

CLEVELAND ELECTRIC ILLUMINATING CO

Form 10-Q

August 03, 2010

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549
FORM 10-Q
(Mark One)**

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

**For the quarterly period ended June 30, 2010
OR**

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

For the transition period from _____ to _____

Commission File Number	Registrant; State of Incorporation; Address; and Telephone Number	I.R.S. Employer Identification No.
333-21011	FIRSTENERGY CORP. (An Ohio Corporation) 76 South Main Street Akron, OH 44308 Telephone (800)736-3402	34-1843785
000-53742	FIRSTENERGY SOLUTIONS CORP. (An Ohio Corporation) c/o FirstEnergy Corp. 76 South Main Street Akron, OH 44308 Telephone (800)736-3402	31-1560186
1-2578	OHIO EDISON COMPANY (An Ohio Corporation) c/o FirstEnergy Corp. 76 South Main Street Akron, OH 44308 Telephone (800)736-3402	34-0437786
1-2323	THE CLEVELAND ELECTRIC ILLUMINATING COMPANY (An Ohio Corporation) c/o FirstEnergy Corp. 76 South Main Street Akron, OH 44308 Telephone (800)736-3402	34-0150020
1-3583	THE TOLEDO EDISON COMPANY (An Ohio Corporation)	34-4375005

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

1-3141	JERSEY CENTRAL POWER & LIGHT COMPANY (A New Jersey Corporation) c/o FirstEnergy Corp. 76 South Main Street Akron, OH 44308 Telephone (800)736-3402	21-0485010
1-446	METROPOLITAN EDISON COMPANY (A Pennsylvania Corporation) c/o FirstEnergy Corp. 76 South Main Street Akron, OH 44308 Telephone (800)736-3402	23-0870160
1-3522	PENNSYLVANIA ELECTRIC COMPANY (A Pennsylvania Corporation) c/o FirstEnergy Corp. 76 South Main Street Akron, OH 44308 Telephone (800)736-3402	25-0718085

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

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

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

Yes No FirstEnergy Corp.

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

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

Large Accelerated Filer FirstEnergy Corp.

Accelerated Filer N/A

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

Smaller Reporting Company N/A

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

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

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

CLASS	OUTSTANDING AS OF JULY 31, 2010
FirstEnergy Corp., \$10 par value	304,835,407
FirstEnergy Solutions Corp., no par value	7
Ohio Edison Company, no par value	60
The Cleveland Electric Illuminating Company, no par value	67,930,743
The Toledo Edison Company, \$5 par value	29,402,054
Jersey Central Power & Light Company, \$10 par value	13,628,447
Metropolitan Edison Company, no par value	859,500
Pennsylvania Electric Company, \$20 par value	4,427,577
FirstEnergy Corp. is the sole holder of FirstEnergy Solutions Corp., Ohio Edison Company, The Cleveland Electric Illuminating Company, The Toledo Edison Company, Jersey Central Power & Light Company, Metropolitan Edison Company and Pennsylvania Electric Company common stock.	

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

FirstEnergy Web Site

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

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

OMISSION OF CERTAIN INFORMATION

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

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

Actual results may differ materially due to:

The speed and nature of increased competition in the electric utility industry and legislative and regulatory changes affecting how generation rates will be determined following the expiration of existing rate plans in Pennsylvania.

The impact of the regulatory process on the pending matters in Ohio, Pennsylvania and New Jersey.

Business and regulatory impacts from ATSI's realignment into PJM.

Economic or weather conditions affecting future sales and margins.

Changes in markets for energy services.

Changing energy and commodity market prices and availability.

Replacement power costs being higher than anticipated or inadequately hedged.

The continued ability of FirstEnergy's regulated utilities to recover regulatory assets or increased costs.

Operation and maintenance costs being higher than anticipated.

Other legislative and regulatory changes, and revised environmental requirements, including possible GHG emission regulations.

The potential impacts of the proposed rules promulgated by EPA on July 6, 2010, in response to the U.S. Court of Appeals' July 11, 2008 decision requiring revisions to the CAIR rules.

The uncertainty of the timing and amounts of the capital expenditures needed to, among other things, implement the Air Quality Compliance Plan (including that such amounts could be higher than anticipated or that certain generating units may need to be shut down) or levels of emission reductions related to the Consent Decree resolving the NSR litigation or other potential similar regulatory initiatives or actions.

Adverse regulatory or legal decisions and outcomes (including, but not limited to, the revocation of necessary licenses or operating permits and oversight) by the NRC.

Ultimate resolution of Met-Ed's and Penelec's TSC filings with the PPUC.

The continuing availability of generating units and their ability to operate at or near full capacity.

The ability to comply with applicable state and federal reliability standards and energy efficiency mandates.

The ability to accomplish or realize anticipated benefits from strategic goals (including employee workforce initiatives).

The ability to improve electric commodity margins and to experience growth in the distribution business.

The changing market conditions that could affect the value of assets held in the registrants' nuclear decommissioning trusts, pension trusts and other trust funds, and cause FirstEnergy to make additional contributions sooner, or in amounts that are larger than currently anticipated.

The ability to access the public securities and other capital and credit markets in accordance with FirstEnergy's financing plan and the cost of such capital.

Changes in general economic conditions affecting the registrants.

The state of the capital and credit markets affecting the registrants.

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

The state of the national and regional economies and associated impacts on the registrants' major industrial and commercial customers.

Issues concerning the soundness of financial institutions and counterparties with which the registrants do business.

