

PENNSYLVANIA POWER CO
Form 8-K
December 16, 2005

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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported) December 16, 2005

| Commission | Registrant; State of | I.R.S. Employer |
|---------------------------|---|----------------------------------|
| <u>File Number</u> | <u>Address; and Telephone</u> | <u>Identification No.</u> |
| | <u>Number</u> | |
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| 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 | T H E C L E V E L A N D ELECTRIC ILLUMINATING COMPANY (An Ohio Corporation) c/o FirstEnergy Corp. 76 South Main Street Akron, OH 44308 Telephone (800)736-3402 | 34-0150020 |
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1-3491 **PENNSYLVANIA POWER** **25-0718810**
COMPANY
(A Pennsylvania Corporation)
c/o FirstEnergy Corp.
76 South Main Street
Akron, OH 44308
Telephone (800)736-3402

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2.):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement.

See Item 2.01 below with respect to certain new power supply agreements among subsidiaries of FirstEnergy Corp. and Item 2.03 below with respect to certain Guaranties of FirstEnergy referred to therein.

Item 2.01 Completion of Acquisition or Disposition of Assets.

On December 16, 2005, Ohio Edison Company (OE), The Cleveland Electric Illuminating Company (CEI), The Toledo Edison Company (TE) and Pennsylvania Power Company (Penn, and together with OE, CEI and TE, the Utility Subsidiaries), certain operating utility subsidiaries of FirstEnergy, completed an intra-system transfer of nuclear generation assets to FirstEnergy Nuclear Generation Corp. (NGC). Penn's asset transfer was consummated pursuant to the Subscription and Capital Contribution Agreement (Penn Contribution Agreement) entered into with NGC on May 13, 2005. OE's asset transfer was consummated pursuant to the Capital Contribution Agreement (OE Contribution Agreement) entered into with NGC on May 18, 2005. CEI's and TE's asset transfers were consummated pursuant to the separate Nuclear Purchase and Sale Agreements (Nuclear PSAs) entered into with NGC on May 18, 2005. These agreements were previously disclosed on Form 8-K filed with the Securities and Exchange Commission (SEC) on May 19, 2005.

NGC was organized under the laws of the State of Ohio for the purpose of owning the nuclear generation assets transferred from the Utility Subsidiaries. The nuclear generating plant interests transferred do not include leasehold interests of OE and TE in certain of the nuclear plants that are currently subject to sale and leaseback arrangements with non-affiliates. FirstEnergy Nuclear Operating Company, a wholly owned subsidiary of FirstEnergy, will continue to operate and maintain the nuclear generation assets. In connection with the asset transfers, OE and TE have entered into a power supply agreement with NGC pursuant to which OE and TE will sell capacity, energy and ancillary services relating to their leasehold interests. The new agreement, which replaced in part a prior similar agreement among those companies and FirstEnergy Solutions Corp. (FES), is effective through December 31, 2010 with automatic one-year renewals thereafter unless terminated by the parties thereto. Under the new agreement, OE and TE will be compensated on a cost-of-service basis. NGC will sell all capacity, energy and ancillary services available from the nuclear assets transferred as well as under this new agreement to FES pursuant to a power sale agreement for subsequent resale to wholesale and retail customers.

Pursuant to the Penn Contribution Agreement, Penn previously acquired the common stock of NGC. Upon closing, Penn made a capital contribution to NGC of its undivided ownership interests in certain nuclear generation assets, together with associated decommissioning trust funds and other related assets. In connection with the contribution, NGC assumed Penn's obligations with respect to approximately \$63 million aggregate principal amount of outstanding pollution control debt and certain other liabilities associated with the transferred assets. In addition, Penn received a promissory note from NGC in the principal amount of approximately \$166 million, representing the net book value of the contributed assets as of September 30, 2005, less other liabilities assumed. The note bears interest at a rate per annum based on Penn's weighted average cost of long-term debt (5.39%), matures twenty years from the date of issuance, and is subject to prepayment at any time, in whole or in part, by NGC. Following the capital contribution, Penn distributed the common stock of NGC as a dividend to its parent, OE, such that NGC became a wholly owned subsidiary of OE, as further described below.

Pursuant to the OE Contribution Agreement, OE made a capital contribution to NGC of its undivided ownership interests in certain nuclear generation assets, the common stock of OES Nuclear Incorporated (OES Nuclear), a wholly owned subsidiary of OE that held an undivided ownership interest in the Perry Nuclear Power Plant, together with associated decommissioning trust funds and other related assets. In connection with the contribution, NGC assumed OE's obligations with respect to approximately \$115 million aggregate principal amount of outstanding pollution control debt and certain other liabilities associated with the transferred assets. In addition, OE received a

promissory note from NGC in the principal amount of approximately \$232 million, representing the net book value of the contributed assets as of September 30, 2005, less other liabilities assumed. The note bears interest at a rate per annum based on OE's weighted average cost of long-term debt (3.98%), matures twenty years from the date of issuance, and is subject to prepayment at any time, in whole or in part, by NGC. Following the capital contribution, OES Nuclear was merged with and into NGC, and OE distributed the common stock of NGC as a dividend to its parent, FirstEnergy, such that NGC is currently a direct wholly owned subsidiary of FirstEnergy.

Pursuant to the Nuclear PSAs, NGC purchased CEI's and TE's respective undivided ownership interests in certain nuclear generation assets for a purchase price equal to their net book values as of September 30, 2005 (CEI - \$993 million, TE - \$706 million), together with CEI's and TE's respective interests in associated decommissioning trust funds and other related assets, less the amount of obligations under outstanding pollution control debt (CEI - \$367 million, TE - \$284 million) and the agreed upon value of certain other liabilities associated with the transferred assets. As consideration, NGC delivered to each of CEI and TE a promissory note that is secured by a lien on the transferred assets, which bears interest at a rate per annum based on CEI's and TE's weighted average cost of long-term debt (5.99% and 4.38%, respectively), and matures twenty years from the date of issuance. NGC may pre-pay each note at any time, in whole or in part, at its option without penalty.

In conjunction with the asset transfers, FirstEnergy made a cash capital contribution to NGC of approximately \$750 million. NGC expects to use the proceeds from the capital contribution to pre-pay a portion of the promissory notes described above (CEI - \$465 million; TE - \$265 million; Penn - \$20 million).

