form reasonably acceptable to the Guaranteed Parties. Upon the effectiveness of any such expiration or termination, the Guarantor shall

have no further liability under this Guaranty, except with respect to the Guaranteed Obligations entered into prior to the time the expiration or termination is effective, which Guaranteed Obligations shall remain guaranteed pursuant to the terms of this Guaranty until finally and fully performed.

15. The Guarantor represents and warrants that: (i) it is duly organized and validly existing under the laws of the jurisdiction in which it was organized and has the power and authority to execute, deliver, and perform this Guaranty; (ii) no authorization, approval, consent or order of, or registration or filing with, any court or other governmental body having jurisdiction over the Guarantor is required on the part of the Guarantor for the execution, delivery and performance of this Guaranty except for those already made or obtained; (iii) this Guaranty constitutes a valid and legally binding agreement of the Guarantor, and is enforceable against the Guarantor, except as the enforceability of this Guaranty may be limited by the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditor's rights generally and by general principles of equity; and (iv) the execution, delivery and performance of this Guaranty by the Guarantor have been and remain duly authorized by all necessary corporate or comparable action and do not contravene any provision of its _____ [insert appropriate corporate organizational document, such as Declaration of Trust, Limited Liability Agreement, Articles of Incorporation or by-laws] or any law, regulation or contractual restriction binding on it or its assets.
16. This Guaranty and the rights and obligations of the SSO Supplier and the Guarantor hereunder shall be construed in accordance with and governed by the laws of the State of Ohio. The Guarantor and Guaranteed Parties jointly and severally agree to the exclusive jurisdiction of State and federal courts located in the State of Ohio over any disputes arising or relating to this Guaranty and waive any objections to venue or inconvenient forum. The Guarantor and Guaranteed Parties each hereby irrevocably waive any and all rights to trial by jury with respect to any legal proceeding arising out of or relating to this Guaranty.
17. This writing is the complete and exclusive statement of the terms of this Guaranty and supersedes all prior oral or written representations, understandings, and agreements between the Guaranteed Parties and the Guarantor with respect to subject matter hereof. The Guaranteed Parties and the Guarantor agree that there are no conditions to the full effectiveness of this Guaranty.
18. Every provision of this Guaranty is intended to be severable. If any term or provision hereof is declared to be illegal or invalid for any reason whatsoever by a court of competent jurisdiction, such illegality or invalidity shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable. This Guaranty may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.
19. No Trustee or shareholder of Guarantor shall be held to any liability whatsoever for any obligation under this Guaranty, and such Guaranty shall not be enforceable

against any such Trustee in their or his or her individual capacities or capacity. This Guaranty shall be enforceable against the Trustees of Guarantor only as such, and every person, firm, association, trust or corporation having any claim or demand arising under this Guaranty and relating to Guarantor, its shareholders or Trustee shall look solely to the trust estate of Guarantor for the payment or satisfaction thereof.

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be executed and delivered as of the date first above written to be effective as of the earliest effective date of any of the Agreement(s).

[GUARANTOR]

By: _____
Title:

Accepted and Agreed to:

The Cleveland Electric Illuminating Company,
The Toledo Edison Company
and Ohio Edison Company
By: _____
Title:

Ohio RFP Frequently Asked Questions – Payment

| FAQ# | Date of Posting | Question / Answer |
|-------------|------------------------|---|
| PAY001 | 24-Dec-08 | Question: When will winning suppliers be paid? Answer: As described in Section 9.1 of the SSO Supply Agreement, the Companies will create and send invoices within 6 business days after the close of the Billing Month. SSO Suppliers will receive payment on the first business day after the 19th of each calendar month. |
| PAY002 | 24-Dec-08 | Question: What are the terms of collateral postings? Answer: Please refer to Section 6.7 of the SSO Supply Agreement for the terms of posting margin and return of surplus margin. |
| PAY003 | 24-Dec-08 | Question: Does interest apply to late payments? Answer: Yes. Please refer to Section 9.1 item (h) of the SSO Supply Agreement. |
| | | |

Ohio RFP Frequently Asked Questions – Credit

| FAQ# | Date of Posting | Question / Answer |
|-------------|------------------------|---|
| CRE001 | 24-Dec-08 | <p>Question: How can I confirm my Independent Credit Threshold and Unsecured Credit Limit before bids are due?</p> <p>Answer: If a bidder would like to have its Independent Credit Threshold and Unsecured Credit Limit determined before bids are due, the bidder must complete Appendix 3 of the bidder rules and fax it to the RFP Manager at 617.425.6574 by noon ET, Monday, December 29, 2008. Otherwise, the bidder's Independent Credit Threshold and Unsecured Credit Limit will not be determined unless and until the bidder's bid proposal is submitted on December 31, 2008.</p> |
| CRE002 | 24-Dec-08 | <p>Question: If I disagree with the Independent Credit Threshold and Unsecured Credit Limit prior to submitting my bid, how will this disagreement be resolved?</p> <p>Answer: If the bidder disagrees with the Independent Credit Threshold and Unsecured Credit Limit prior to submitting its bid, the bidder needs to provide the RFP Manager with its own calculation of the Independent Credit Threshold and Unsecured Credit Limit. The RFP Manager will contact the FirstEnergy Ohio Utilities' Credit Representative to review the bidder's calculation and respond back to the bidder before the bids are submitted.</p> |
| CRE003 | 24-Dec-08 | <p>Question: How is the credit support of a Guarantor taken into account in determining my Independent Credit Threshold and Unsecured Credit Limit?</p> <p>Answer: Please refer to Section 6.4 of the SSO Supply Agreement to determine the Independent Credit Threshold if the supplier is using the credit support of a Guarantor. Please refer to Section 6.6 of the SSO Supply Agreement to determine the Unsecured Credit Limit if the supplier is using the credit support of a Guarantor.</p> |
| CRE004 | 24-Dec-08 | <p>Question: How can I develop my own calculations of the credit requirements prior to submitting a bid?</p> <p>Answer: Please refer to Article 6: Creditworthiness in the SSO Supply Agreement along with Appendix B, which shows an example of how mark-to-market is calculated, to determine the credit requirements.</p> |
| CRE005 | 26-Dec-08 | <p>Question: Is a Letter of Credit required for this auction? If it is required, when are proposed modifications due?</p> |

Ohio RFP Frequently Asked Questions – Credit

| FAQ# | Date of Posting | Question / Answer |
|--------|-----------------|---|
| | | <p>Answer: Under the SSO Supply Agreement, there may be conditions under which a letter of credit is required. If any of those conditions prevail prior to the signing of the SSO Supply Agreement, the counterparty will be required to post cash or a letter of credit. For examples, see sections 6.4(a), 6.4(a)(i), 6.4(a)(ii), and 6.6(f) of the SSO Supply Agreement. Under certain conditions, the company will be required to post cash or a letter of credit at the time of, or prior to, the execution of the SSO Supply Agreement. Please provide to the RFP Manager a completed Appendix 3 from the RFP bidder rules by noon ET December 29 if you would like to confirm your Independent Credit Threshold and Unsecured Credit Limit prior to submitting a bid.</p> |
| CRE006 | 29-Dec-08 | <p>Question: Please explain the intent of the following provision (Bidder Rules V.5.2): "..... The SSO Supply Agreement provides, among other things, that if the FirstEnergy Ohio Utilities exercise their right to collect on financial guarantees, any contractual rights or other entitlements of the winners, the SSO Supply Agreement will immediately terminate without further notice by the FirstEnergy Ohio Utilities."</p> |
| | | <p>Answer: Counterparties to the SSO Supply Agreement are required to comply with the credit requirements described in the SSO Supply Agreement. Submission of a bid is a binding obligation to comply with the terms of the SSO Supply Agreement. If a winning bidder fails to meet the credit requirements prior to the signing of the SSO Supply Agreement or thereafter, the FirstEnergy Ohio Utilities can exercise their right to terminate the contract and bidders will be liable for any damages as though the winning bidder was a defaulting party to the SSO Supply Agreement.</p> |

