CAPTION SHEET CASE MANAGEMENT SYSTEM

1. REPORT DATE: 00/00/ :
2. BUREAU: FUS :
3. SECTION(S): : 4. PUBLIC MEETING DATE: 00/00/00
5. APPROVED BY: :
DIRECTOR: :
SUPERVISOR: :
6. PERSON IN CHARGE: : 7. DATE FILED: 06/10/98
8. DOCKET NO: A-110078 : 9. EFFECTIVE DATE: 00/00/00

PARTY/COMPLAINANT:

RESPONDENT/APPLICANT: FIRSTENERGY SERVICES CORP.

COMP/APP COUNTY: UTILITY CODE: 110078

ALLEGATION OR SUBJECT

APPLICATION OF FIRSTENERGY SERVICES CORP., FOR APPROVAL TO OFFER, RENDER, FURNISH OR SUPPLY ELECTRICITY OR ELECTRIC GENERATION SERVICES AS A GENERATOR AND SUPPLIER, BROKER/MARKETER, AND AGGREGATOR, TO THE PUBLIC IN THE COMMONWEALTH OF PENNSYLVANIA.

DOCUMENT
FOLDER

DOCKETED
JUN 19 1998

FirstEnergy

76 South Main Street
Akron Ohio 44308

Direct Dial: 330/761-4207
Fax: 330/384-3875

ORIGINAL

June 10, 1998

via Airborne Express

James J. McNulty
Secretary
Pennsylvania Public Utility Commission
North St. and Commonwealth Avenue
North Office Building
P. O. Box 3265
Harrisburg, PA 17105-3265

RECEIVED

JUN 10 1998

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

A-110078

Re: Application of FirstEnergy Services Corp.
For an Electric Generator Supply License

Dear Secretary McNulty:

Pursuant to 52 Pa. Code §54.31 et. seq., enclosed are an original and eight copies of the Application of FirstEnergy Services Corp., for an Approval to Offer, Render, Furnish or Supply Electricity or Electric Generator Services as a Generator and Supplier, Broker/Marketer, and Aggregator to the Public in the Commonwealth of Pennsylvania ("Application"). Also enclosed is a check in the amount of $350.00 as the filing fee pursuant to 52 Pa. Code §54.32. Please date stamp the enclosed extra copy of this Application and return it to me in the enclosed, postage prepaid envelope.

As shown on the Certificate of Service attached to the Application, I have served the Application on all parties for which service is required under 52 Pa. Code §54.32(d). The enclosed computer diskette contains the notice of publication in Word 6.0 format.

Please direct any questions concerning the Application to me.

Very truly yours,

Stephen L. Feld
Attorney

sf
enclosures

cc: Certificate of Service - w/enclosures

DOCUMENT
FOLDER

50

[28010]

bcc:	*K. J. Kolich*	*)*
	L. L. Vespoli	*)*
	M. H. Bell	*)*
	W. O. Stout	*) - w/enclosure (except Annual Report and 10K)*
	A. J. Smith	*)*
	D. S. Elliott	*)*

RECEIVED

JUN 10 1998

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

IN RE:	Application Of FirstEnergy Services Corp.,	:	
	For Approval To Offer, Render, Furnish	:	
	Or Supply Electricity Or Electric	:	
	Generation Services As A Generator	:	Application Docket No. A- 110078
	And Supplier, Broker/Marketer, And	:	
	Aggregator, To The Public In The	:	
	Commonwealth Of Pennsylvania	:	

DATED: June 10, 1998

ORIGINAL

RECEIVED
JUN 10 1998
PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Application of FirstEnergy Services Corp., for approval to offer, render, furnish or supply electricity or electric generation services as a generator and supplier, broker/marketer, and aggregator, to the public in the Commonwealth of Pennsylvania.

Application Docket No.