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

On December 16, 2005, FirstEnergy entered into five separate guaranties (Guaranties) in connection with the issuance of five new series of pollution control revenue refunding bonds (Bonds) by the Ohio Water Development Authority (OWDA), Ohio Air Quality Development Authority (OAQDA) and Beaver County Industrial Development Authority (BCIDA, and together with the OWDA and OAQDA, the Authorities) on behalf of NGC as follows:

| Authority | Series | Principal Amount | Maturity |
|------------------|---------------|-------------------------|-----------------|
| OWDA | Series 2005-A | \$ 99,100,000 | August 1, 2033 |
| OWDA | Series 2005-B | 82,800,000 | January 1, 2034 |
| OAQDA | Series 2005-A | 8,000,000 | August 1, 2033 |
| OAQDA | Series 2005-B | 7,200,000 | January 1, 2034 |
| BCIDA | Series 2005-A | 72,650,000 | January 1, 2035 |
| Total | | \$269,750,000 | |

Principal or redemption price of and interest on, and purchase price of, each series of the Bonds is payable from a pledge of revenues derived by the respective Authority pursuant to a separate Loan Agreement between the respective Authority and NGC, and NGC's related unsecured promissory note. Payment of the principal or redemption price of and interest on, and purchase price of, the Bonds of each series will be fully secured by a separate irrevocable, direct-pay letter of credit (each a Letter of Credit) delivered to J.P. Morgan Trust Company, National Association, as Trustee for each series of Bonds, by Barclays Bank PLC (Barclays). Each Letter of Credit will permit the Trustee to draw up to (a) an amount sufficient to pay the principal of the applicable Bonds or the portion of the purchase price corresponding to principal of such Bonds, plus (b) an amount equal to 36 days' interest accrued on applicable Bonds, computed at a maximum rate of 10% per annum, to pay accrued and unpaid interest on such Bonds or the portion of the purchase price corresponding to accrued and unpaid interest on such Bonds. Each Letter of Credit will expire December 16, 2010 unless terminated earlier or extended in accordance with its terms. If a Letter of Credit is not extended, is cancelled or is replaced as described herein, the Bonds entitled to the benefit of that Letter of Credit will be subject to mandatory purchase prior to the cancellation, expiration or replacement of such Letter of Credit.

From the date of issuance of the Bonds, the Bonds of each series will accrue interest at Weekly Rates determined by the applicable remarketing agent as set forth in the related Trust Indenture. The method of determining the interest rate on the Bonds may be converted from time to time in accordance with the Trust Indenture to a Daily Rate, a Weekly Rate, a Commercial Paper Rate, a Semi-Annual Rate, an Annual Rate, a Two-Year Rate, a Three-Year Rate, a Five-Year Rate, a Long Term Rate or a Dutch Auction Rate. The Bonds of each series will be subject to optional, extraordinary optional and special mandatory redemption prior to maturity, and to optional and mandatory tender for

purchase and remarketing in certain circumstances described in the Trust Indentures.

FirstEnergy delivered a separate Guaranty to Barclays, as Administrative Agent and Fronting Bank under each Letter of Credit and Reimbursement Agreement, dated as of December 16, 2005, with NGC and the banks parties thereto pursuant to which Barclays issued each Letter of Credit. In certain circumstances relating to the attainment of investment grade credit ratings and specified levels of financial performance by FES or NGC in the future, FirstEnergy' may elect to have its obligations under each Guaranty reduced to zero.

The proceeds of the Bonds were used, together with additional funds provided by NGC in respect of applicable accrued interest and premium, if any, to refund an equal principal amount of bonds (the Prior Bonds) previously issued by the Authorities on behalf of OE (\$115 million), Penn (\$63 million) and TE (\$91 million). The Prior Bonds were issued to finance or refinance certain air quality and water pollution control facilities and sewage or solid waste disposal facilities at the Beaver Valley Power Station and the Perry Nuclear Power Plant.

The foregoing summary does not purport to be complete and is qualified in its entirety by reference to the complete text of each Guaranty, Reimbursement Agreement, Trust Indenture and Loan Agreement.

Item 9.01 Financial Statements and Exhibits.

(b) Pro forma financial information.

The following unaudited financial statements reflect the pro forma impact on each Utility Subsidiary of the nuclear generation asset transfers discussed above in Item 2.01 and the fossil and hydro-electric (non-nuclear) generation asset transfers to FirstEnergy Generation Corp. (FGCO) completed on October 24, 2005, as disclosed on Form 8-K filed with the SEC on October 24, 2005. The unaudited Pro Forma Consolidated Balance Sheets as of September 30, 2005 depict the impact of the asset transfers as if the transactions had occurred on September 30, 2005. The unaudited Pro Forma Consolidated Statements of Income for the nine month period ended September 30, 2005 depict the pro forma impact of the asset transfers as if the transactions had occurred on January 1, 2005. The pro forma financial statements have been prepared for comparative purposes only and do not purport to be indicative of future results of operations or financial condition.

Combined Explanatory Notes for the Pro Forma Consolidated Statements of Income

- a. The elimination of operating revenues from the lease rental of non-nuclear generation assets to FGCO.
- b. The elimination of depreciation expense on non-nuclear generation assets.
- c. The elimination of property tax expense on non-nuclear generation assets.
- d. The addition of interest income on the new associated company note receivable from FGCO for the transfer of non-nuclear generation net assets.
- e. The elimination of wholesale revenues from the sale of nuclear generation to FES.
- f. The elimination of fuel expense related to nuclear generation assets.
- g. The elimination of operating costs related to nuclear generation assets.
- h. The elimination of depreciation expense and asset retirement obligation accretion related to nuclear generation assets.
- i. The elimination of property tax expense on nuclear generation assets.
- j. The elimination of earnings on nuclear decommissioning trusts.
- k. The addition of interest income on the new associated company note receivable from NGC for the transfer of nuclear generation assets.
- l. The elimination of interest expense on pollution control revenue bonds to be transferred with the disposition of nuclear generation assets.
- m. The elimination of the allowance for borrowed funds used during construction on nuclear capital expenditures.
- n. The reduction of interest expense on associated company money pool debt resulting from the utilization of NGC's initial payment on the new associated company note receivable.
- o. To reclassify the reversal of the lease market valuation liability from nuclear operating costs to purchased power.
- p. The income tax effect of the pro forma adjustments at a composite tax rate of approximately 41%.