The expected timing and likelihood of completion of the proposed merger with Allegheny Energy, Inc., including the timing, receipt and terms and conditions of any required governmental and regulatory approvals of the proposed merger that could reduce anticipated benefits or cause the parties to abandon the merger, the diversion of management's time and attention from FirstEnergy's ongoing business during this time period, the ability to maintain relationships with customers, employees or suppliers as well as the ability to successfully integrate the businesses and realize cost savings and any other synergies and the risk that the credit ratings of the combined company or its subsidiaries may be different from what the companies expect.

The risks and other factors discussed from time to time in the registrants' SEC filings, and other similar factors.

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

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GLOSSARY OF TERMS

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

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

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

AEP	American Electric Power Company, Inc.
ALJ	Administrative Law Judge
AOCL	Accumulated Other Comprehensive Loss
AQC	Air Quality Control
ARO	Asset Retirement Obligation
BGS	Basic Generation Service
CAA	Clean Air Act
CAIR	Clean Air Interstate Rule
CAMR	Clean Air Mercury Rule
CBP	Competitive Bid Process
CO ₂	Carbon Dioxide

CTC	Competitive Transition Charge
DOE	United States Department of Energy
DOJ	United States Department of Justice
DPA	Department of the Public Advocate, Division of Rate Counsel (New Jersey)
EDCP	Executive Deferred Compensation Plan
EE&C	Energy Efficiency and Conservation
EMAAC	Eastern Mid-Atlantic Area Council
EMP	Energy Master Plan
EPA	United States Environmental Protection Agency
EPRI	Electric Power Research Institute

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GLOSSARY OF TERMS, Cont d.

ESP	Electric Security Plan
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FMB	First Mortgage Bond
FPA	Federal Power Act
FRR	Fixed Resource Requirement
GAAP	Generally Accepted Accounting Principles in the United States
GHG	Greenhouse Gases
IRS	Internal Revenue Service
JOA	Joint Operating Agreement
kV	Kilovolt
KWH	Kilowatt-hours
LED	Light-Emitting Diode
LOC	Letter of Credit
MAAC	Mid-Atlantic Area Council
MACT	Maximum Achievable Control Technology
MDPSC	Maryland Public Service Commission
MISO	Midwest Independent Transmission System Operator, Inc.
Moody's	Moody's Investors Service, Inc.
MRO	Market Rate Offer
MW	Megawatts
MWH	Megawatt-hours
NAAQS	National Ambient Air Quality Standards
NERC	North American Electric Reliability Corporation
NJBPU	New Jersey Board of Public Utilities
NNSR	Non-Attainment New Source Review
NOAC	Northwest Ohio Aggregation Coalition
NOPEC	Northeast Ohio Public Energy Council
NOV	Notice of Violation
NO _x	Nitrogen Oxide
NRC	Nuclear Regulatory Commission
NSR	New Source Review
NUG	Non-Utility Generation
NUGC	Non-Utility Generation Charge
OCI	Other Comprehensive Income
OPEB	Other Post-Employment Benefits
OVEC	Ohio Valley Electric Corporation
PCRB	Pollution Control Revenue Bond
PJM	PJM Interconnection L. L. C.
POLR	Provider of Last Resort; an electric utility's obligation to provide generation service to customers whose alternative supplier fails to deliver service
PPUC	Pennsylvania Public Utility Commission
PSCWV	Public Service Commission of West Virginia
PSA	Power Supply Agreement
PSD	Prevention of Significant Deterioration
PPUC	Pennsylvania Public Utility Commission
PUCO	Public Utilities Commission of Ohio

RCP	Rate Certainty Plan
RECs	Renewable Energy Credits
RFP	Request for Proposal
RPM	Reliability Pricing Model
RTEP	Regional Transmission Expansion Plan
RTC	Regulatory Transition Charge
RTO	Regional Transmission Organization
S&P	Standard & Poor's Ratings Service
SB221	Amended Substitute Senate Bill 221
SBC	Societal Benefits Charge

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GLOSSARY OF TERMS, Cont d.

SEC	U.S. Securities and Exchange Commission
SIP	State Implementation Plan(s) Under the Clean Air Act
SNCR	Selective Non-Catalytic Reduction
SO ₂	Sulfur Dioxide
TBC	Transition Bond Charge
TMI-2	Three Mile Island Unit 2
TSC	Transmission Service Charge
VIE	Variable Interest Entity
VSCC	Virginia State Corporation Commission
VIE	Variable Interest Entity

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FIRSTENERGY CORP.
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three Months		Six Months	
	Ended June 30		Ended June 30	
	2010	2009	2010	2009
	<i>(In millions, except per share amounts)</i>			
REVENUES:				
Electric utilities	\$ 2,373	\$ 2,791	\$ 4,916	\$ 5,811
Unregulated businesses	755	480	1,511	794
Total revenues*	3,128	3,271	6,427	6,605
EXPENSES:				
Fuel	350	276	684	588
Purchased power	1,052	1,024	2,290	2,167
Other operating expenses	673	612	1,374	1,439
Provision for depreciation	190	185	383	362
Amortization of regulatory assets	161	233	373	642
Deferral of new regulatory assets		(45)		(136)
General taxes	176	184	381	395
Total expenses	2,602	2,469	5,485	5,457
OPERATING INCOME	526	802	942	1,148
OTHER INCOME (EXPENSE):				
Investment income	31	27	47	16
Interest expense	(207)	(206)	(420)	(400)
Capitalized interest	40	33	81	61
Total other expense	(136)	(146)	(292)	(323)
INCOME BEFORE INCOME TAXES	390	656	650	825
INCOME TAXES	134	248	245	302
NET INCOME	256	408	405	523
Noncontrolling interest loss	(9)	(6)	(15)	(10)
	\$ 265	\$ 414	\$ 420	\$ 533