Ohio RFP Frequently Asked Questions – Data

| FAQ# | Date of Posting | Question / Answer |
|--------|-----------------|--|
| DAT001 | 30-Dec-08 | <p>Question: Is there a reference sheet or glossary of terms used in the load data file on the Ohio RFP website that can be made available to potential bidders?</p> <p>Answer: Here are the definitions:</p> <p>RES: Residential</p> <p>GS: General Service</p> <p>GP: General Service Primary</p> <p>GSU: General Service Subtransmission</p> <p>GT: General Service Transmission</p> <p>TFL: Traffic Lighting</p> <p>POL: Private Outdoor Lighting</p> <p>STL: Street Lighting</p> <p>Total: Total of all rate schedules</p> <p>Settlement: MISO Settlement</p> <p>105 = S105 Settlement</p> <p>55 = S55 Settlement</p> <p>7 = S7 Settlement</p> <p>S7: Corresponding S7 Settlement Data to the data shown in Total</p> |
| DAT002 | 30-Dec-08 | <p>Question: It appears that the provided load data are inclusive of distribution losses only. Is this equivalent to MISO settlement level data?</p> <p>Answer: Yes. Load settlement volumes used in MISO are based on wholesale volumes or customer meter data grossed up for distribution losses.</p> |
| | | |

Ohio RFP Frequently Asked Questions – Data

FAQ#

Date of Posting

Question / Answer

DAT003

30-Dec-08

Question: Are customer count data for shopping and non-shopping customers by class available to bidders?

Answer: Yes. The following chart shows the number of customer shopping for a given month.

| YEAR | MONTH | TOTAL CUSTOMERS | | | TOTAL SHOPPED | | | PERCENT SHOP | | |
|------|-------|-----------------|------------|------------|---------------|------------|------------|--------------|------------|------------|
| | | RESIDENTIAL | COMMERCIAL | INDUSTRIAL | RESIDENTIAL | COMMERCIAL | INDUSTRIAL | RESIDENTIAL | COMMERCIAL | INDUSTRIAL |
| 2006 | 1 | 1,876,207 | 236,761 | 3,460 | 277,241 | 55,947 | 671 | 14.78% | 23.65% | 19.39% |
| 2006 | 2 | 1,876,920 | 236,843 | 3,435 | 276,016 | 55,495 | 688 | 14.71% | 23.45% | 17.12% |
| 2006 | 3 | 1,877,551 | 236,884 | 3,445 | 273,985 | 54,398 | 533 | 14.59% | 22.98% | 15.47% |
| 2006 | 4 | 1,876,136 | 237,017 | 3,433 | 277,016 | 53,949 | 534 | 14.50% | 22.76% | 15.55% |
| 2006 | 5 | 1,875,439 | 237,245 | 3,456 | 270,972 | 53,765 | 535 | 14.45% | 22.66% | 15.46% |
| 2006 | 6 | 1,874,413 | 237,411 | 3,447 | 266,533 | 53,388 | 533 | 14.22% | 22.48% | 15.46% |
| 2006 | 7 | 1,873,416 | 237,426 | 3,428 | 264,348 | 53,008 | 535 | 14.11% | 22.32% | 15.51% |
| 2006 | 8 | 1,873,303 | 237,405 | 3,465 | 270,735 | 53,099 | 529 | 14.45% | 22.37% | 15.28% |
| 2006 | 9 | 1,872,760 | 237,389 | 3,440 | 270,602 | 52,729 | 527 | 14.45% | 22.21% | 15.32% |
| 2006 | 10 | 1,875,059 | 237,411 | 3,433 | 268,109 | 53,170 | 525 | 14.30% | 22.40% | 15.29% |
| 2006 | 11 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| 2006 | 12 | 1,877,414 | 237,473 | 3,420 | 247,757 | 50,340 | 509 | 13.20% | 21.20% | 14.88% |
| 2007 | 1 | 1,879,280 | 237,822 | 3,416 | 247,156 | 48,899 | 503 | 13.15% | 20.58% | 14.72% |
| 2007 | 2 | 1,880,046 | 237,715 | 3,412 | 250,103 | 48,193 | 506 | 13.30% | 20.27% | 14.83% |
| 2007 | 3 | 1,878,343 | 237,735 | 3,409 | 246,767 | 47,836 | 505 | 13.24% | 20.12% | 14.84% |
| 2007 | 4 | 1,877,620 | 238,005 | 3,408 | 247,098 | 47,803 | 512 | 13.16% | 20.09% | 15.02% |
| 2007 | 5 | 1,873,403 | 238,246 | 3,377 | 247,512 | 47,553 | 511 | 13.22% | 19.86% | 15.13% |
| 2007 | 6 | 1,869,597 | 238,092 | 3,381 | 247,224 | 47,291 | 497 | 13.22% | 19.86% | 14.70% |
| 2007 | 7 | 1,869,281 | 238,200 | 3,394 | 243,781 | 47,825 | 500 | 13.05% | 20.08% | 14.73% |
| 2007 | 8 | 1,866,845 | 238,061 | 3,385 | 241,876 | 47,888 | 502 | 12.95% | 20.12% | 14.83% |
| 2007 | 9 | 1,863,679 | 237,934 | 3,404 | 247,909 | 47,970 | 503 | 13.30% | 20.16% | 14.78% |
| 2007 | 10 | 1,861,949 | 237,935 | 3,385 | 247,751 | 47,755 | 499 | 13.31% | 20.07% | 14.71% |
| 2007 | 11 | 1,866,424 | 237,968 | 3,352 | 246,721 | 47,543 | 502 | 13.22% | 19.98% | 14.80% |
| 2007 | 12 | 1,866,946 | 237,991 | 3,391 | 244,827 | 47,295 | 507 | 13.11% | 19.87% | 14.95% |
| 2008 | 1 | 1,870,053 | 238,033 | 3,402 | 242,855 | 46,948 | 512 | 12.99% | 19.72% | 15.05% |
| 2008 | 2 | 1,871,556 | 237,976 | 3,384 | 242,467 | 47,078 | 518 | 12.95% | 19.78% | 15.26% |
| 2008 | 3 | 1,872,032 | 237,878 | 3,364 | 246,535 | 46,925 | 523 | 13.17% | 19.73% | 15.55% |
| 2008 | 4 | 1,872,297 | 238,086 | 3,377 | 245,354 | 46,561 | 522 | 13.03% | 19.42% | 15.45% |
| 2008 | 5 | 1,870,804 | 238,149 | 3,377 | 243,705 | 46,250 | 522 | 13.00% | 19.36% | 15.43% |
| 2008 | 6 | 1,867,976 | 238,202 | 3,371 | 242,846 | 46,103 | 520 | 12.85% | 19.21% | 15.41% |
| 2008 | 7 | 1,866,086 | 238,113 | 3,369 | 239,992 | 45,502 | 518 | 12.95% | 19.11% | 15.33% |
| 2008 | 8 | 1,863,810 | 238,092 | 3,378 | 241,448 | 45,502 | 518 | 12.95% | 19.11% | 15.33% |
| 2008 | 9 | 1,862,541 | 238,119 | 3,369 | 246,228 | 45,449 | 517 | 13.33% | 19.09% | 15.35% |
| 2008 | 10 | | | | | | | | | |
| 2008 | 11 | | | | | | | | | |
| 2008 | 12 | | | | | | | | | |