OHIO EDISON COMPANY

PRO FORMA CONSOLIDATED STATEMENT OF INCOME
for the nine month period ended September 30, 2005
(Unaudited)

| | Non-Nuclear | | Nuclear | | |
|---|----------------|----------------|------------------------------------|----------------|--------------|
| | As Reported | Adjustments | Pro Forma <i>(In thousands)</i> | Adjustments | Pro Forma |
| OPERATING REVENUES | \$ 2,268,760 | \$ (132,999) a | \$ 2,135,761 | \$ (219,942) e | \$ 1,915,819 |
| OPERATING EXPENSES AND TAXES: | | | | | |
| Fuel | 39,080 | | 39,080 | (32,188) f | 6,892 |
| Purchased power | 703,658 | | 703,658 | | 703,658 |
| Nuclear operating costs | 264,514 | | 264,514 | (122,527) g | 141,987 |
| Other operating costs | 293,530 | | 293,530 | | 293,530 |
| Provision for depreciation | 87,875 | (30,124) b | 57,751 | (10,520) h | 47,231 |
| Amortization of regulatory assets | 347,880 | | 347,880 | | 347,880 |
| Deferral of new regulatory assets | (107,750) | | (107,750) | | (107,750) |
| General taxes | 146,066 | (4,247) c | 141,819 | (4,415) i | 137,404 |
| Income taxes | 245,942 | (40,801) p | 205,141 | (21,691) p | 183,450 |
| Total operating expenses and taxes | 2,020,795 | (75,172) | 1,945,623 | (191,341) | 1,754,282 |
| OPERATING INCOME | 247,965 | (57,827) | 190,138 | (28,601) | 161,537 |
| | | | | (6,590) j | |
| | | | | 7,504 k | |
| OTHER INCOME (net of income taxes) | 37,352 | 20,832 d | 58,184 | 914 | 59,098 |
| NET INTEREST CHARGES: | | | | | |
| Interest on long-term debt | 44,330 | | 44,330 | (4,109) l | 40,221 |
| Allowance for borrowed funds used during construction | (8,255) | | (8,255) | 6,615 m | (1,640) |
| Other interest expense | 12,457 | | 12,457 | (455) n | 12,002 |
| | 1,534 | | 1,534 | | 1,534 |

| | | | | | |
|--|-------------------|--------------------|-------------------|--------------------|-------------------|
| Subsidiary's preferred stock dividend requirements | | | | | |
| Net interest charges | 50,066 | - | 50,066 | 2,051 | 52,117 |
| NET INCOME | 235,251 | (36,995) | 198,256 | (29,738) | 168,518 |
| PREFERRED STOCK DIVIDEND REQUIREMENTS | 1,976 | | 1,976 | | 1,976 |
| EARNINGS ON COMMON STOCK | \$ 233,275 | \$ (36,995) | \$ 196,280 | \$ (29,738) | \$ 166,542 |

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY

PRO FORMA CONSOLIDATED STATEMENT OF INCOME
for the nine month period ended September 30, 2005
(Unaudited)

| | Non-Nuclear | | Nuclear | | |
|---|------------------------|--------------------|-----------------------|--------------------|------------------|
| | As Reported | Adjustments | Pro Forma | Adjustments | Pro Forma |
| | | | (In thousands) | | |
| OPERATING REVENUES | \$ 1,408,341 | \$ (43,922) a | \$ 1,364,419 | \$ (165,683) e | \$ 1,198,736 |
| OPERATING EXPENSES AND TAXES: | | | | | |
| Fuel | 64,138 | | 64,138 | (24,614) f | 39,524 |
| Purchased power | 411,366 | | 411,366 | (23,400) o | 387,966 |
| Nuclear operating costs | 121,765 | | 121,765 | (121,765)g,o | - |
| Other operating costs | 227,759 | | 227,759 | | 227,759 |
| Provision for depreciation | 100,602 | (15,064) b | 85,538 | (30,036) h | 55,502 |
| Amortization of regulatory assets | 177,497 | | 177,497 | | 177,497 |
| Deferral of new regulatory assets | (126,508) | | (126,508) | | (126,508) |
| General taxes | 115,546 | (5,276) c | 110,270 | (6,719) i | 103,551 |
| Income taxes | 94,897 | (9,731) p | 85,166 | 20,605 p | 105,771 |
| Total operating expenses and taxes | 1,187,062 | (30,071) | 1,156,991 | (185,929) | 971,062 |
| OPERATING INCOME | 221,279 | (13,851) | 207,428 | 20,246 | 227,674 |
| | | | | (16,118) j | |
| | | | | 13,934 k | |
| OTHER INCOME (net of income taxes) | 37,691 | 10,276 d | 47,967 | (2,184) | 45,783 |
| NET INTEREST CHARGES: | | | | | |
| Interest on long-term debt | 83,452 | | 83,452 | | 83,452 |
| Allowance for borrowed funds used during construction | (2,012) | | (2,012) | 1,489 m | (523) |
| Other interest expense | 12,952 | | 12,952 | (10,567) n | 2,385 |
| Net interest charges | 94,392 | - | 94,392 | (9,078) | 85,314 |

| | | | | | |
|--|------------|------------|------------|-----------|------------|
| NET INCOME | 164,578 | (3,575) | 161,003 | 27,140 | 188,143 |
| PREFERRED STOCK DIVIDEND REQUIREMENTS | 2,918 | | 2,918 | | 2,918 |
| EARNINGS ON COMMON STOCK | \$ 161,660 | \$ (3,575) | \$ 158,085 | \$ 27,140 | \$ 185,225 |

THE TOLEDO EDISON COMPANY

PRO FORMA CONSOLIDATED STATEMENT OF INCOME

for the nine month period ended September 30, 2005

(Unaudited)

| | As Reported | Non-Nuclear Adjustments | Pro Forma (In thousands) | Nuclear Adjustments | Pro Forma |
|---|------------------------|------------------------------------|---|--------------------------------|----------------------|
| OPERATING REVENUES | \$ 787,824 | \$ (10,887) a | \$ 776,937 | \$ (97,584) e | \$ 679,353 |
| OPERATING EXPENSES AND TAXES: | | | | | |
| Fuel | 43,474 | | 43,474 | (15,112) f | 28,362 |
| Purchased power | 225,600 | | 225,600 | | 225,600 |
| Nuclear operating costs | 145,059 | | 145,059 | (82,810) g | 62,249 |
| Other operating costs | 123,823 | | 123,823 | | 123,823 |
| Provision for depreciation | 48,724 | (2,505) b | 46,219 | (19,867) h | 26,352 |
| Amortization of regulatory assets | 107,672 | | 107,672 | | 107,672 |
| Deferral of new regulatory assets | (41,473) | | (41,473) | | (41,473) |
| General taxes | 41,960 | (1,901) c | 40,059 | (2,678) i | 37,381 |
| Income taxes | 44,160 | (2,675) p | 41,485 | 11,725 p | 53,210 |
| Total operating expenses and taxes | 738,999 | (7,081) | 731,918 | (108,742) | 623,176 |
| OPERATING INCOME | 48,825 | (3,806) | 45,019 | 11,158 | 56,177 |
| | | | | (11,446) j | |
| | | | | 8,504 k | |
| OTHER INCOME (net of income taxes) | 18,173 | 1,915 d | 20,088 | (2,942) | 17,146 |
| NET INTEREST CHARGES: | | | | | |
| Interest on long-term debt | 12,655 | | 12,655 | | 12,655 |
| Allowance for borrowed funds used during construction | (117) | | (117) | 495 m | 378 |
| Other interest expense | 4,192 | | 4,192 | (6,022) n | (1,830) |
| Net interest charges | 16,730 | - | 16,730 | (5,527) | 11,203 |