**EARNINGS AVAILABLE TO FIRSTENERGY
CORP.**

BASIC EARNINGS PER SHARE OF COMMON STOCK	\$	0.87	\$	1.36	\$	1.38	\$	1.75
WEIGHTED AVERAGE NUMBER OF BASIC SHARES OUTSTANDING		304		304		304		304
DILUTED EARNINGS PER SHARE OF COMMON STOCK	\$	0.87	\$	1.36	\$	1.37	\$	1.75
WEIGHTED AVERAGE NUMBER OF DILUTED SHARES OUTSTANDING		305		305		305		306
DIVIDENDS DECLARED PER SHARE OF COMMON STOCK	\$		\$		\$	0.55	\$	0.55

* Includes excise tax collections of \$99 million and \$95 million in the three months ended June 30, 2010 and 2009, respectively, and \$208 million and \$204 million in the six months ended June 30, 2010 and 2009, respectively.

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

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FIRSTENERGY CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Three Months		Six Months	
	Ended June 30		Ended June 30	
	2010	2009	2010	2009
	<i>(In millions)</i>			
NET INCOME	\$ 256	\$ 408	\$ 405	\$ 523
OTHER COMPREHENSIVE INCOME:				
Pension and other postretirement benefits	17	469	30	504
Unrealized gain on derivative hedges	6	23	10	38
Change in unrealized gain on available-for-sale securities	6	37	12	32
Other comprehensive income	29	529	52	574
Income tax expense related to other comprehensive income	9	227	16	242
Other comprehensive income, net of tax	20	302	36	332
COMPREHENSIVE INCOME	276	710	441	855
COMPREHENSIVE LOSS ATTRIBUTABLE TO NONCONTROLLING INTEREST	(9)	(6)	(15)	(10)
COMPREHENSIVE INCOME AVAILABLE TO FIRSTENERGY CORP.	\$ 285	\$ 716	\$ 456	\$ 865

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

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FIRSTENERGY CORP.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	June 30, 2010	December 31, 2009
	<i>(In millions)</i>	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 281	\$ 874
Receivables-		
Customers (less allowances of \$33 million in 2010 and 2009)	1,409	1,244
Other (less allowances of \$7 million in 2010 and 2009)	146	153
Materials and supplies, at average cost	675	647
Prepaid taxes	397	248
Other	206	154
	3,114	3,320
PROPERTY, PLANT AND EQUIPMENT:		
In service	28,274	27,826
Less Accumulated provision for depreciation	11,724	11,397
	16,550	16,429
Construction work in progress	3,000	2,735
	19,550	19,164
INVESTMENTS:		
Nuclear plant decommissioning trusts	1,880	1,859
Investments in lease obligation bonds	486	543
Other	589	621
	2,955	3,023
DEFERRED CHARGES AND OTHER ASSETS:		
Goodwill	5,575	5,575
Regulatory assets	2,313	2,356
Power purchase contract asset	134	200
Other	825	666
	8,847	8,797
	\$ 34,466	\$ 34,304

LIABILITIES AND CAPITALIZATION

CURRENT LIABILITIES:

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Currently payable long-term debt	\$ 1,571	\$ 1,834
Short-term borrowings	1,463	1,181
Accounts payable	848	829
Accrued taxes	256	314
Other	907	1,130
	5,045	5,288

CAPITALIZATION:

Common stockholders' equity-		
Common stock, \$0.10 par value, authorized 375,000,000 shares- 304,835,407 shares outstanding	31	31
Other paid-in capital	5,440	5,448
Accumulated other comprehensive loss	(1,379)	(1,415)
Retained earnings	4,747	4,495
Total common stockholders' equity	8,839	8,559
Noncontrolling interest	(20)	(2)
Total equity	8,819	8,557
Long-term debt and other long-term obligations	11,861	11,908
	20,680	20,465

NONCURRENT LIABILITIES:

Accumulated deferred income taxes	2,710	2,468
Retirement benefits	1,531	1,534
Asset retirement obligations	1,372	1,425
Deferred gain on sale and leaseback transaction	976	993
Power purchase contract liability	691	643
Lease market valuation liability	239	262
Other	1,222	1,226
	8,741	8,551

COMMITMENTS, GUARANTEES AND CONTINGENCIES (Note 8)

	\$ 34,466	\$ 34,304
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The accompanying Combined Notes to the Consolidated Financial Statements are an integral part of these financial statements.

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FIRSTENERGY CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended	
	June 30	
	2010	2009
	<i>(In millions)</i>	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$ 405	\$ 523
Adjustments to reconcile net income to net cash from operating activities-		
Provision for depreciation	383	362
Amortization of regulatory assets	373	642
Deferral of new regulatory assets		(136)
Nuclear fuel and lease amortization	76	52
Deferred purchased power and other costs	(146)	(135)
Deferred income taxes and investment tax credits, net	159	69
Investment impairment	19	39
Deferred rents and lease market valuation liability	(62)	(59)
Stock-based compensation	(6)	(2)
Accrued compensation and retirement benefits	(27)	(93)
Interest rate swap transactions	43	
Commodity derivative transactions, net	(29)	18
Cash collateral received (paid), net	(63)	48
Decrease (increase) in operating assets-		
Receivables	(156)	32
Materials and supplies	(17)	6
Prepayments and other current assets	(81)	(179)
Increase (decrease) in operating liabilities-		
Accounts payable	18	(11)
Accrued taxes	(58)	(101)
Other	27	27
 Net cash provided from operating activities	 858	 1,102
 CASH FLOWS FROM FINANCING ACTIVITIES:		
New Financing-		
Long-term debt		1,679
Short-term borrowings, net	281	
Redemptions and Repayments-		
Long-term debt	(407)	(881)
Common stock dividend payments	(335)	(335)
Other	(23)	(37)
 Net cash provided from (used for) financing activities	 (484)	 426
 CASH FLOWS FROM INVESTING ACTIVITIES:		