A-110078

To the Pennsylvania Public Utility Commission:

1. The name, address, telephone number, and FAX number of the Applicant are:

FirstEnergy Services Corp.
6200 Oaktree Boulevard
Independence, OH 44131
Telephone: (216) 447-3624 FAX: (216) 447-2592

2. The name, title, address, telephone number, and FAX number of the person to whom questions about this Application should be addressed are:

Kathy Kolich
Executive Director – Retail Power Transactions
FirstEnergy Services Corp.
6200 Oaktree Boulevard
Independence, OH 44131
Telephone: (216) 447-3624 FAX. (216) 447-2592

3. The name, address, telephone number, and FAX number of the Applicant's attorney are:

Stephen L. Feld, Attorney
First Energy Corp.
76 South Main Street
Akron, Ohio 44308-1890
Tel. (330) 761-4207 FAX (330) 384-3875

4. The Applicant is a foreign corporation (15 Pa. C.S. §4124) incorporated in the State of Ohio. Applicant's Articles of Incorporation and Certificate of Authority filed with the Pennsylvania Department of State are attached as Appendices 1 and 2, respectively. Applicant's registered agent in Pennsylvania is:

DOCUMENT FOLDER

DOCKETED
JUN 19 1998

Corporation Service Company
319 Market Street
Harrisburg, PA 17101

The Applicant will be doing business as:

FirstEnergy Service Corp. and
FirstEnergy

5. The names and address of Applicant's officers are.

W.R. Holland, Chairman of the Board
H.P. Burg, President
A.J. Alexander, Executive Vice President and General Counsel
Douglas S. Elliot, Vice President
N. C. Ashcom, Corporate Secretary
T.F. Struck, II, Treasurer
76 South Main Street
Akron, Ohio 44308-1890

6. Applicant is a subsidiary of FirstEnergy Corp., an Ohio corporation. FirstEnergy Corp. also owns Ohio Edison Company which in turn owns all of the common stock of Pennsylvania Power Company, a Pennsylvania jurisdictional utility. The address of affiliate Pennsylvania Power Company is:

1 East Washington Street
P.O. Box 891
New Castle, PA 16103-0891

Penn Power Energy, Inc. is a subsidiary of Pennsylvania Power Company and is a licensed electric supplier in Pennsylvania (Interim License No. A-110063)

7. The Applicant is not presently doing business in Pennsylvania as an electric energy supplier or as a jurisdictional public utility. The Applicant proposes to operate as a generator and supplier of electric power, broker/marketer and aggregator engaged in the business of supplying electricity. Applicant proposes to offer energy supply and broker, marketer and aggregator services as well as other services. Applicant anticipates using approximately 50 employees or authorized representative to conduct its intended business in Pennsylvania. Applicant currently has no assets in the state.

8. Applicant proposes to offer services to customers throughout Pennsylvania. Services will be potentially offered to residential, commercial, industrial and governmental customers. The Applicant proposes to begin delivering electricity supply on January 1, 1999.

9. Applicant will amend this application if substantial changes occur in the information upon which the Commission relied on approving the original filing.

10. Attached to this Application is an affidavit as to the Applicant's as to (1) compliance with the Public Utility Code of Pennsylvania and applicable regulations thereunder; (2) fitness to render electric service; (3) payment of taxes and waiver of confidentiality regarding certain state taxes; (4) compliance with 52 Pa. Code Chapter 56; and (5) adherence to the protocols of the North American Electric Reliability Council and applicable control areas.

11. Applicant's federal tax ID number is EIN 31-1560186

Applicant's corporate box number has been applied for and will be provided as soon as it is assigned by the state.

Applicant is applying for state tax account numbers which will be provided to the Commission once they are received. The person responsible for preparing and filing Applicant's state tax returns is:

Eugene J. Sitarz
Manager, Taxes
FirstEnergy Corp.
76 S. Main Street
Akron, Ohio 44308-1890
(330) 384-5256

12. The Applicant, an affiliate, a predecessor of either, or a person identified in this Application has not been convicted of a crime involving fraud or similar activity.

13. The name, address, telephone number and FAX number of the person responsible for addressing customer complaints is listed below. This person will be the initial point(s) of contact for resolving complaints filed with Applicant, Electric Distribution Companies, the Pennsylvania Public Utility Commission or other agencies.