| | | | | | |
|--|-----------|------------|-----------|-----------|-----------|
| NET INCOME | 50,268 | (1,891) | 48,377 | 13,743 | 62,120 |
| PREFERRED STOCK DIVIDEND REQUIREMENTS | 6,109 | | 6,109 | | 6,109 |
| EARNINGS ON COMMON STOCK | \$ 44,159 | \$ (1,891) | \$ 42,268 | \$ 13,743 | \$ 56,011 |

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PENNSYLVANIA POWER COMPANY

PRO FORMA CONSOLIDATED STATEMENT OF INCOME
for the nine month period ended September 30, 2005

(Unaudited)

| | As Reported | Non-Nuclear Adjustments | Pro Forma <i>(In thousands)</i> | Nuclear Adjustments | Pro Forma |
|---|----------------|----------------------------|---------------------------------------|------------------------|--------------|
| OPERATING REVENUES | \$ 414,306 | \$ (15,102) a | \$ 399,204 | \$ (117,776) e | \$ 281,428 |
| OPERATING EXPENSES AND TAXES: | | | | | |
| Fuel | 17,351 | | 17,351 | (17,330) f | 21 |
| Purchased power | 131,948 | | 131,948 | | 131,948 |
| Nuclear operating costs | 56,710 | | 56,710 | (56,710) g | - |
| Other operating costs | 48,541 | | 48,541 | | 48,541 |
| Provision for depreciation | 11,351 | (2,726) b | 8,625 | (1,618) h | 7,007 |
| Amortization of regulatory assets | 29,499 | | 29,499 | | 29,499 |
| General taxes | 19,752 | (253) c | 19,499 | (769) i | 18,730 |
| Income taxes | 43,055 | (5,026) p | 38,029 | (17,780) p | 20,249 |
| Total operating expenses and taxes | 358,207 | (8,005) | 350,202 | (94,207) | 255,995 |
| OPERATING INCOME | 56,099 | (7,097) | 49,002 | (23,569) | 25,433 |
| OTHER INCOME (net of income taxes) | 623 | 2,951 d | 3,574 | 3,445 k | 7,019 |
| NET INTEREST CHARGES: | | | | | |
| Interest expense | 7,477 | | 7,477 | (2,821) n | 4,656 |
| Allowance for borrowed funds used during construction | (4,508) | | (4,508) | 4,357 m | (151) |
| Net interest charges | 2,969 | - | 2,969 | 1,536 | 4,505 |
| NET INCOME | 53,753 | (4,146) | 49,607 | (21,660) | 27,947 |
| PREFERRED STOCK DIVIDEND | 1,534 | | 1,534 | | 1,534 |

REQUIREMENTS

EARNINGS ON

| | | | | | |
|---------------------|-----------|------------|-----------|-------------|-----------|
| COMMON STOCK | \$ 52,219 | \$ (4,146) | \$ 48,073 | \$ (21,660) | \$ 26,413 |
|---------------------|-----------|------------|-----------|-------------|-----------|

Combined Explanatory Notes for the Pro Forma Consolidated Balance Sheets

- a. The transfer of non-nuclear generation plant in service to FGCO.
- b. The transfer of the accumulated provision for depreciation on non-nuclear plant in service to FGCO.
- c. The establishment of an associated company note receivable as consideration for pollution control debt to be assumed by FGCO or NGC at a future date.
- d. The establishment of an associated company note receivable as consideration for the purchased assets and assumption of liabilities.
- e. The transfer of other property and investments related to non-nuclear plant assets to FGCO.
- f. The transfer of the current portion of pollution control revenue bonds related to nuclear generation plant to NGC.
- g. The transfer of materials and supplies for non-nuclear generation plant to FGCO.
- h. The transfer of accrued interest for debt related to nuclear generation plant to NGC.
- i. The distribution of the nuclear net assets spin as a dividend to the respective parent company.
- j. To record in other paid-in capital the difference between the net book value and the purchase price, pursuant to the purchase option in the Master Lease, for the non-nuclear generation assets.
- k. The transfer of unrealized gains and losses on decommissioning trust investments recorded as other comprehensive income to NGC.
- l. The use of proceeds from the nuclear asset transfer to reduce associated company money pool debt.
- m. The transfer of accumulated deferred income taxes for non-nuclear generation plant to FGCO.
- n. The transfer of accumulated deferred investment tax credits for non-nuclear generation plant to FGCO.
- o. The transfer of asset retirement obligations related to the non-nuclear generation plants to FGCO.
- p. The transfer of other property and investments related to nuclear plant assets to NGC.
- q. The transfer of nuclear plant in service and nuclear fuel in service to NGC.
- r. The transfer of the accumulated provision for depreciation and amortization for nuclear plant in service and nuclear fuel in service to NGC.
- s. The transfer of nuclear plant construction work in progress to NGC.
- t. The transfer of nuclear fuel construction work in progress to NGC.
- u. The transfer of nuclear plant decommissioning trusts to NGC.
- v. The establishment of a parent company investment in NGC.
- w. The transfer of materials and supplies for nuclear plant to NGC.
- x. The reversal of regulatory liabilities to reflect the discontinued application of SFAS No. 71 accounting for decommissioning trust activity.
- y. The transfer of other current liabilities related to nuclear generation plant to NGC.
- z. The transfer of accumulated deferred income taxes for nuclear generation plant to NGC.
- aa. The transfer of other deferred charges for nuclear plant to NGC.
- bb. The transfer of asset retirement obligations related to the nuclear generation plants to NGC.
- cc. The transfer of the long-term portion of pollution control revenue bonds related to nuclear generation plant to NGC.
- dd.