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Property additions	(997)	(1,143)
Proceeds from asset sales	116	19
Sales of investment securities held in trusts	1,915	1,001
Purchases of investment securities held in trusts	(1,934)	(1,041)
Customer acquisition costs	(105)	
Cash investments	59	40
Other	(21)	(49)
Net cash used for investing activities	(967)	(1,173)
Net change in cash and cash equivalents	(593)	355
Cash and cash equivalents at beginning of period	874	545
Cash and cash equivalents at end of period	\$ 281	\$ 900

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

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FIRSTENERGY SOLUTIONS CORP.
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2010	2009	2010	2009
	<i>(In thousands)</i>			
REVENUES:				
Electric sales to affiliates	\$ 538,545	\$ 839,751	\$ 1,145,847	\$ 1,732,441
Electric sales to non-affiliates	728,803	205,379	1,397,488	485,125
Other	47,326	296,022	159,432	349,692
Total revenues	1,314,674	1,341,152	2,702,767	2,567,258
EXPENSES:				
Fuel	342,411	270,309	670,632	576,467
Purchased power from affiliates	68,898	51,249	129,851	114,456
Purchased power from non-affiliates	298,820	185,613	749,035	345,955
Other operating expenses	303,895	278,264	608,406	585,620
Provision for depreciation	63,319	65,548	126,237	126,921
General taxes	22,272	21,285	49,018	44,661
Total expenses	1,099,615	872,268	2,333,179	1,794,080
OPERATING INCOME	215,059	468,884	369,588	773,178
OTHER INCOME (EXPENSE):				
Investment income (loss)	13,366	5,643	14,083	(23,231)
Miscellaneous income	4,393	7,622	5,703	10,133
Interest expense to affiliates	(2,560)	(3,315)	(4,865)	(6,294)
Interest expense other	(51,372)	(26,271)	(101,016)	(48,798)
Capitalized interest	23,905	14,028	43,595	24,106
Total other expense	(12,268)	(2,293)	(42,500)	(44,084)
INCOME BEFORE INCOME TAXES	202,791	466,591	327,088	729,094
INCOME TAXES	68,866	169,189	113,237	261,011
NET INCOME	133,925	297,402	213,851	468,083
OTHER COMPREHENSIVE INCOME:				

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Pension and other postretirement benefits	885	72,121	(8,949)	74,689
Unrealized gain on derivative hedges	3,017	15,041	4,291	26,057
Change in unrealized gain on available-for-sale securities	6,060	39,504	11,088	38,027
Other comprehensive income	9,962	126,666	6,430	138,773
Income tax expense related to other comprehensive income	3,544	50,625	2,204	55,334
Other comprehensive income, net of tax	6,418	76,041	4,226	83,439
TOTAL COMPREHENSIVE INCOME	\$ 140,343	\$ 373,443	\$ 218,077	\$ 551,522

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

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**FIRSTENERGY SOLUTIONS CORP.
CONSOLIDATED BALANCE SHEETS
(Unaudited)**

	June 30, 2010	December 31, 2009
	<i>(In thousands)</i>	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 11	\$ 12
Receivables-		
Customers (less accumulated provisions of \$14,523,000 and \$12,041,000, respectively, for uncollectible accounts)	315,178	195,107
Associated companies	354,127	318,561
Other (less accumulated provisions of \$6,702,000 for uncollectible accounts)	36,392	51,872
Notes receivable from associated companies	173,931	805,103
Materials and supplies, at average cost	578,521	539,541
Prepayments and other	172,514	107,782
	1,630,674	2,017,978
PROPERTY, PLANT AND EQUIPMENT:		
In service	10,500,405	10,357,632
Less Accumulated provision for depreciation	4,695,180	4,531,158
	5,805,225	5,826,474
Construction work in progress	2,622,865	2,423,446
	8,428,090	8,249,920
INVESTMENTS:		
Nuclear plant decommissioning trusts	1,107,594	1,088,641
Other	7,965	22,466
	1,115,559	1,111,107
DEFERRED CHARGES AND OTHER ASSETS:		
Accumulated deferred income tax benefits		86,626
Customer intangibles	118,219	16,566
Goodwill	24,248	24,248
Property taxes	50,125	50,125
Unamortized sales and leaseback costs	77,646	72,553
Other	128,315	121,665
	398,553	371,783
	\$ 11,572,876	\$ 11,750,788

LIABILITIES AND CAPITALIZATION**CURRENT LIABILITIES:**

Currently payable long-term debt	\$ 1,381,783	\$ 1,550,927
Short-term borrowings-		
Associated companies	85,128	9,237
Other	100,000	100,000
Accounts payable-		
Associated companies	412,507	466,078
Other	236,720	245,363
Accrued taxes	109,082	83,158
Other	369,086	359,057
	2,694,306	2,813,820

CAPITALIZATION:

Common stockholders' equity-		
Common stock, without par value, authorized 750 shares, 7 shares outstanding	1,467,158	1,468,423
Accumulated other comprehensive loss	(98,775)	(103,001)
Retained earnings	2,363,000	2,149,149
Total common stockholders' equity	3,731,383	3,514,571
Long-term debt and other long-term obligations	2,585,918	2,711,652
	6,317,301	6,226,223

NONCURRENT LIABILITIES:

Deferred gain on sale and leaseback transaction	976,012	992,869
Accumulated deferred investment tax credits	56,310	58,396
Asset retirement obligations	863,409	921,448
Retirement benefits	223,853	204,035
Property taxes	50,125	50,125
Lease market valuation liability	239,447	262,200
Other	152,113	221,672
	2,561,269	2,710,745

COMMITMENTS, GUARANTEES AND CONTINGENCIES (Note 8)

	\$ 11,572,876	\$ 11,750,788
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The accompanying Combined Notes to the Consolidated Financial Statements are an integral part of these financial statements.