Ohio RFP Frequently Asked Questions – Data

| FAQ# | Date of Posting | Question / Answer |
|-------------|------------------------|---|
| DAT004 | 30-Dec-08 | Question: Can you clarify what IT systems are required for a winning supplier to be able to send and receive data to/from FirstEnergy? Answer: Winning suppliers will only need standard email and excel spreadsheet software to receive monthly invoice and/or related supporting data from the FirstEnergy Ohio Utilities. |
| | | |

Ohio RFP Frequently Asked Questions – General

| FAQ# | Date of Posting | Question / Answer |
|-------------|------------------------|--|
| GEN001 | 24-Dec-08 | <p>Question: How does a winning bidder schedule DNR to the FE.FESR delivery point?</p> <p>Answer: The winning bidder would need to complete and submit a MISO Module E submission that designates the resources that will be employed in satisfying the contracted tranche load level. Within the Module E, winning bidders will need to point to the necessary resources that will be utilized in serving the load. To address details on Module E requirements please contact Mr. Brian Pedersen of the MISO Resource Adequacy Department at bpedersen@midwestiso.org.</p> |
| GEN002 | 24-Dec-08 | <p>Question: Who can a winning bidder contact to learn more about specific MISO scheduling protocols?</p> <p>Answer: For information concerning the MISO operational protocols of this RFP, please contact MISO Client Relations at 866-296-6476.</p> |
| GEN003 | 24-Dec-08 | <p>Question: How do I submit a bid?</p> <p>Answer: Bids must be submitted by fax between 9:00 a.m. and 11:00 a.m. prevailing Eastern Time on Wednesday, December 31, 2008. Bids received before or after the 9:00 a.m. to 11:00 a.m. window as determined by the RFP Manager based on the fax machine transmittal, will be rejected. Fax your bid proposal to the RFP Manager at 617.425.6574. A complete proposal consists of the submission of four Appendices by the Bid Date as further explained in ARTICLE IV. Proposal Requirements of the RFP Rules.</p> |
| GEN004 | 24-Dec-08 | <p>Question: Is the RFP process and selected winning bids subject to the approval of the state Public Utilities Commission of Ohio (PUCO) and/or FERC?</p> <p>Answer: This RFP process involves a wholesale transaction for energy and capacity and is therefore outside the jurisdiction of the PUCO. To the extent necessary, the provision of wholesale electric service pursuant to this RFP by a bidder affiliated with the FirstEnergy Ohio Utilities may be conditioned upon necessary FERC approval(s) of an agreement between the affiliated bidder and the FirstEnergy Ohio Utilities.</p> |
| GEN005 | 24-Dec-08 | <p>Question: Why are the FirstEnergy Ohio Utilities the load serving entities (LSEs)?</p> <p>Answer: The FirstEnergy Ohio Utilities will remain the LSE due to timing issues associated with MISO Market Participant registration process. Specifically, MISO registration timelines require</p> |

Ohio RFP Frequently Asked Questions – General

| <u>FAQ#</u> | <u>Date of Posting</u> | <u>Question / Answer</u> |
|-------------|------------------------|--|
| | | that Market registration requests, including the request for CP Nodes, must be completed months in advanced of the start of service. In this case, the registrations and requests would have to have been submitted to MISO on or before September 15, 2008 |
| GEN006 | 24-Dec-08 | Question: Can competitive retailers who service competitive load in Ohio submit a bid in response to the RFP? Answer: Any bidder that meets the various requirements set forth in the RFP Rules and the SSO Supply Agreement may submit a bid. Notwithstanding the aforementioned, all bids will be subject to review by the RFP Manager. |
| GEN007 | 24-Dec-08 | Question: Does the winning bidder have to be licensed/approved as a competitive retailer in Ohio? Answer: No. The winning bidder does not have to be licensed/approved as a competitive retailer in Ohio, but must meet the requirements set forth in the RFP Rules and the SSO Supply Agreement and comply with the MISO requirements to provide wholesale electricity and meet capacity requirements. The FirstEnergy Ohio Utilities will remain the Load Serving Entity responsible for providing Standard Service Offer Supply as further defined in the RFP Rules. |
| GEN008 | 24-Dec-08 | Question: Does the winning bidder have to own generation in Ohio? Answer: No, but the bidder must be an "Asset Owner" as that term is defined by MISO. An Asset Owner may own generation or have claims to such generation through contractual agreements or other market arrangements. |
| GEN009 | 24-Dec-08 | Question: How does a winning bidder schedule energy to the FE.FESR delivery point? Answer: A winning bidder's projected energy requirements will be submitted on a day-ahead basis to MISO by the FirstEnergy Ohio Utilities. The bidders must approve this day-ahead financial schedule known as finSched. |
| GEN010 | 26-Dec-08 | Question: Will there be a bidder's information session or conference call? What is the process by which questions can be asked? |

Ohio RFP Frequently Asked Questions – General

| FAQ# | Date of Posting | Question / Answer |
|--------|-----------------|--|
| | | <p>Answer: No bidder's information session or conference call is planned. The RFP website at http://www.firstenergy-auction.com can be used to ask the RFP Manager questions, via the RFP Manager email address (RFPManager@crai.com). Answers will be posted in the FAQ section of the website for all potential bidders to review.</p> |
| GEN011 | 26-Dec-08 | <p>Question: Why are the FirstEnergy Ohio Utilities providing the bid evaluation criteria to the RFP Manager? What are the criteria based on? Will the criteria be revealed to bidders?</p> <p>Answer: The bid selection criteria will be developed by the FirstEnergy Ohio Utilities (as is common in procurements) and then transferred to the RFP Manager the day before bids are due. The application of bid selection criteria by the RFP Manager, instead of by the FirstEnergy Ohio Utilities, ensures that all bids are evaluated in a fair, impartial and consistent manner. The objective criteria will be price-based only, i.e., a dollar per MWh value. The criteria will be held confidential.</p> |
| GEN012 | 26-Dec-08 | <p>Question: By when can the RFP process be terminated before it is concluded?</p> <p>Answer: The RFP bidder rules document (1.1.3) states: "Prior to 4:00 p.m. prevailing Eastern Time on Tuesday, December 30, 2008, the Companies may, for any reason and at their sole discretion, terminate or suspend this RFP Process."</p> |
| GEN013 | 26-Dec-08 | <p>Question: What happens if 100% of the SSO load is not procured through this RFP process?</p> <p>Answer: The FirstEnergy Ohio Utilities will purchase any unsubscribed tranches in the MISO spot market.</p> |
| GEN014 | 26-Dec-08 | <p>Question: What happens after March 31? How will SSO load be supplied?</p> <p>Answer: As noted in the December 22, 2008 press release, the current expectation is that a bid process consistent with the current RFP process will be conducted at a later date to meet customer supply needs beyond March 31, 2009.</p> |
| GEN015 | 26-Dec-08 | <p>Question: When will details be provided for the competitive solicitation that will cover supply deliveries beyond March 31, 2009? What will be the frequency of the bid solicitation(s) to procure supply for the rest of 2009 beyond March 31?</p> |