The transfer of accumulated deferred investment tax credits for nuclear generation plant to NGC.

ee. The transfer of OES Nuclear common stock to NGC.

OHIO EDISON COMPANY
PRO FORMA CONSOLIDATED BALANCE SHEET
As of September 30, 2005
(Unaudited)

| | As Reported | Non-nuclear Adjustments | Pro Forma | Nuclear Adjustments | Transfer Investment in Subsidiary | Pro Forma |
|--|----------------|----------------------------|--------------|------------------------|--|--------------|
| (In thousands) | | | | | | |
| ASSETS | | | | | | |
| UTILITY PLANT: | | | | | | |
| In service | \$ 5,573,996 | \$ (2,248,017) a | \$ 3,325,979 | \$ (1,056,145) q | \$ - | \$ 2,269,834 |
| Less-Accumulated provision for depreciation | 2,793,343 | (1,317,719) b | 1,475,624 | (631,569) r | | 844,055 |
| | 2,780,653 | (930,298) | 1,850,355 | (424,576) | - | 1,425,779 |
| Construction work in progress- | | | | | | - |
| Electric plant | 246,325 | | 246,325 | (225,116) s | | 21,209 |
| Nuclear Fuel | 17,972 | | 17,972 | (17,972) t | | - |
| | 264,297 | - | 264,297 | (243,088) | - | 21,209 |
| | 3,044,950 | (930,298) | 2,114,652 | (667,664) | - | 1,446,988 |
| OTHER PROPERTY AND INVESTMENTS: | | | | | | |
| Investment in lease obligation bonds | 341,335 | | 341,335 | | | 341,335 |
| Nuclear plant decommissioning trusts | 462,439 | | 462,439 | (362,099) u | | 100,340 |
| Long-term notes receivable from associated companies | 207,089 | 1,146,169 c,d | 1,353,258 | 377,430 c,d | | 1,730,688 |
| Other | 44,623 | (367) e | 44,256 | 112,709 p,v | (112,911) i | 44,054 |
| | 1,055,486 | 1,145,802 | 2,201,288 | 128,040 | (112,911) | 2,216,417 |
| CURRENT ASSETS: | | | | | | |
| Cash and cash equivalents | 900 | | 900 | | | 900 |
| Receivables- | | | | | | - |
| Customers | 285,462 | | 285,462 | | | 285,462 |
| Associated companies | 121,262 | | 121,262 | | | 121,262 |
| Other | 20,653 | | 20,653 | | | 20,653 |
| Notes receivable from associated companies | 798,513 | | 798,513 | | | 798,513 |
| Materials and supplies, at average cost | 92,610 | (2,644) g | 89,966 | (89,966) w | | - |

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| | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| Prepayments and other | 17,336 | | 17,336 | | | 17,336 |
| | 1,336,736 | (2,644) | 1,334,092 | (89,966) | - | 1,244,126 |
| DEFERRED CHARGES: | | | | | | |
| Regulatory assets | 844,590 | | 844,590 | 63,367 x | | 907,957 |
| Property taxes | 61,419 | | 61,419 | | | 61,419 |
| Unamortized sale and leaseback costs | 56,477 | | 56,477 | | | 56,477 |
| Other | 67,093 | | 67,093 | (3,454) aa | | 63,639 |
| | 1,029,579 | - | 1,029,579 | 59,913 | | 1,089,492 |
| | \$ 6,466,751 | \$ 212,860 | \$ 6,679,611 | \$ (569,677) | \$ (112,911) | \$ 5,997,023 |
| CAPITALIZATION AND LIABILITIES | | | | | | |
| CAPITALIZATION: | | | | | | |
| Common stockholder's equity- | | | | | | |
| Common stock, without par value | \$ 2,099,099 | \$ 174,835 j | \$ 2,273,934 | \$ (10) ee | \$ - | \$ 2,273,924 |
| Accumulated other comprehensive loss | (58,484) | | (58,484) | (7,181) k | | (65,665) |
| Retained earnings | 434,473 | | 434,473 | 37,147 x | (112,911) i | 358,709 |
| Total common stockholder's equity | 2,475,088 | 174,835 | 2,649,923 | 29,956 | (112,911) | 2,566,968 |
| Preferred stock | 60,965 | | 60,965 | | | 60,965 |
| Preferred stock of consolidated subsidiary | 14,105 | | 14,105 | | | 14,105 |
| Long-term debt and other long-term obligations | 1,099,147 | | 1,099,147 | (267,728) cc | | 831,419 |
| | 3,649,305 | 174,835 | 3,824,140 | (237,772) | (112,911) | 3,473,457 |
| CURRENT LIABILITIES: | | | | | | |
| Currently payable long-term debt | 273,656 | | 273,656 | (15,500) f | | 258,156 |
| Short-term borrowings- | | | | | | |
| Associated companies | 120,971 | | 120,971 | (20,000) l | | 100,971 |
| Other | 123,584 | | 123,584 | | | 123,584 |
| Accounts payable- | | | | | | |
| Associated companies | 81,980 | | 81,980 | | | 81,980 |
| Other | 11,289 | | 11,289 | | | 11,289 |
| Accrued taxes | 213,843 | | 213,843 | | | 213,843 |
| Other | 117,268 | | 117,268 | (4,756) y | | 112,512 |
| | 942,591 | - | 942,591 | (40,256) | - | 902,335 |
| NONCURRENT LIABILITIES: | | | | | | |
| Accumulated deferred income taxes | 688,702 | 71,153 m | 759,855 | 2,432 z | | 762,287 |
| | 52,108 | (23,908) n | 28,200 | (812) dd | | 27,388 |

Accumulated deferred
investment tax credits

| | | | | | | |
|-----------------------------|-----------|-----------|-----------|--------------|---|-----------|
| Asset retirement obligation | 364,525 | (9,220) o | 355,305 | (293,269) bb | | 62,036 |
| Retirement benefits | 320,044 | | 320,044 | | | 320,044 |
| Other | 449,476 | | 449,476 | | | 449,476 |
| | 1,874,855 | 38,025 | 1,912,880 | (291,649) | - | 1,621,231 |

**COMMITMENTS
AND
CONTINGENCIES**

| | | | | | | |
|--|--------------|------------|--------------|--------------|--------------|--------------|
| | \$ 6,466,751 | \$ 212,860 | \$ 6,679,611 | \$ (569,677) | \$ (112,911) | \$ 5,997,023 |
|--|--------------|------------|--------------|--------------|--------------|--------------|