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FIRSTENERGY SOLUTIONS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended	
	June 30	
	2010	2009
	<i>(In thousands)</i>	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$ 213,851	\$ 468,083
Adjustments to reconcile net income to net cash from operating activities-		
Provision for depreciation	126,237	126,921
Nuclear fuel and lease amortization	78,324	53,265
Deferred rents and lease market valuation liability	(59,254)	(55,493)
Deferred income taxes and investment tax credits, net	113,978	63,309
Investment impairment	19,093	36,154
Accrued compensation and retirement benefits	7,132	(10,594)
Commodity derivative transactions, net	(29,308)	17,688
Gain on asset sales	(1,021)	(9,635)
Cash collateral, net	(38,211)	40,471
Decrease (increase) in operating assets-		
Receivables	(192,792)	179,373
Materials and supplies	(28,470)	16,609
Prepayments and other current assets	24,518	7,555
Increase (decrease) in operating liabilities-		
Accounts payable	(31,610)	(102,907)
Accrued taxes	(8,462)	(14,333)
Accrued interest	(457)	1,871
Other	24,907	(6,121)
Net cash provided from operating activities	218,455	812,216
CASH FLOWS FROM FINANCING ACTIVITIES:		
New Financing-		
Long-term debt		681,675
Short-term borrowings, net	75,891	145,009
Redemptions and Repayments-		
Long-term debt	(295,037)	(622,853)
Other	(686)	
Net cash provided from (used for) financing activities	(219,832)	203,831
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(566,187)	(634,967)
Proceeds from asset sales	115,657	15,771
Sales of investment securities held in trusts	956,813	537,078
Purchases of investment securities held in trusts	(978,785)	(550,730)

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Loans from (to) associated companies, net	631,172	(241,170)
Customer acquisition costs	(104,795)	
Leasehold improvement payments to associated companies	(51,204)	
Other	(1,295)	(22,034)
Net cash provided from (used for) investing activities	1,376	(896,052)
Net change in cash and cash equivalents	(1)	119,995
Cash and cash equivalents at beginning of period	12	39
Cash and cash equivalents at end of period	\$ 11	\$ 120,034

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

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OHIO EDISON COMPANY
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2010	2009	2010	2009
	<i>(In thousands)</i>			
STATEMENTS OF INCOME				
REVENUES:				
Electric sales	\$ 415,437	\$ 647,224	\$ 895,362	\$ 1,367,235
Excise and gross receipts tax collections	23,949	24,948	52,424	53,928
Total revenues	439,386	672,172	947,786	1,421,163
EXPENSES:				
Purchased power from affiliates	114,414	314,870	250,271	647,206
Purchased power from non-affiliates	98,462	98,330	210,513	236,143
Other operating expenses	88,275	111,938	177,130	269,768
Provision for depreciation	22,014	21,996	43,894	43,509
Amortization of regulatory assets, net	9,424	22,295	38,769	42,506
General taxes	43,362	43,903	90,854	93,023
Total expenses	375,951	613,332	811,431	1,332,155
OPERATING INCOME	63,435	58,840	136,355	89,008
OTHER INCOME (EXPENSE):				
Investment income	6,309	10,149	11,553	19,511
Miscellaneous income	1,295	2,681	1,003	1,871
Interest expense	(22,155)	(21,469)	(44,465)	(44,756)
Capitalized interest	295	279	503	499
Total other expense	(14,256)	(8,360)	(31,406)	(22,875)
INCOME BEFORE INCOME TAXES	49,179	50,480	104,949	66,133
INCOME TAXES	11,856	16,852	31,465	20,857
NET INCOME	37,323	33,628	73,484	45,276
Noncontrolling interest income	130	143	262	289

EARNINGS AVAILABLE TO PARENT	\$ 37,193	\$ 33,485	\$ 73,222	\$ 44,987
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**STATEMENTS OF COMPREHENSIVE
INCOME**

NET INCOME	\$ 37,323	\$ 33,628	\$ 73,484	\$ 45,276
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**OTHER COMPREHENSIVE INCOME
(LOSS):**

Pension and other postretirement benefits	322	89,864	4,337	95,602
Change in unrealized gain on available-for-sale securities	520	728	811	(1,981)
Other comprehensive income	842	90,592	5,148	93,621
Income tax expense (benefit) related to other comprehensive income	(26)	37,310	667	37,839
Other comprehensive income, net of tax	868	53,282	4,481	55,782

COMPREHENSIVE INCOME	38,191	86,910	77,965	101,058
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**COMPREHENSIVE INCOME
ATTRIBUTABLE TO NONCONTROLLING
INTEREST**

	130	143	262	289
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**COMPREHENSIVE INCOME AVAILABLE
TO PARENT**

	\$ 38,061	\$ 86,767	\$ 77,703	\$ 100,769
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The accompanying Combined Notes to the Consolidated Financial Statements are an integral part of these financial statements.