Ohio RFP Frequently Asked Questions – General

| FAQ# | Date of Posting | Question / Answer |
|-------------|------------------------|--|
| | | Answer: Details of one or more competitive procurements for deliveries beyond March 31, 2009 will not be available until after completion of the current process for deliveries through the first quarter of 2009. |
| GEN016 | 26-Dec-08 | Question: Is approval of winning bids by the Ohio PUC required? |
| | | Answer: No. |
| GEN017 | 26-Dec-08 | Question: Is the load being served by the supply procured in this RFP solicitation all of the utilities' load in Ohio? How many MW? |
| | | Answer: As shown in Table 1 of the bidder rules document, there are 100 tranches and each tranche represents one percent (1%) of the actual hourly energy required for the SSO Load for the Delivery Period as well as one percent (1%) of the required Designated Network Resources (DNR) for the Delivery Period as shown in Table 1. Table 1 shows the nominal MW quantity associated with the energy to be delivered for each tranche based solely on historical data for the maximum hourly energy but is not necessarily indicative of the actual energy quantity to be delivered for each tranche because the amount of actual SSO Load will depend upon many factors, including but not limited to, customer migration to CRES Suppliers and weather conditions. Bidders are responsible for evaluating the uncertainties associated with providing the wholesale energy needed to serve the FirstEnergy Ohio Utilities SSO Load. Thus, the energy obligation for each tranche could vary each hour from the nominal 88 MW of maximum hourly energy for the Delivery Period shown in Table 1. In contrast to the MW quantity that will be associated with the energy to be delivered for each tranche, the MW quantity associated with the DNR quantity to be delivered for each tranche is fixed since this capacity obligation has already been established under the MISO protocols. For the DNR component, the SSO DNR obligation is 10,006 MW, 9,848 MW, and 8,227 MW for January, February, and March 2009, respectively. |
| GEN018 | 29-Dec-08 | Question: When do you expect the Commission to approve the results of the Auction? |
| | | Answer: Approval of the results of the RFP by the Public Utilities Commission of Ohio (PUCO) or the Federal Energy Regulatory Commission (FERC) is not required. |

Ohio RFP Frequently Asked Questions – General

| <u>FAQ#</u> | <u>Date of Posting</u> | <u>Question / Answer</u> |
|-------------|------------------------|--|
| GEN019 | 29-Dec-08 | <p>Question: Would the LSE be willing to give the FTR credits to the winning supplier if pricing stated this was part of it?</p> <p>Answer: Under the SSO Supply Agreement, the obligation and therefore the bids are for both energy and capacity for delivery to MISO delivery point FE.FESR. FTR credits are not included in the SSO Supply Agreement and modifying the agreement to include such credits would make the proposal submission a non-conforming bid.</p> |
| GEN020 | 29-Dec-08 | <p>Question: What will be the contract date on the SSO Supply Agreement and Transaction Confirmation?</p> <p>Answer: The SSO Supply Agreement is to be signed by winning bidders within one (1) business day following submission of bids. Although the date both parties sign the agreement could be earlier, the most likely contract date is January 2, 2009.</p> |
| GEN021 | 29-Dec-08 | <p>Question: Do you have acknowledgement from MISO that the Market Participant Registration requirements, specifically the CPNode registration requirements, are satisfied via FE remaining the LSE?</p> <p>Answer: Yes, with the expectation that winning RFP suppliers can perform according to the SSO Supply Agreement requirements. For example, the settlement and delivery of bilateral energy in the MISO is accomplished with the use of financial schedules (Finscheds). Winning RFP suppliers would need to be MISO Market Participants, as required by the SSO Supply Agreement, to be able to set up with the FirstEnergy Ohio Utilities the Finscheds associated with the transaction.</p> |
| GEN022 | 30-Dec-08 | <p>Question: Are there any shopping rules/restrictions that bidders should be aware of?</p> <p>Answer: Information about shopping rules and restrictions such as enrollment timelines, minimum enrollment periods, etc., can be found at the links below.</p> <p>For Cleveland Electric Illuminating, see Section VII — Customer Enrollment Process at the following: http://www.firstenergycorp.com/Residential_and_Business/Customer_Choice/files/Tariff -</p> |

Ohio RFP Frequently Asked Questions – General

| FAQ# | Date of Posting | Question / Answer |
|--------|-----------------|---|
| | | <p>OH/CEISupplierTariff.pdf</p> <p>and Sections XIII — Changing Electric Suppliers, XIV — Return to Standard Offer Supply, and XV — Certified Supplier Billing and Payment in the Standard Rules and Regulations in the following:</p> <p>http://www.firstenergycorp.com/Residential and Business/Customer Choice/files/Tariff - OH/CEI-2008%20-%20PUCO%20No.%2013.pdf</p> <p>For Toledo Edison, see Section VII — Customer Enrollment Process in the following:</p> <p>http://www.firstenergycorp.com/Residential and Business/Customer Choice/files/Tariff - OH/TESupplierTariff.pdf</p> <p>and Sections XIII — Changing Electric Suppliers, XIV — Return to Standard Offer Supply, and XV — Certified Supplier billing and Payment in the Standard Rules and Regulations in the following:</p> <p>http://www.firstenergycorp.com/Residential and Business/Customer Choice/files/Tariff - OH/TE-2008%20-%20PUCO%20No.%208.pdf</p> <p>For the Ohio Edison Company, see Section VII — Customer Enrollment Process in the following:</p> <p>http://www.firstenergycorp.com/Residential and Business/Customer Choice/files/Tariff - OH/OESupplierTariff.pdf</p> <p>and Sections XIII — Changing Electric Suppliers, XIV — Return to Standard Offer Supply, and XV — Certified Supplier Billing and Payment in the Standard Rules and Regulations in the following:</p> <p>http://www.firstenergycorp.com/Residential and Business/Customer Choice/files/Tariff - OH/OE-2008%20-%20PUCO%20No.%2011.pdf</p> |
| GEN023 | 30-Dec-08 | <p>Question: How will the RFP Manager report the results to the FirstEnergy Ohio Utilities?</p> |

Ohio RFP Frequently Asked Questions – General

| <u>FAQ#</u> | <u>Date of Posting</u> | <u>Question / Answer</u> |
|-------------|------------------------|---|
| | | Answer: In applying the bid evaluation criteria to conforming bid proposals, the RFP Manager will determine the winning tranches after ranking all conforming bids from lowest to highest price. The RFP Manager will then report to the FirstEnergy Ohio Utilities who the winning bidders are, and for each winning bidder the number of tranches won by the winning bidder and the average price to be paid to the winning bidder. The average price will be rounded to the nearest cent per MWh. |
| GEN024 | 30-Dec-08 | Question: If the RFP proceeds, what time will the RFP Manager notify respondents if they are successful or not? Answer: The RFP Manager will notify respondents if they are successful or not on December 31, 2008 after applying the bid evaluation criteria. |
| GEN025 | 30-Dec-08 | Question: How will rates be set for the FirstEnergy Ohio Utilities' Standard Service Offer Supply customers during the Delivery Period of January 5, 2009 through March 31, 2009? Answer: The FirstEnergy Ohio Utilities initially will keep current retail tariff rates in place for the Delivery Period. |
| GEN026 | 30-Dec-08 | Question: If the First Energy utilities cancel the RFP (given the short time frame in which this RFP was announced), why should market participants believe any future solicitations would proceed? Answer: The FirstEnergy Ohio Utilities have not exercised their right to terminate the RFP process. |
| GEN027 | 30-Dec-08 | Question: If this RFP is terminated on December 30th how will FirstEnergy procure energy and capacity? Answer: The FirstEnergy Ohio Utilities have not exercised their right to terminate the RFP process. |
| GEN028 | 30-Dec-08 | Question: Can an analyst (non-officer) of the bidding company be the Authorized Representative on Appendix 1 in the Bidder Rules and sign the certifications as long as an officer of the company signs Appendix 2 (the confidentiality form) and Appendix 4 the Bid Submittal Form? Should the bidding company win any load in the RFP, the officer of the Company would also sign the SSO Supply Agreement. Answer: A non-officer of the bidding company may be the Authorized Representative on Appendix 1 in the Bidder Rules and sign the certifications as long as such person is authorized |