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY
PRO FORMA CONSOLIDATED BALANCE SHEET
as of September 30, 2005
(Unaudited)

| ASSETS | Non-nuclear | | Nuclear | | Pro Forma |
|--|--------------|------------------|--------------|------------------|--------------|
| | As Reported | Adjustments | Pro Forma | Adjustments | |
| (In thousands) | | | | | |
| UTILITY PLANT: | | | | | |
| In service | \$ 4,498,876 | \$ (1,252,552) a | \$ 3,246,324 | \$ (1,235,420) q | \$ 2,010,904 |
| Less-Accumulated provision for depreciation | 2,020,868 | (823,166) b | 1,197,702 | (422,802) r | 774,900 |
| | 2,478,008 | (429,386) | 2,048,622 | (812,618) | 1,236,004 |
| Construction work in progress- | | | | | |
| Electric plant | 90,911 | | 90,911 | (53,982) s | 36,929 |
| Nuclear fuel | 8,632 | | 8,632 | (8,632) t | - |
| | 99,543 | - | 99,543 | (62,614) | 36,929 |
| | 2,577,551 | (429,386) | 2,148,165 | (875,232) | 1,272,933 |
| OTHER PROPERTY AND INVESTMENTS: | | | | | |
| Investment in lessor notes | 564,169 | | 564,169 | | 564,169 |
| Nuclear plant decommissioning trusts | 427,920 | | 427,920 | (427,920) u | - |
| Long-term notes receivable from associated companies | 8,774 | 389,462 c,d | 398,236 | 528,102 c,d | 926,338 |
| Other | 16,028 | (3,889) e | 12,139 | (1,518) p | 10,621 |
| | 1,016,891 | 385,573 | 1,402,464 | 98,664 | 1,501,128 |
| CURRENT ASSETS: | | | | | |
| Cash and cash equivalents | 207 | | 207 | | 207 |
| Receivables- | | | | | |
| Customers | 255,769 | | 255,769 | | 255,769 |
| Associated companies | 19,883 | | 19,883 | | 19,883 |
| Other | 9,651 | | 9,651 | | 9,651 |
| Materials and supplies, at average cost | 72,506 | (11,461) g | 61,045 | (61,045) w | - |
| Prepayments and other | 2,769 | | 2,769 | | 2,769 |
| | 360,785 | (11,461) | 349,324 | (61,045) | 288,279 |
| DEFERRED CHARGES: | | | | | |
| Goodwill | 1,688,966 | | 1,688,966 | | 1,688,966 |
| Regulatory assets | 889,127 | | 889,127 | | 889,127 |
| Property taxes | 77,792 | | 77,792 | | 77,792 |

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| | | | | | |
|--|--------------|---------------|--------------|--------------|--------------|
| Other | 29,995 | | 29,995 | | 29,995 |
| | 2,685,880 | - | 2,685,880 | - | 2,685,880 |
| | \$ 6,641,107 | \$ (55,274) | \$ 6,585,833 | \$ (837,613) | \$ 5,748,220 |
| CAPITALIZATION AND LIABILITIES | | | | | |
| CAPITALIZATION: | | | | | |
| Common stockholder's equity- | | | | | |
| Common stock, without par value | \$ 1,356,998 | \$ (31,330) j | \$ 1,325,668 | \$ - | \$ 1,325,668 |
| Accumulated other comprehensive income | 12,148 | | 12,148 | (30,231) k | (18,083) |
| Retained earnings | 574,394 | | 574,394 | | 574,394 |
| Total common stockholder's equity | 1,943,540 | (31,330) | 1,912,210 | (30,231) | 1,881,979 |
| Long-term debt and other long-term obligations | | | | | |
| | 1,939,730 | | 1,939,730 | | 1,939,730 |
| | 3,883,270 | (31,330) | 3,851,940 | (30,231) | 3,821,709 |
| CURRENT LIABILITIES: | | | | | |
| Currently payable long-term debt | | | | | |
| | 75,706 | | 75,706 | | 75,706 |
| Short-term borrowings- | | | | | |
| Associated companies | 518,784 | | 518,784 | (465,000) l | 53,784 |
| Other | 35,000 | | 35,000 | | 35,000 |
| Accounts payable- | | | | | |
| Associated companies | 33,802 | | 33,802 | | 33,802 |
| Other | 6,702 | | 6,702 | | 6,702 |
| Accrued taxes | 156,630 | | 156,630 | | 156,630 |
| Accrued interest | 27,242 | | 27,242 | | 27,242 |
| Lease market valuation liability | | | | | |
| | 60,200 | | 60,200 | | 60,200 |
| Other | 39,094 | | 39,094 | (4,412) y | 34,682 |
| | 953,160 | - | 953,160 | (469,412) | 483,748 |
| NONCURRENT LIABILITIES: | | | | | |
| Accumulated deferred income taxes | | | | | |
| | 552,072 | (6,472) m | 545,600 | (39,443) z | 506,157 |
| Accumulated deferred investment tax credits | | | | | |
| | 58,736 | (14,682) n | 44,054 | (21,552) dd | 22,502 |
| Lease market valuation liability | | | | | |
| | 623,100 | | 623,100 | | 623,100 |
| Asset retirement obligation | | | | | |
| | 280,765 | (2,790) o | 277,975 | (276,975) bb | 1,000 |
| Retirement benefits | 86,597 | | 86,597 | | 86,597 |
| Other | 203,407 | | 203,407 | | 203,407 |
| | 1,804,677 | (23,944) | 1,780,733 | (337,970) | 1,442,763 |
| COMMITMENTS AND CONTINGENCIES | | | | | |
| | \$ 6,641,107 | \$ (55,274) | \$ 6,585,833 | \$ (837,613) | \$ 5,748,220 |