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**OHIO EDISON COMPANY
CONSOLIDATED BALANCE SHEETS
(Unaudited)**

	June 30, 2010	December 31, 2009
	<i>(In thousands)</i>	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 51,679	\$ 324,175
Receivables-		
Customers (less accumulated provisions of \$4,685,000 and \$5,119,000, respectively, for uncollectible accounts)	202,983	209,384
Associated companies	68,005	98,874
Other (less accumulated provisions of \$6,000 and \$18,000, respectively, for uncollectible accounts)	13,065	14,155
Notes receivable from associated companies	106,232	118,651
Prepayments and other	14,748	15,964
	456,712	781,203
UTILITY PLANT:		
In service	3,086,689	3,036,467
Less Accumulated provision for depreciation	1,189,802	1,165,394
	1,896,887	1,871,073
Construction work in progress	36,866	31,171
	1,933,753	1,902,244
OTHER PROPERTY AND INVESTMENTS:		
Investment in lease obligation bonds	204,812	216,600
Nuclear plant decommissioning trusts	126,405	120,812
Other	96,633	96,861
	427,850	434,273
DEFERRED CHARGES AND OTHER ASSETS:		
Regulatory assets	422,559	465,331
Pension assets	36,199	19,881
Property taxes	67,037	67,037
Unamortized sales and leaseback costs	32,626	35,127
Other	17,765	39,881
	576,186	627,257
	\$ 3,394,501	\$ 3,744,977

LIABILITIES AND CAPITALIZATION

CURRENT LIABILITIES:

Currently payable long-term debt	\$ 7,975	\$ 2,723
Short-term borrowings-		
Associated companies		92,863
Other	653	807
Accounts payable-		
Associated companies	54,891	102,763
Other	31,087	40,423
Accrued taxes	55,976	81,868
Accrued interest	25,639	25,749
Other	79,382	81,424
	255,603	428,620

CAPITALIZATION:

Common stockholder s equity-		
Common stock, without par value, authorized 175,000,000 shares - 60 shares outstanding	949,822	1,154,797
Accumulated other comprehensive loss	(159,096)	(163,577)
Retained earnings	58,112	29,890
Total common stockholder s equity	848,838	1,021,110
Noncontrolling interest	6,100	6,442
Total equity	854,938	1,027,552
Long-term debt and other long-term obligations	1,152,303	1,160,208
	2,007,241	2,187,760

NONCURRENT LIABILITIES:

Accumulated deferred income taxes	678,669	660,114
Accumulated deferred investment tax credits	10,882	11,406
Retirement benefits	171,056	174,925
Asset retirement obligations	81,941	85,926
Other	189,109	196,226
	1,131,657	1,128,597

COMMITMENTS AND CONTINGENCIES (Note 8)

	\$ 3,394,501	\$ 3,744,977
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The accompanying Combined Notes to the Consolidated Financial Statements are an integral part of these financial statements.

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OHIO EDISON COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended	
	June 30	
	2010	2009
	<i>(In thousands)</i>	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$ 73,484	\$ 45,276
Adjustments to reconcile net income to net cash from operating activities-		
Provision for depreciation	43,894	43,509
Amortization of regulatory assets, net	38,769	42,506
Purchased power cost recovery reconciliation	(1,514)	11,068
Amortization of lease costs	(4,619)	(4,540)
Deferred income taxes and investment tax credits, net	4,964	(11,252)
Accrued compensation and retirement benefits	(16,154)	(4,593)
Accrued regulatory obligations	(2,309)	18,350
Electric service prepayment programs		(4,603)
Cash collateral from suppliers	1,215	6,380
Decrease (increase) in operating assets-		
Receivables	49,250	(16,509)
Prepayments and other current assets	5,072	(6,290)
Increase (decrease) in operating liabilities-		
Accounts payable	(57,208)	(4,820)
Accrued taxes	(25,685)	(19,523)
Accrued interest	(110)	36
Other	(4)	10,086
Net cash provided from operating activities	109,045	105,081
CASH FLOWS FROM FINANCING ACTIVITIES:		
New Financing-		
Long-term debt		100,000
Short-term borrowings, net		114,617
Redemptions and Repayments-		
Long-term debt	(2,957)	(100,984)
Short-term borrowings, net	(93,017)	
Common stock dividend payments	(250,000)	(125,000)
Other	(881)	(1,627)
Net cash used for financing activities	(346,855)	(12,994)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(71,698)	(69,512)
Lease improvement payments from associated companies	18,375	
Sales of investment securities held in trusts	59,804	24,941

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Purchases of investment securities held in trusts	(64,063)	(30,877)
Loan repayments from associated companies, net	12,420	51,803
Cash investments	11,774	7,929
Other	(1,298)	1,098
Net cash used for investing activities	(34,686)	(14,618)
Net change in cash and cash equivalents	(272,496)	77,469
Cash and cash equivalents at beginning of period	324,175	146,343
Cash and cash equivalents at end of period	\$ 51,679	\$ 223,812

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

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THE CLEVELAND ELECTRIC ILLUMINATING COMPANY
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2010	2009	2010	2009
	<i>(In thousands)</i>			
STATEMENTS OF INCOME				
REVENUES:				
Electric sales	\$ 280,180	\$ 458,287	\$ 592,677	\$ 889,692
Excise tax collections	15,495	16,799	33,068	35,119
Total revenues	295,675	475,086	625,745	924,811
EXPENSES:				
Purchased power from affiliates	83,532	243,499	178,497	482,371
Purchased power from non-affiliates	48,541	49,414	100,367	121,160
Other operating expenses	28,937	39,177	60,172	104,007
Provision for depreciation	18,336	17,852	36,447	36,132
Amortization of regulatory assets	30,807	29,580	75,946	286,317
Deferral of new regulatory assets		(39,771)		(134,587)
General taxes	28,840	36,856	67,329	74,997
Total expenses	238,993	376,607	518,758	970,397
OPERATING INCOME (LOSS)	56,682	98,479	106,987	(45,586)
OTHER INCOME (EXPENSE):				
Investment income	6,605	7,614	14,152	16,034
Miscellaneous expense	675	798	1,257	2,792
Interest expense	(33,262)	(32,757)	(66,883)	(66,079)
Capitalized interest	7	51	33	118
Total other expense	(25,975)	(24,294)	(51,441)	(47,135)
INCOME (LOSS) BEFORE INCOME TAXES	30,707	74,185	55,546	(92,721)
INCOME TAX EXPENSE (BENEFIT)	8,785	26,461	19,628	(35,045)
NET INCOME (LOSS)	21,922	47,724	35,918	(57,676)
Noncontrolling interest income	366	419	785	877