Ohio RFP Frequently Asked Questions – General

| <u>FAQ#</u> | <u>Date of Posting</u> | <u>Question / Answer</u> |
|--------------------|-------------------------------|---|
| | | to attest to the various certifications and limitations listed in Appendix 1 including, but not limited to: certify that he/she is authorized by the bidder to serve as Authorized Representative and represent the bidder in the RFP; certify that he/she has read and understands the RFP Rules and that the bidder will comply with the Rules; certify that the bidder has read and understands the SSO Supply Agreement and that the bidder accepts its terms; certify that if the bidder becomes a winning bidder, the bidder will execute the SSO Supply Agreement within one (1) business day following the close of the solicitation; certify the bidder's agreement that the submission of any bid in the RFP creates a binding and irrevocable offer to provide service under the terms set forth in the SSO Supply Agreement and that a binding and enforceable contract to provide service with respect to the number of tranches for which the bidder were a winner in the RFP shall arise under the SSO Supply Agreement. |
| GEN029 | 30-Dec-08 | |

Ohio RFP Frequently Asked Questions – Agreement

| <u>FAQ#</u> | <u>Date of Posting</u> | <u>Question / Answer</u> |
|-------------|------------------------|---|
| AGR001 | 24-Dec-08 | <p>Question: Can I submit changes to the SSO Supply Agreement?</p> <p>Answer: No. Any changes to the SSO Supply Agreement or any of the forms to be submitted as part of the bid proposal will cause the bid proposal to be considered non-conforming and subject to immediate rejection by the RFP Manager.</p> |
| AGR002 | 24-Dec-08 | <p>Question: If I already have a Master Agreement with FirstEnergy, can I supply power under the terms of our pre-existing agreement?</p> <p>Answer: No. The terms of this supply contract are embodied in the SSO Supply Agreement and cannot be changed as part of the RFP process.</p> |
| AGR003 | 26-Dec-08 | <p>Question: Must bidders offer both energy and capacity for each tranche bid or can a supplier bid capacity only?</p> <p>Answer: Under the SSO Supply Agreement, the obligation and therefore the bids are for both energy and capacity.</p> |
| AGR004 | 26-Dec-08 | <p>Question: Is it permissible for a different party to sign the SSO Supply Agreement than the person named as the Authorized Representative?</p> <p>Answer: The company representative who signs the bid submission must have the power to bind the Company. A winning bidder may have a different representative with binding signatory power sign the SSO Supply Agreement.</p> |
| AGR005 | 29-Dec-08 | <p>Question: If rates for the FirstEnergy Ohio Utilities' Standard Service Offer Supply customers are different than the winning bidder prices of this RFP, who will be responsible for the difference between the rates paid by customers and the prices paid to suppliers?</p> <p>Answer: This RFP is a "pay-as-bid" solicitation. Specifically, the price paid to the winning bidders in \$/MWh will be the average price of the tranches that the winning bidder has won for power delivered during the Delivery Period under the terms of the SSO Supply Agreement. The amount paid to winning bidders is not contingent upon, or impacted by, retail rates for FirstEnergy Ohio Utilities' Standard Service Offer customers or any difference between those rates and winning bid prices.</p> |

Ohio RFP Frequently Asked Questions – Agreement

| <u>FAQ#</u> | <u>Date of Posting</u> | <u>Question / Answer</u> |
|-------------|------------------------|---|
| AGR006 | 29-Dec-08 | <p>Question: Will a supplier ever be paid anything different than its winning prices for its SSO Responsibility Share?</p> <p>Answer: This RFP is a "pay-as-bid" solicitation. Specifically, the price paid to the winning bidders in \$/MWh will be the average price of the tranches that the winning bidder has won for power delivered during the Delivery Period under the terms of the SSO Supply Agreement.</p> |
| AGR007 | 30-Dec-08 | <p>Question: Could you please provide more details around the logistics of scheduling the load. Based on one of the posted FAQ answers, it seems that FirstEnergy will be bidding the load in on behalf of all SSO suppliers and final load quantities will be settled after 6 days. Please confirm.</p> <p>Answer: The process for determining the amount of energy to be delivered by winning SSO bidders to the FirstEnergy Ohio Utilities is illustrated below using one specific day for a reference point: Given: (1) Operating Day: January 5, 2009 (2) S7 Settlement Due: January 11, 2009, by Noon EST (3) Financial Schedule (Finsched) Update Due: January 11, 2009, by Noon EST Process: (1) On or before January 4, 2009, winning SSO suppliers and the FirstEnergy Ohio Utilities will create Financial Schedules (Finscheds) at MISO; the creation of the Finsched will be handled by the FirstEnergy Ohio Utilities using information supplied by winning SSO suppliers (i.e., for items such as source node). (2) Volume settlement for the Finsched will be based on S7 volume settlement data broken up by the number of tranches won by each supplier. Finscheds will be updated as S7 settlement data are finalized and submitted to MISO. (3) Once S7 data are submitted to MISO, the same volume will be broken up by supplier in proportion to the amount of tranches won in the RFP. The Finscheds will be updated accordingly to reflect the amount of load served under the SSO Supply Agreement. The FirstEnergy Ohio Utilities will determine the supplier Finsched amounts and update the</p> |

Ohio RFP Frequently Asked Questions – Agreement

| <u>FAQ#</u> | <u>Date of Posting</u> | <u>Question / Answer</u> |
|--------------------|-------------------------------|---|
| | | <p>Finscheds accordingly. This amount also becomes the amount to be paid to suppliers under the settlement provisions of the SSO Supply Agreement.</p> <p>(4) Winning SSO suppliers will not be responsible for deviations attributable to S55 and S105 re-settlements.</p> <p>Each party will be responsible for scheduling their respective obligations outside of the financial schedule process accordingly.</p> <p>It should be noted that these Finscheds will be settled in the Day Ahead market.</p> |
| AGR008 | 30-Dec-08 | <p>Question: Will suppliers be responsible for any load deviation between the day-ahead Finsched load and the S7 volumes?</p> <p>Answer: Since the day-ahead Finscheds will be developed with the S7 volumes, by definition there will be no deviation.</p> |
| AGR009 | 30-Dec-08 | <p>Question: Will suppliers be paid at the wholesale or retail level? If at the retail level then please provide the distribution loss factors.</p> <p>Answer: Suppliers will be paid based on wholesale volumes (like those used in MISO LSE settlements) which are calculated by taking SSO retail load volumes for each hour and adding an amount of energy to reflect distribution losses. For reference, the distribution loss values utilized in load settlement calculations can be found at the following links:</p> <p>http://www.firstenergycorp.com/Residential and Business/Customer Choice/files/Tariff - OH/OESupplierTariff.pdf</p> <p>http://www.firstenergycorp.com/Residential and Business/Customer Choice/files/Tariff - OH/CEISupplierTariff.pdf</p> <p>http://www.firstenergycorp.com/Residential and Business/Customer Choice/files/Tariff - OH/ITESupplierTariff.pdf</p> |