Janice Napadano
FirstEnergy Services Corp.
6200 Oaktree Boulevard
Independence, OH 44131
Telephone: (216) 447-3624 FAX: (216) 447-2592

14. The name, title, address, telephone number and FAX number of the person with whom contact should be made by Pennsylvania Emergency Management Agency:

Robert A. Rose
FirstEnergy Trading & Power Marketing, Inc.
Energy Trader
6200 Oaktree Boulevard
Independence, OH 44131
Telephone: (216) 520-9655 FAX: (216) 520-9658

15. In accordance with 66 PA. C.S. Section 2809(C) (1)(I), the Applicant is furnishing as Appendix 3 a copy of License Bond No. 11133378023 to the Commission in the amount of $250,000 from the Fireman's Fund Insurance Company.

16. As proof of Applicant's financial fitness, Applicant is providing the following documents relative to its parent, FirstEnergy Corp.:

Annual Report 1997 (Appendix 4)
Form 10-K for the year ended December 31, 1997 (Appendix 5)
Major Insurance Coverages in Effect as of May 1, 1998 (Appendix 6)

17. Applicant possesses sufficient knowledge and expertise to provide the services which it proposes to deliver to customers in Pennsylvania. All of Applicant's officers have many years of direct experience in providing electric utility service to all types of customers. Applicant's employees and representatives supervising or directly engaged in billing, metering, customer accounting, customer services, bulk power supply, etc., have extensive experience in managing these activities on behalf of various regulated utilities in Ohio and Pennsylvania and are, therefore, familiar with and competent to deal with the multiple aspects of providing electric services.

18. Applicant agrees to conform to any Uniform Standards of Conduct and Disclosure as set forth by the Commission.

19. The Applicant understands that the making of false statement(s) herein may be grounds for denying the Application or, if later discovered, for revoking any authority granted pursuant to the Application. This Application is subject to 18 PA. C.S. §§4903 and 4904, relating to perjury and falsification in official matters.

20. The Applicant understands that if it plans to transfer its license to another entity, it is required to request authority from the Commission for permission prior to transferring the license. See 66 PA. C.S. Section 2809(D). The transferee will be required to file the appropriate licensing application.

21 The Applicant acknowledges that Title 66, Chapter 5, Section 510 grants to the Commission the right to make assessments to recover regulatory expenses and that as a supplier of electricity or an electric generation supplier it will be assessed under that section of the Pennsylvania Code. The Applicant also acknowledges that the continuation of its license as a supplier of electricity or an electric generation supplier will be dependent upon the payment of all prior years' assessments.

22. Applicant will provide certification that notice of this Application was published in accordance with 52 Pa. Code Section 54.35 immediately after the appropriate notices are published.

23 Attached hereto is a Certificate of Service indicating service of this Application pursuant to 52 Pa. Code §54.32(d).

24 The Applicant has enclosed the required initial licensing fee of $350.

WHEREFORE, for the foregoing reasons, FirstEnergy ServicesCorp. respectfully requests that this Application be approved and that it be granted the requested license.

Respectfully submitted,

Stephen L. Feld
Attorney
First Energy Corp.
76 South Main Street
Akron, Ohio 44308-1890
Tel. (330) 761-4207 FAX (330) 384-3875

Dated: June 10, 1998

VERIFICATION

State of Ohio)
) ss.
County of Cuyahoga)

Douglas S. Elliot, Affiant, being duly sworn according to law, deposes and says that:

He is the vice-president of FirstEnergy Services Corp.;

That he is authorized to and does make this affidavit for said corporation;

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

D S Elliott

Signature of Affiant

Sworn and subscribed before me this 10th day of June, 1998.

Christine A. Rosenberger

Signature of official administering oath

My commission expires ______.

CHRISTINE A. ROSENBERGER
Notary ... of Ohio
My Comm... Feb 20, 2001

AFFIDAVIT

State of Ohio)
) ss.
County of Cuyahoga)

Douglas S. Elliot, Affiant, being duly sworn according to law, deposes and says that:

He is the vice-president of FirstEnergy Services Corp. and that he is authorized to and does make this affidavit for said Applicant;

That FirstEnergy Services Corp., the Applicant herein, acknowledges that FirstEnergy Services Corp., may have obligations pursuant to this Application consistent with the Public Utility Code of the Commonwealth of Pennsylvania, Title 66 of the Pennsylvania Consolidated Statutes; or with other applicable statutes or regulations including Emergency Orders which may be issued verbally or in writing during any emergency situations that may unexpectedly develop from time to time in the course of doing business in Pennsylvania.