EARNINGS (LOSS) AVAILABLE TO PARENT	\$ 21,556	\$ 47,305	\$ 35,133	\$ (58,553)
STATEMENTS OF COMPREHENSIVE INCOME				
NET INCOME (LOSS)	\$ 21,922	\$ 47,724	\$ 35,918	\$ (57,676)
OTHER COMPREHENSIVE INCOME (LOSS):				
Pension and other postretirement benefits	3,228	43,903	(19,357)	47,870
Income tax expense (benefit) related to other comprehensive income	976	17,936	(7,301)	19,306
Other comprehensive income (loss), net of tax	2,252	25,967	(12,056)	28,564
COMPREHENSIVE INCOME (LOSS)	24,174	73,691	23,862	(29,112)
COMPREHENSIVE INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST	366	419	785	877
COMPREHENSIVE INCOME (LOSS) AVAILABLE TO PARENT	\$ 23,808	\$ 73,272	\$ 23,077	\$ (29,989)

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

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THE CLEVELAND ELECTRIC ILLUMINATING COMPANY
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	June 30, 2010	December 31, 2009
	<i>(In thousands)</i>	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 245	\$ 86,230
Receivables-		
Customers (less accumulated provisions of \$4,809,000 and \$5,239,000, respectively, for uncollectible accounts)	198,970	209,335
Associated companies	73,008	98,954
Other	10,377	11,661
Notes receivable from associated companies	24,480	26,802
Prepayments and other	4,390	9,973
	311,470	442,955
UTILITY PLANT:		
In service	2,350,804	2,310,074
Less Accumulated provision for depreciation	911,368	888,169
	1,439,436	1,421,905
Construction work in progress	30,665	36,907
	1,470,101	1,458,812
OTHER PROPERTY AND INVESTMENTS:		
Investment in lessor notes	340,033	388,641
Other	10,108	10,220
	350,141	398,861
DEFERRED CHARGES AND OTHER ASSETS:		
Goodwill	1,688,521	1,688,521
Regulatory assets	468,119	545,505
Pension assets (Note 5)		13,380
Property taxes	77,319	77,319
Other	12,912	12,777
	2,246,872	2,337,502
	\$ 4,378,584	\$ 4,638,130

LIABILITIES AND CAPITALIZATION

CURRENT LIABILITIES:

Currently payable long-term debt	\$ 137	\$ 117
Short-term borrowings-		
Associated companies	224,031	339,728
Accounts payable-		
Associated companies	35,605	68,634
Other	15,707	17,166
Accrued taxes	77,051	90,511
Accrued interest	18,557	18,466
Other	49,897	45,440
	420,985	580,062

CAPITALIZATION:

Common stockholders' equity-		
Common stock, without par value, authorized 105,000,000 shares, 67,930,743 shares outstanding	884,878	884,897
Accumulated other comprehensive loss	(150,214)	(138,158)
Retained earnings	532,380	597,248
Total common stockholders' equity	1,267,044	1,343,987
Noncontrolling interest	18,017	20,592
Total equity	1,285,061	1,364,579
Long-term debt and other long-term obligations	1,852,488	1,872,750
	3,137,549	3,237,329

NONCURRENT LIABILITIES:

Accumulated deferred income taxes	632,696	644,745
Accumulated deferred investment tax credits	11,415	11,836
Retirement benefits	81,872	69,733
Other	94,067	94,425
	820,050	820,739

COMMITMENTS AND CONTINGENCIES (Note 8)

	\$ 4,378,584	\$ 4,638,130
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The accompanying Combined Notes to the Consolidated Financial Statements are an integral part of these financial statements.

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THE CLEVELAND ELECTRIC ILLUMINATING COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended	
	June 30	
	2010	2009
	<i>(In thousands)</i>	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (Loss)	\$ 35,918	\$ (57,676)
Adjustments to reconcile net income (loss) to net cash from operating activities-		
Provision for depreciation	36,447	36,132
Amortization of regulatory assets, net	75,946	286,317
Deferral of new regulatory assets		(134,587)
Purchased power cost recovery reconciliation		2,072
Deferred income taxes and investment tax credits, net	(18,083)	(58,506)
Accrued compensation and retirement benefits	5,421	2,092
Accrued regulatory obligations	(444)	12,057
Electric service prepayment programs		(3,510)
Cash collateral from suppliers	685	5,365
Decrease (increase) in operating assets-		
Receivables	51,757	(84,469)
Prepayments and other current assets	5,392	(1,145)
Increase (decrease) in operating liabilities-		
Accounts payable	(34,488)	18,991
Accrued taxes	(11,317)	(29,434)
Accrued interest	91	232
Other	1,932	3,265
Net cash provided from (used for) operating activities	149,257	(2,804)
CASH FLOWS FROM FINANCING ACTIVITIES:		
New Financing-		
Short-term borrowings, net		47,423
Redemptions and Repayments-		
Long-term debt	(54)	(368)
Short-term borrowings, net	(136,013)	
Common stock dividend payments	(100,000)	(25,000)
Other	(3,367)	(3,019)
Net cash provided from (used for) financing activities	(239,434)	19,036
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(44,373)	(46,434)
Loan repayments from (loans to) associated companies, net	2,322	(5,449)
Redemptions of lessor notes	48,608	37,070
Other	(2,365)	(1,415)