Ohio RFP Frequently Asked Questions – Agreement

| <u>FAQ#</u> | <u>Date of Posting</u> | <u>Question / Answer</u> |
|-------------|------------------------|---|
| AGR010 | 30-Dec-08 | <p>Question: Will suppliers be provided with any Auction Revenue Rights (ARRs)? If so, please provide details on paths or value per tranche.</p> <p>Answer: Because the FirstEnergy Ohio Utilities will remain the LSE, no ARRs will transfer to winning SSO Suppliers.</p> |
| AGR011 | 30-Dec-08 | <p>Question: Will suppliers be provided with the Marginal Loss component refunds?</p> <p>Answer: No. The FirstEnergy Ohio Utilities, as the LSE, will receive the Marginal Loss component refund, if any, from MISO. These funds will remain with the FirstEnergy Ohio Utilities and will not be distributed to winning SSO suppliers.</p> |
| AGR012 | 30-Dec-08 | <p>Question: Please describe the daily energy forecasting and scheduling process as you expect it to work. Section 7.3 of the SSO Supply Agreement indicates that FirstEnergy Ohio Utilities will not provide any load forecasting services and that the SSO supplier will be responsible for scheduling energy to meet its obligations under the agreement. However, in both the Rules and General FAQ answers on the RFP website, it is stated that, "A winning bidder's projected energy requirements will be submitted on a day-ahead basis to MISO by the FirstEnergy Ohio Utilities." Are suppliers expected to submit their day-ahead load projection to FE, and they, in turn, will submit the schedule to MISO? If so, by what time does FE expect to receive such schedules?</p> <p>Answer: The answer to this question may be best described by the process outlined in Figure 1 below. Also, the FirstEnergy Ohio Utilities' expectations are as follows:</p> <ul style="list-style-type: none"> (1) The FirstEnergy Ohio Utilities will create and submit the day-ahead (DA) Load schedule. (2) SSO Suppliers will provide to the FirstEnergy Ohio Utilities the Source node needed to create the financial schedules (Finscheds). (3) The FirstEnergy Ohio Utilities will obtain the energy at the Sink node (FE.FESR). (4) The timing of the submission of market data (i.e., DA source schedules, DA load schedules, Real Time (RT) load data, Finscheds, etc.) will follow MISO processes and timelines. (5) The Finscheds will be submitted by the FirstEnergy Ohio Utilities and will reflect S7 RT demand volumes. Suppliers will approve the Finscheds. |

Ohio RFP Frequently Asked Questions – Agreement

| FAQ# | Date of Posting | Question / Answer |
|--------|-----------------|--|
| | | <p style="text-align: center;">Figure 1</p> <p>Question: Please verify that FirstEnergy is the LSE and will be responsible for ancillary services. If so, please confirm that the product we are bidding is only energy and capacity and will not include ancillary services. If FirstEnergy as the LSE will have to procure ancillary services, will there be another auction for ancillary services?</p> <p>Answer: The FirstEnergy Ohio Utilities, as the LSE, will procure ancillary services from MISO via schedule charges and the Ancillary Services Market. There are no plans to procure ancillary services using a competitive solicitation. Further, the product to be bid on is energy and capacity — the energy is delivered to the CP Node FE/FESR (this means the SSO Supplier is responsible for congestion and marginal losses up to delivery at that node).</p> |
| AGR013 | 30-Dec-08 | |

Ohio RFP Frequently Asked Questions – Agreement

| <u>FAQ#</u> | <u>Date of Posting</u> | <u>Question / Answer</u> |
|-------------|------------------------|--|
| AGR014 | 30-Dec-08 | <p>Question: What is the volume of the settled load? Is it the MWh measured at the retail meter, at retail meter + distribution losses (like the load data provided), or retail meter + distribution + transmission losses?</p> <p>Answer: The volume of the settled load is at the retail meter + distribution losses (like the load data provided) as reported to MISO for S7 settlement.</p> |
| AGR015 | 30-Dec-08 | <p>Question: With respect to the historical loads you have posted, are the special contract loads that are expiring being actively renegotiated, and if you are successful, would they stay as SSO load? Are some of the "extending special contracts" expiring during the 3 month term of this RFP delivery period?</p> <p>Answer: The load associated with customers currently served under special contracts is part of the load that is being procured in this RFP process. Whether a customer remains under contract or is served on tariff rates, the load procured through the RFP process will continue to be used to serve those customers for the Delivery Period.</p> |
| AGR016 | 30-Dec-08 | <p>Question: Can you clarify the intent of section 15.6 of the SSO Supply Agreement, which appears to contradict the first sentence, relative to FirstEnergy 'Customers' as sole beneficiaries of the agreement while not being parties to the agreement?</p> <p>Answer: Section 15.6 does not contain a contradiction. It is meant to indicate that the SSO Supply Agreement is intended solely for the benefit of the Parties but may not be construed to create any duty, or standard of care with reference to, or any liability to, any person not a Party to the Agreement.</p> |

Ohio RFP Frequently Asked Questions – Rules

| <u>FAQ#</u> | <u>Date of Posting</u> | <u>Question / Answer</u> |
|--------------------|-------------------------------|---|
| RUL001 | 24-Dec-08 | <p>Question: May bidders contact FirstEnergy personnel to learn about details of this RFP?</p> <p>Answer: No. With the exception of MISO scheduling protocols or business rules, all questions regarding this RFP must be directed to the RFP Manager. The contact for the RFP Manager team is Brad Miller of CRA International who can be reached via RFPManager@crai.com or 617.425.3384.</p> |
| RUL002 | 24-Dec-08 | <p>Question: Who will contact me in the event my company is a winning bidder? Not a winning bidder?</p> <p>Answer: CRA International, the independent RFP Manager, will contact both winning and unsuccessful bidders following the conclusion of the bid evaluations on Wednesday, December 31, 2008.</p> |
| RUL003 | 24-Dec-08 | <p>Question: How does a winning bidder schedule energy to the FE.FESR delivery point?</p> <p>Answer: A winning bidder's energy will be submitted day-ahead to MISO by the FirstEnergy Ohio Utilities. The bidders must also approve this day-ahead financial schedule known as a finsched. Six days later, FirstEnergy Ohio Utilities will resubmit the S7 volume settlement and the bidder will have to reapprove the final schedule in the MISO market portal.</p> |
| RUL004 | 24-Dec-08 | <p>Question: Can a bidder learn up with two separate companies and submit separate bids for each consortium?</p> <p>Answer: No. A bidder is precluded from being associated with another bidder or collaborating on its bidding preparation, bidding strategy, or bids in accordance with the RFP rules.</p> |
| RUL005 | 29-Dec-08 | <p>Question: What is the basis for the determination of "specific, price-based selection criteria" that First Energy will be providing to the RFP Manager to evaluate bids (Bidder Rules V.3.1)?</p> <p>Answer: The "specific, price-based selection criteria" serve as a reservation price above which tranches will not be awarded. Application of these criteria to the submitted bids may result in the determination that fewer than 100 tranches bid meet the selection criteria, or even that no tranches bid meet the selection criteria.</p> |