THE TOLEDO EDISON COMPANY
PRO FORMA CONSOLIDATED BALANCE SHEET
as of September 30, 2005
(Unaudited)

| ASSETS | Non-nuclear | | Nuclear | | Pro Forma |
|--|--------------|----------------|--------------|----------------|------------|
| | As Reported | Adjustments | Pro Forma | Adjustments | |
| (In thousands) | | | | | |
| UTILITY PLANT: | | | | | |
| In service | \$ 1,906,941 | \$ (250,615) a | \$ 1,656,326 | \$ (839,701) q | \$ 816,625 |
| Less-Accumulated provision for depreciation | 820,562 | (179,503) b | 641,059 | (273,936) r | 367,123 |
| | 1,086,379 | (71,112) | 1,015,267 | (565,765) | 449,502 |
| Construction work in progress- | | | | | |
| Electric plant | 55,376 | | 55,376 | (42,989) s | 12,387 |
| Nuclear Fuel | 7,370 | | 7,370 | (7,371) t | (1) |
| | 62,746 | - | 62,746 | (50,360) | 12,386 |
| | 1,149,125 | (71,112) | 1,078,013 | (616,125) | 461,888 |
| OTHER PROPERTY AND INVESTMENTS: | | | | | |
| Investment in lessor notes | 178,765 | | 178,765 | | 178,765 |
| Nuclear plant decommissioning trusts | 335,553 | | 335,553 | (275,419) u | 60,134 |
| Long-term notes receivable from associated companies | 39,964 | 99,257 c,d | 139,221 | 440,780 c,d | 580,001 |
| Other | 1,741 | (149) e | 1,592 | (62) p | 1,530 |
| | 556,023 | 99,108 | 655,131 | 165,299 | 820,430 |
| CURRENT ASSETS: | | | | | |
| Cash and cash equivalents | 15 | | 15 | | 15 |
| Receivables- | | | | | |
| Customers | 2,412 | | 2,412 | | 2,412 |
| Associated companies | 10,168 | | 10,168 | | 10,168 |
| Other | 8,658 | | 8,658 | | 8,658 |
| Notes receivable from associated companies | 52,639 | | 52,639 | | 52,639 |
| Materials and supplies, at average cost | 42,404 | (620) g | 41,784 | (41,783) w | 1 |
| Prepayments and other | 1,712 | | 1,712 | | 1,712 |
| | 118,008 | (620) | 117,388 | (41,783) | 75,605 |

| DEFERRED CHARGES: | | | | | |
|---|--------------|-----------|--------------|--------------|--------------|
| Goodwill | 501,022 | | 501,022 | | 501,022 |
| Regulatory assets | 309,835 | | 309,835 | | 309,835 |
| Property taxes | 24,100 | | 24,100 | | 24,100 |
| Other | 26,520 | | 26,520 | | 26,520 |
| | 861,477 | - | 861,477 | - | 861,477 |
| | \$ 2,684,633 | \$ 27,376 | \$ 2,712,009 | \$ (492,609) | \$ 2,219,400 |
| CAPITALIZATION AND LIABILITIES | | | | | |
| CAPITALIZATION: | | | | | |
| Common stockholder's equity- | | | | | |
| Common stock, \$5 par value | \$ 195,670 | | \$ 195,670 | \$ - | \$ 195,670 |
| Other paid-in capital | 428,572 | 23,220 j | 451,792 | | 451,792 |
| Accumulated other comprehensive income | 15,878 | | 15,878 | (18,487) k | (2,609) |
| Retained earnings | 225,218 | | 225,218 | | 225,218 |
| Total common stockholder's equity | 865,338 | 23,220 | 888,558 | (18,487) | 870,071 |
| Preferred stock not subject to mandatory redemption | 96,000 | | 96,000 | | 96,000 |
| Long-term debt | 296,373 | | 296,373 | | 296,373 |
| | 1,257,711 | 23,220 | 1,280,931 | (18,487) | 1,262,444 |
| CURRENT LIABILITIES: | | | | | |
| Currently payable long-term debt | 53,650 | | 53,650 | | 53,650 |
| Accounts payable-Associated companies | 28,456 | | 28,456 | | 28,456 |
| Other | 3,252 | | 3,252 | | 3,252 |
| Notes payable to associated companies | 378,190 | | 378,190 | (265,000) l | 113,190 |
| Accrued taxes | 72,214 | | 72,214 | | 72,214 |
| Lease market valuation liability | 24,600 | | 24,600 | | 24,600 |
| Other | 28,735 | | 28,735 | (3,460) y | 25,275 |
| | 589,097 | - | 589,097 | (268,460) | 320,637 |
| NONCURRENT LIABILITIES: | | | | | |
| Accumulated deferred income taxes | 222,985 | 9,510 m | 232,495 | (21,331) z | 211,164 |
| Accumulated deferred investment tax credits | 24,697 | (3,675) n | 21,022 | (8,953) dd | 12,069 |
| Lease market valuation liability | 249,550 | | 249,550 | | 249,550 |
| Retirement benefits | 42,998 | | 42,998 | | 42,998 |
| Asset retirement obligation | 200,078 | (1,679) o | 198,399 | (175,378) bb | 23,021 |

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| | | | | | |
|--|--------------|-----------|--------------|--------------|--------------|
| Other | 97,517 | | 97,517 | | 97,517 |
| | 837,825 | 4,156 | 841,981 | (205,662) | 636,319 |
| COMMITMENTS AND CONTINGENCIES | | | | | |
| | \$ 2,684,633 | \$ 27,376 | \$ 2,712,009 | \$ (492,609) | \$ 2,219,400 |

PENNSYLVANIA POWER COMPANY
PRO FORMA CONSOLIDATED BALANCE SHEET
as of September 30, 2005
(Unaudited)

| | Non-nuclear | | Nuclear | | Transfer | Pro |
|--|-------------|----------------|------------|----------------|-------------|------------|
| | As | | Pro | | Investment | Forma |
| | Reported | Adjustments | Forma | Adjustments | in | Forma |
| | | | | | Subsidiary | |
| (In thousands) | | | | | | |
| ASSETS | | | | | | |
| UTILITY PLANT: | | | | | | |
| In service | \$ 907,382 | \$ (252,767) a | \$ 654,615 | \$ (298,067) q | \$ - | \$ 356,548 |
| Less-Accumulated provision for depreciation | 378,707 | (129,810) b | 248,897 | (122,028) r | | 126,869 |
| | 528,675 | (122,957) | 405,718 | (176,039) | - | 229,679 |
| Construction work in progress- | | | | | | |
| Electric plant | 133,790 | | 133,790 | (130,909) s | | 2,881 |
| Nuclear Fuel | 10,428 | | 10,428 | (10,428) t | | - |
| | 144,218 | - | 144,218 | (141,337) | - | 2,881 |
| | 672,893 | (122,957) | 549,936 | (317,376) | - | 232,560 |
| OTHER PROPERTY AND INVESTMENTS: | | | | | | |
| Nuclear plant decommissioning trusts | 146,706 | | 146,706 | (146,706) u | | - |
| Long-term notes receivable from associated companies | 32,864 | 124,699 c,d | 157,563 | 145,559 d | | 303,122 |
| Other | 502 | (183) e | 319 | 112,911 v | (112,911) i | 319 |
| | 180,072 | 124,516 | 304,588 | 111,764 | (112,911) | 303,441 |
| CURRENT ASSETS: | | | | | | |
| Cash and cash equivalents | 24 | | 24 | | | 24 |
| Notes receivable from associated companies | 566 | | 566 | | | 566 |
| Receivables- | | | | | | |
| Customers | 44,990 | | 44,990 | | | 44,990 |
| Associated companies | 6,206 | | 6,206 | | | 6,206 |
| Other | 2,617 | | 2,617 | | | 2,617 |
| Materials and supplies, at average cost | 37,974 | (671) g | 37,303 | (37,303) w | | - |
| Prepayments and other | 12,110 | | 12,110 | | | 12,110 |
| | 104,487 | (671) | 103,816 | (37,303) | - | 66,513 |
| DEFERRED CHARGES: | | | | | | |