Net cash provided from (used for) investing activities	4,192	(16,228)
Net change in cash and cash equivalents	(85,985)	4
Cash and cash equivalents at beginning of period	86,230	226
Cash and cash equivalents at end of period	\$ 245	\$ 230

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

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THE TOLEDO EDISON COMPANY
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2010	2009	2010	2009
	<i>(In thousands)</i>			
STATEMENTS OF INCOME				
REVENUES:				
Electric sales	\$ 114,691	\$ 219,911	\$ 240,122	\$ 456,996
Excise tax collections	6,059	6,297	13,100	14,026
Total revenues	120,750	226,208	253,222	471,022
EXPENSES:				
Purchased power from affiliates	38,654	130,564	85,654	255,888
Purchased power from non-affiliates	23,675	18,244	49,784	58,781
Other operating expenses	25,499	35,480	51,044	80,484
Provision for depreciation	8,013	7,717	15,963	15,289
Amortization (deferral) of regulatory assets, net	(1,800)	11,771	(10,299)	21,668
General taxes	12,282	12,349	25,743	26,599
Total expenses	106,323	216,125	217,889	458,709
OPERATING INCOME	14,427	10,083	35,333	12,313
OTHER INCOME (EXPENSE):				
Investment income	5,057	7,529	8,857	13,013
Miscellaneous income (expense)	(945)	1,375	(2,351)	35
Interest expense	(10,455)	(9,262)	(20,942)	(14,795)
Capitalized interest	80	50	158	92
Total other expense	(6,263)	(308)	(14,278)	(1,655)
INCOME BEFORE INCOME TAXES	8,164	9,775	21,055	10,658
INCOME TAXES	948	3,370	6,330	3,261
NET INCOME	7,216	6,405	14,725	7,397
Noncontrolling interest income	2	1	5	3

EARNINGS AVAILABLE TO PARENT	\$	7,214	\$	6,404	\$	14,720	\$	7,394
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**STATEMENTS OF COMPREHENSIVE
INCOME**

NET INCOME	\$	7,216	\$	6,405	\$	14,725	\$	7,397
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**OTHER COMPREHENSIVE INCOME
(LOSS):**

Pension and other postretirement benefits		714		19,016		1,010		19,149
Change in unrealized gain on available-for-sale securities		(330)		(2,739)		39		(3,548)
Other comprehensive income		384		16,277		1,049		15,601
Income tax expense related to other comprehensive income		65		7,224		235		7,205
Other comprehensive income, net of tax		319		9,053		814		8,396

COMPREHENSIVE INCOME		7,535		15,458		15,539		15,793
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**COMPREHENSIVE INCOME
ATTRIBUTABLE TO NONCONTROLLING
INTEREST**

		2		1		5		3
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**COMPREHENSIVE INCOME AVAILABLE
TO PARENT**

	\$	7,533	\$	15,457	\$	15,534	\$	15,790
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The accompanying Combined Notes to the Consolidated Financial Statements are an integral part of these financial statements.

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**THE TOLEDO EDISON COMPANY
CONSOLIDATED BALANCE SHEETS
(Unaudited)**

	June 30, 2010	December 31, 2009
	<i>(In thousands)</i>	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 77,843	\$ 436,712
Receivables-		
Customers	128	75
Associated companies	52,068	90,191
Other (less accumulated provisions of \$298,000 and \$208,000, respectively, for uncollectible accounts)	18,866	20,180
Notes receivable from associated companies	95,919	85,101
Prepayments and other	3,503	7,111
	248,327	639,370
UTILITY PLANT:		
In service	932,788	912,930
Less Accumulated provision for depreciation	437,327	427,376
	495,461	485,554
Construction work in progress	7,906	9,069
	503,367	494,623
OTHER PROPERTY AND INVESTMENTS:		
Investment in lessor notes	103,872	124,357
Nuclear plant decommissioning trusts	75,540	73,935
Other	1,539	1,580
	180,951	199,872
DEFERRED CHARGES AND OTHER ASSETS:		
Goodwill	500,576	500,576
Regulatory assets	81,799	69,557
Property taxes	23,658	23,658
Other	38,655	55,622
	644,688	649,413
	\$ 1,577,333	\$ 1,983,278

LIABILITIES AND CAPITALIZATION

CURRENT LIABILITIES:

Currently payable long-term debt	\$	216	\$	222
Accounts payable-				
Associated companies		16,535		78,341
Other		6,972		8,312
Notes payable to associated companies				225,975
Accrued taxes		20,069		25,734
Lease market valuation liability		36,900		36,900
Other		22,244		29,273
		102,936		404,757

CAPITALIZATION:

Common stockholders' equity-				
Common stock, \$5 par value, authorized 60,000,000 shares, 29,402,054 shares outstanding		147,010		147,010
Other paid-in-capital		178,136		178,181
Accumulated other comprehensive loss		(48,989)		(49,803)
Retained earnings		99,210		214,490
Total common stockholders' equity		375,367		489,878
Noncontrolling interest		2,590		2,696
Total equity		377,957		492,574
Long-term debt and other long-term obligations		600,463		600,443
		978,420		1,093,017

NONCURRENT LIABILITIES:

Accumulated deferred income taxes		112,670		80,508
Accumulated deferred investment tax credits		6,148		6,367
Retirement benefits		67,507		65,988
Asset retirement obligations		27,819		32,290
Lease market valuation liability		217,750		236,200
Other		64,083		64,151