Ohio RFP Frequently Asked Questions – Rules

| <u>FAQ#</u> | <u>Date of Posting</u> | <u>Question / Answer</u> |
|-------------|------------------------|---|
| RUL006 | 29-Dec-08 | <p>Question: Can the Appendices from the RFP bidder rules document needed for submission of bids be made available in Word form so the information can be entered on them? If so when?</p> <p>Answer: The entry fields associated with the Appendices of the RFP bidder rules are available in Word format and allow bidders to electronically fill in the required information. The Word format Appendices are posted to http://www.firstenergy-auction.com/RFP/Supplier_Documents.html.</p> |
| RUL007 | 30-Dec-08 | <p>Question: Can a bidder who already submitted a bid during the 2-hour bid submission timeframe (9:00-11:00 AM ET) modify the bid before the 11:00 AM ET deadline? If yes, what are the steps to do so? Can a bidder withdraw a bid already submitted?</p> <p>Answer: Multiple bid submissions from a bidder are allowed during the bid submission timeframe of 9:00-11:00 AM prevailing Eastern Time on Wednesday, December 31, 2008 via the bid submission process of faxing bids. A bid submission during the 2-hour bidding timeframe will replace any prior bid submissions from the bidder; that is, no prior bid submissions from the bidder will be considered. The only bid submission to be considered will be the last one received from the bidder as of the end of the 2-hour bidding timeframe. Therefore, it is important that each bid submission be complete and legible. A bidder wishing to withdraw a bid should submit a new bid form during the bid submission timeframe that clearly indicates the bidder's bid of zero tranches. No bid submissions after the close of the bid submission time frame will be considered.</p> |
| RUL008 | 30-Dec-08 | <p>Question: When will winning bidders be notified?</p> <p>Answer: The RFP Manager will notify bidders of the results on December 31 after the bid evaluation is completed.</p> |

Competitive Procurement

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FirstEnergy Ohio Utilities' Request for Proposal (RFP) Web site

This Request for Proposal ("RFP") is a solicitation process by which The Cleveland Electric Illuminating Company, The Toledo Edison Company and Ohio Edison Company (hereafter referred to as the "FirstEnergy Ohio Utilities") are seeking to procure wholesale energy and capacity for the provision of retail electric generation service ("Standard Service Offer Load" or "SSO Load") which is load not being served by a Competitive Retail Electric Service ("CRES") Supplier. This solicitation specifically seeks to procure 100% of the aggregate wholesale energy and capacity requirements the FirstEnergy Ohio Utilities need to serve their retail SSO Load for the period of January 5, 2009 through March 31, 2009 ("Delivery Period").

The FirstEnergy Ohio Utilities will remain the Load Serving Entities ("LSE") and, as such, will be responsible for transmission and ancillary related costs incurred by the FirstEnergy Ohio Utilities under the Midwest Independent Transmission System Operator ("MISO") Open Access Transmission and Energy Markets Tariff. Winning bidders will be required to schedule and deliver their respective wholesale energy and capacity obligations under the SSO Supply Agreement to the FE.FESR delivery point in MISO.

CRA International will manage the RFP process developed to supply electric generation service to the FirstEnergy Ohio Utilities non-shopping retail customers for delivery during the months of January, February and March 2009. Bids are due between 9:00 a.m. and 11:00 a.m. on Wednesday December 31, 2008. For additional information regarding the solicitation, contact the RFP Manager, Brad Miller, Vice President of CRA International at 617.425.3384 or RFPManager@crai.com. The RFP Manager's fax number is 617.425.6574.

The information provided in the RFP, or on the RFP Web site, has been prepared to assist bidders in evaluating the RFP. It does not purport to contain all the information that may be relevant to a bidder in satisfying its due diligence efforts. Neither the FirstEnergy Ohio Utilities nor the RFP Manager make any representation or warranty, expressed or implied, as to the accuracy or completeness of the information, and shall not, either individually or as a corporation, be liable for any representation expressed or implied in the RFP or any omissions from the RFP, or any information provided to a bidder by any other source. A bidder

should check the Web site frequently to ensure it has the latest documentation and information. Neither the FirstEnergy Ohio Utilities nor the RFP Manager nor any of their representatives shall be liable to a bidder or any of its representatives for any consequences relating to or arising from the bidder's use of outdated information.

(12/30/08)

COMPETITIVE BIDDING PROCESS TO BEGIN FOR FIRSTENERGY OHIO UTILITIES TO PROCURE ELECTRIC GENERATION SUPPLY

AKRON, Ohio – A competitive bidding process will be conducted for FirstEnergy's (NYSE: FE) Ohio utilities – Ohio Edison, Cleveland Electric Illuminating Company and Toledo Edison – to procure electric generation for delivery from January 5 through March 31, 2009, for retail customers who choose not to shop with an alternative supplier.

The competitive bidding process, which we believe satisfies the Federal Energy Regulatory Commission's four-step test established in a previous order involving Allegheny Energy, will use a Request for Proposal (RFP) format. The RFP will be managed by CRA International, a global consulting firm with expertise in energy markets and procurement. Individual bidders will not be permitted to serve more than 75 percent of the companies' load for non-shopping retail customers. Bidders will be required to certify that they are creditworthy, acting independently of other bidders, and making firm offers to provide generation service to customers.

Bids are due on December 31, 2008, for power to be supplied during the first quarter. A bid process consistent with the one described above will be conducted at a later date to meet customer supply needs beyond March 31, 2009.

The companies have set up a Web site to provide bidders with a central source of documents, data and other information for the bidding process. This information is available by accessing www.firstenergy-auction.com and clicking on "Ohio RFP." The contact for the RFP manager is Brad Miller, Vice President, CRA International, who can be reached at 617-425-3384, or RFPManager@crai.com.

The RFP is being conducted to ensure that customers have a reliable supply of electricity following the Public Utilities Commission of Ohio's actions to deny the companies' Market Rate Offer filing and significantly alter their Electric Security Plan (ESP). The companies have withdrawn their ESP application, as allowed for under

Senate Bill 221. The companies, which do not own any electric generation, serve 2.1 million customers in Ohio.

FirstEnergy is a diversified energy company headquartered in Akron, Ohio. Its subsidiaries and affiliates are involved in the generation, transmission and distribution of electricity, as well as energy management and other energy-related services. Its seven electric utility operating companies comprise the nation's fifth largest investor-owned electric system, based on 4.5 million customers served, within a 36,100-square-mile area of Ohio, Pennsylvania and New Jersey; and its generation subsidiaries control more than 14,000 megawatts of capacity.

Forward-Looking Statements: This news release 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 regulatory process on the Ohio Companies' associated with the Electric Security Plan and Market Rate Offer filings, including any resultant mechanism under which rates charged to retail customers may not fully recover the costs of energy supply, or the outcome of any competitive procurement process in Ohio to allow the Ohio Companies to provide energy supply for their customers, 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 FirstEnergy'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 FirstEnergy, the state of the capital and credit markets affecting FirstEnergy, and the risks and other factors discussed from time to time in its 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 our 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. FirstEnergy expressly disclaims any current intention to update any forward-looking statements contained herein as a result of new information, future events, or otherwise.

News Media Contact:

Ellen Raines
(330) 384-5808

Investor Contact:

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(330) 384-5415

(122208)

This RFP solicitation for the FirstEnergy Ohio Utilities wholesale energy and capacity requirements for the delivery period January 5, 2009 through March 31, 2009 has concluded.

FirstEnergy Corp.
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Akron, Ohio 44308
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For Release: January 2, 2009

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**FIRSTENERGY OHIO UTILITIES SECURE SUPPLY OF POWER
Successful Competitive Process Results in Four Winning Bidders**

AKRON, Ohio – FirstEnergy Corp. (NYSE: FE) announced today the completion of a successful competitive bidding process to ensure customers of its Ohio utilities – Ohio Edison, Cleveland Electric Illuminating Company (CEI) and Toledo Edison – continue to have a reliable supply of electricity.