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| | | | | | | |
|---|------------|-----------|------------|--------------|--------------|------------|
| Regulatory assets | - | - | 15,558 x | 15,558 | | |
| Other | 10,721 | | 10,721 | (2,253aa | | 8,468 |
| | 10,721 | - | 10,721 | 13,305 | - | 24,026 |
| | \$ 968,173 | \$ 888 | \$ 969,061 | \$ (229,610) | \$ (112,911) | \$ 626,540 |
| CAPITALIZATION AND LIABILITIES | | | | | | |
| CAPITALIZATION: | | | | | | |
| Common stockholder's equity- | | | | | | |
| Common stock, \$30 par value | | | | | | |
| | \$ 188,700 | \$ - | \$ 188,700 | \$ - | \$ - | \$ 188,700 |
| Other paid-in capital | 65,035 | 2,455 j | 67,490 | | | 67,490 |
| Accumulated other comprehensive loss | (13,706) | | (13,706) | | | (13,706) |
| Retained earnings | 131,914 | | 131,914 | 37,147 x | (112,911 i) | 56,150 |
| Total common stockholder's equity | 371,943 | 2,455 | 374,398 | 37,147 | (112,911) | 298,634 |
| Preferred stock not subject to mandatory redemption | 14,105 | | 14,105 | | | 14,105 |
| Long-term debt and other long-term obligations | 121,170 | | 121,170 | (52,828cc | | 68,342 |
| | 507,218 | 2,455 | 509,673 | (15,681) | (112,911) | 381,081 |
| CURRENT LIABILITIES: | | | | | | |
| Currently payable long-term debt | 25,774 | | 25,774 | (10,300) f | | 15,474 |
| Short-term borrowings-Associated companies | 34,821 | | 34,821 | (20,000) l | | 14,821 |
| Accounts payable-Associated companies | 16,864 | | 16,864 | | | 16,864 |
| Other | 1,884 | | 1,884 | | | 1,884 |
| Accrued taxes | 26,163 | | 26,163 | | | 26,163 |
| Accrued interest | 1,635 | | 1,635 | (679) h | | 956 |
| Other | 8,491 | | 8,491 | | | 8,491 |
| | 115,632 | - | 115,632 | (30,979) | - | 84,653 |
| NONCURRENT LIABILITIES: | | | | | | |
| Accumulated deferred income taxes | 79,801 | 1,054 m | 80,855 | 19,202 z | | 100,057 |
| Asset retirement obligation | 155,959 | (2,243) o | 153,716 | (153,716bb | | - |
| Retirement benefits | 51,389 | | 51,389 | | | 51,389 |
| Regulatory liabilities | 47,809 | | 47,809 | (47,809) x | | - |
| Other | 10,365 | (378) n | 9,987 | (627dd | | 9,360 |
| | 345,323 | (1,567) | 343,756 | (182,950) | - | 160,806 |

**COMMITMENTS
AND
CONTINGENCIES**

| | | | | | | |
|------------|----|-----|------------|--------------|--------------|------------|
| \$ 968,173 | \$ | 888 | \$ 969,061 | \$ (229,610) | \$ (112,911) | \$ 626,540 |
|------------|----|-----|------------|--------------|--------------|------------|

Forward-Looking Statements: This Form 8-K includes forward-looking statements based on information currently available to management. Such statements are subject to certain risks and uncertainties. These statements typically contain, but are not limited to, the terms "anticipate", "potential", "expect", "believe", "estimate" and similar words. Actual results may differ materially due to the speed and nature of increased competition and deregulation in the electric utility industry, economic or weather conditions affecting future sales and margins, changes in markets for energy services, changing energy and commodity market prices, replacement power costs being higher than anticipated or inadequately hedged, the continued ability of our regulated utilities to collect transition and other charges, maintenance costs being higher than anticipated, legislative and regulatory changes (including revised environmental requirements), the uncertainty of the timing and amounts of the capital expenditures (including that such amounts could be higher than anticipated) or levels of emission reductions related to the settlement agreement resolving the New Source Review litigation, adverse regulatory or legal decisions and outcomes (including, but not limited to, the revocation of necessary licenses or operating permits, fines or other enforcement actions and remedies) of government investigations and oversight, including by the Securities and Exchange Commission, the United States Attorney's Office, the Nuclear Regulatory Commission, and the various state public utility commissions as disclosed in the registrants' Securities and Exchange Commission filings, generally, and with respect to the Davis-Besse Nuclear Power Station outage and heightened scrutiny at the Perry Nuclear Power Plant in particular, rising interest rates and other inflationary trends, the continuing availability and operation of generating units, the ability of generating units to continue to operate at, or near full capacity, the inability to accomplish or realize anticipated benefits of strategic goals (including employee workforce factors), the ability to improve electric commodity margins and to experience growth in the distribution business, the ability to access the public securities and other capital markets and the cost of such capital, the outcome, cost and other effects of present and potential legal and administrative proceedings and claims related to the August 14, 2003 regional power outage, circumstances which may lead management to not seek, or the Board of Directors to not grant, in each case in its sole discretion, authority for the implementation of a share repurchase program in the future, the risks and other factors discussed from time to time in the registrants' Securities and Exchange Commission filings, including their annual report on Form 10-K for the year ended December 31, 2004, and other similar factors. The registrants expressly disclaim any current intention to update any forward-looking statements contained in this document as a result of new information, future events, or otherwise.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, each Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

December 16, 2005

FIRSTENERGY CORP.

Registrant

OHIO EDISON COMPANY

Registrant

**THE CLEVELAND
ELECTRIC
ILLUMINATING
COMPANY**

Registrant

**THE TOLEDO EDISON
COMPANY**

Registrant

**PENNSYLVANIA POWER
COMPANY**

Registrant

/s/ Harvey L. Wagner

Harvey L. Wagner
Vice President, Controller and
Chief Accounting Officer