The competitive bidding process, which was conducted on December 31, 2008, used a Request for Proposal (RFP) format and was managed by CRA International, a global consulting firm with expertise in energy markets and procurement.

CRA International reported that four qualified bidders were selected to supply electric generation for the period of January 5 through March 31, 2009. The average winning bid price is consistent with a retail rate of 6.98 cents per kilowatt-hour. The supply will be used to provide generation service to retail customers who choose not to shop with alternative suppliers. FirstEnergy Solutions, the company's competitive affiliate, was one of the successful bidders.

"I am pleased to report that the RFP process for the Ohio utilities of FirstEnergy was successful and was conducted in a fair, open, transparent and objective manner," said independent bid manager Brad Miller, Vice President, CRA International.

Because the companies initially will keep current tariff rates in place – as provided for under Senate Bill 221 – the results of the RFP will not immediately impact

the price customers pay for electricity. Ultimately, the companies anticipate that customer prices for generation will reflect market prices.

A similar bid process is being planned to ensure customers continue to have a reliable supply of electricity beyond March 31, 2009.

The RFP was conducted following the Public Utilities Commission of Ohio's (PUCO) denial of the companies' Market Rate Offer (MRO) filing and the PUCO's recent order that significantly altered the companies' Electric Security Plan (ESP). On December 22, 2008, the companies withdrew their ESP application, as allowed for under Senate Bill 221, and separately asked the PUCO for rehearing of the MRO.

FirstEnergy is a diversified energy company headquartered in Akron, Ohio. Its subsidiaries and affiliates are involved in the generation, transmission and distribution of electricity, as well as energy management and other energy-related services. Its seven electric utility operating companies comprise the nation's fifth largest investor-owned electric system, based on 4.5 million customers served, within a 36,100-square-mile area of Ohio, Pennsylvania and New Jersey; and its generation subsidiaries control more than 14,000 megawatts of capacity.

Forward-Looking Statements: This news release 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 regulatory process on the Ohio Companies associated with the Electric Security Plan and Market Rate Offer filings, including any resultant mechanism under which rates charged to retail customers may not fully recover the costs of energy supply, or the outcome of any competitive procurement process in Ohio to allow the Ohio Companies to provide energy supply for their customers, 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 potential impacts of the U.S. Court of Appeals' July 11, 2008 decision requiring revisions to the CAIR rules and the scope of any laws, rules or regulations that may ultimately take their place, the uncertainty of the timing and amounts of the capital expenditures needed to, among other things, implement the Air Quality Compliance Plan (including that such amounts could be higher than anticipated or that certain generating units may need to be shut down) or levels of emission reductions related to the Consent Decree resolving the 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 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, 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 FirstEnergy'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 FirstEnergy, the state of the capital and credit markets affecting FirstEnergy, and the risks and other factors discussed from time to time in its 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 our 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. FirstEnergy expressly disclaims any current intention to update any forward-looking statements contained herein as a result of new information, future events, or otherwise.

(010209)

Mark to Market for The Cleveland Electric Illuminating Company, The Toledo Edison Company and The Ohio Edison Company ("Companies") Standard Service Offer Supply Agreement

MtM Exposure Amount Calculation Information Update:

Table 1 contains the illustrative marks¹ for each month under the Standard Service Offer (SSO) Supply Agreement. Monthly marks are provided for January 2009 through March 2009. For the months, two-month blocks² or quarterly blocks² where broker quotes are available, broker quotes will be used for those months. For all the remaining months the Companies will be using a proprietary method that reflects forward market conditions.

The mark for each Billing Month is the mark that is calculated on the date that the SSO Request For Proposal (RFP) closes and will not change over the life of the contract. After the close of the SSO RFP, Forward Market Prices will change. In addition, the on-peak and off-peak loads used to calculate the MtM Exposure Amount will be adjusted monthly to reflect the most current changes.

Over the course of the contract, the Forward Market Prices will be compared to the marks set on the day that the SSO RFP closes to determine the Mark to Market exposure. The marks set on the day that the RFP closes as shown on Table 1 will be used in Appendix B to the FirstEnergy Companies Standard Service Offer Supply Agreement.

As indicated in Appendix B, on the day the RFP closes parameters will also be set for:

- The monthly on-peak load per tranche for each rate class (see Table 2)
- The monthly off-peak load per tranche for each rate class (see Table 2)
- The ratio between historical off-peak and on-peak energy prices (see Table 3)

The values posted in Table 1, Table 2 and Table 3 is those that the Companies intend to use for Appendix B when signing the contract.

¹ Illustrative marks represent Cinergy Hub on-peak prices.

² For two-month and quarterly blocks for which the average for the block and a component of the block are both quoted, the component will be equal to its quoted price and the other months in the block will be constructed so that the weighted average (weighted by on-peak hours in each month) of the block equals the quote for the block; e.g., Q4 2009 = \$50 and Oct 2009 = \$40; therefore, Oct 2009 = \$40 and Nov-Dec 2009 = \$55 $(\$50 * (336 + 336 + 368) - \$40 * 336) / (336 + 368) = \54.77 . If only the block is quoted, that price will be used for all relevant months; e.g., Jan/Feb 2009 = \$35, then Jan 2009 = \$35 and Feb 2009 = \$35.

Initial Marks for Standard Service Offer Supply Agreement

| TABLE 1 | |
|------------------------|---------|
| Initial Marks (\$/MWh) | |
| Jan 2009 | \$50.25 |
| Feb 2009 | \$50.25 |
| Mar 2009 | \$48.19 |

Monthly Loads per Tranche

The monthly on-peak and off-peak loads per tranche are used when calculating the MtM. These loads are based on historical numbers and are subject to change by the Companies.

| TABLE 2 | Residential loads | |
|------------|-------------------|----------|
| Month/Year | On-peak | Off-Peak |
| Jan 2009 | 27,754 | 23,468 |
| Feb 2009 | 26,779 | 24,782 |
| Mar 2009 | 24,267 | 24,441 |

Ratio of Off-Peak to On-Peak Prices

The Cinergy hub monthly ratio of off-peak to on-peak prices used in calculating the MtM.

| TABLE 3 | |
|---|------|
| Cinergy Hub Ratio of Off-Peak to On-Peak Prices | |
| January | 0.72 |
| February | 0.81 |
| March | 0.75 |

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[FirstEnergy Ohio Utilities' Historic Hourly Loads \(xls\)](#)

[Historic Customer Switching \(pdf\)](#)

[Historic Shopping Credits \(pdf\)](#)

[FirstEnergy Ohio Utilities' 10-Day Capacity Forecast \(xls\)](#)

(01/28/09)

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Calendar of Events

RFP Process Activities

| RFP Activity |
|--|
| Electronic Data Room and Web site Activated |
| FirstEnergy Ohio Utilities to issue a press release regarding the RFP Process |
| Deadline for bidders to fax a completed Appendix 3 of the RFP Rules document to the RFP Manager to confirm- prior to bid submission- unsecured credit limit step is optional but encouraged) |
| Deadline for the FirstEnergy Ohio Utilities to terminate RFP Process |
| Bidding Period when bids must be faxed to RFP Manager (All Appendices of RFP Rules document must be completed and faxed during this time) |
| RFP Manager determines winning bidders |
| Each winning bidder must execute a SSO Supply Agreement with the FirstE Ohio Utilities |
| Deliveries under the SSO Supply Agreements begin |

(12/22/08)

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[Midwest Independent Transmission System Operator \(MISO\) Web site](#)

[CRA International](#)

(12/22/08)