That FirstEnergy Services Corp., the Applicant herein, asserts that it possesses the requisite technical, managerial, and financial fitness to render electric service within the Commonwealth of Pennsylvania and that the Applicant will abide by all applicable federal and state laws and regulations and by the decisions of the Pennsylvania Public Utility Commission.

That FirstEnergy Services Corp., the Applicant herein, certifies to the Commission that it is subject to, will pay, and in the past has paid, the full amount of taxes imposed by Articles II and XI of the Act of March 4, 1971 (P.L. 6, No. 2), known as the Tax Reform Act of 1971 and any tax imposed by Chapter 28 of Title 66. The Applicant acknowledges that failure to pay such taxes or otherwise comply with the taxation requirements of Chapter 28, shall be cause for the Commission to revoke the license of the Applicant. The Applicant acknowledges that it shall provide to the Commission its jurisdictional Gross Receipts and power sales for ultimate consumption, for the previous year or as otherwise required by the Commission and is subject to Title 66, Section 506.

That as provided by Section 2810 (C)(6)(IV), Applicant, by filing of this application waives confidentiality with respect to its state tax information in the possession of the Department of Revenue, regardless of the source of the information, in order for the Department of Revenue to provide that information to the Pennsylvania Public Utility Commission.

That FirstEnergy Services Corp., the Applicant herein, acknowledges that it has a statutory obligation to conform with 66 PA. C.S. Section 506, 2807(C), 2807(D)(2) 2809(B) and the standards and billing practices of 52 PA. Code Chapter 56.

That applicant will adhere to the reliability protocols of the North American Electric Reliability Council; and that Applicant will comply with the operational requirements of the control areas within which Applicant provides retail service.

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

Signature of Affiant

Sworn and subscribed before me this 10th day of June, 1998.

Christine A. Rosenberger

Signature of official administering oath

My commission expires ____________________.

CHRISTINE A. ROSENBERGER
Notary Public, State of Ohio
My Commission Expires Feb. 20, 2001

05964-0780

ARTICLES OF INCORPORATION

OF

FIRSTENERGY SERVICES CORP.

8/8/97
$85.00
9708110030 1

The undersigned, desiring to form a corporation, for profit, under Sections 1701 01 *et seq* of the Ohio Revised Code, does hereby state the following

FIRST The name of the corporation shall be FirstEnergy Services Corp

SECOND The place in Ohio where its principal office is to be located is Akron, Summit County

THIRD The purpose for which this corporation is formed is to engage in any lawful act or activity for which a corporation may be formed under Section 1701 01 to 1701 98, inclusive, of the Ohio Revised Code

FOURTH. The number of shares of all classes which the corporation is authorized to have outstanding is seven hundred and fifty (750) shares of common stock having no par value

IN WITNESS WHEREOF, I have subscribed my name, this 6th day of August 1997

FirstEnergy Services Corp

David L. Feltner

David L Feltner Incorporator

{256??}

Microfilm Number ______________ Filed with the Department on ______________

Entity Number ______________ ______________ Secretary of the Commonwealth

APPLICATION FOR CERTIFICATE OF AUTHORITY
DSCB:15-4124/6124 (Rev 90)

Indicate type of corporation (check one):

__X__ Foreign Business Corporation (15 Pa.C.S § 4124)

_____ Foreign Nonprofit Corporation (15 Pa.C S. § 6124)

In compliance with the requirements of the applicable provisions of 15 PaC.S. (relating to corporations and unincorporated associations) the undersigned association hereby states that:

1 The name of the corporation is:

FirstEnergy Services Corp.

2 The name which the corporation adopts for use in this Commonwealth is (complete only when the corporation must adopt a corporate designator for use in Pennsylvania):

____

3 (If the name set forth in paragraph 1 or 2 is not available for use in this Commonwealth, complete the following)

The fictitious name which the corporation adopts for use in transacting business in this Commonwealth is:

____

The corporation shall do business in Pennsylvania only under such fictitious name pursuant to the attached resolution of the board of directors under the applicable provisions of 15 PaC S. (relating to corporations and unincorporated associations) and the attached form DSCB:54-311 (Application for Registration of Fictitious Name)

4 The name of the jurisdiction under the laws of which the corporation is incorporated is: Ohio

5. The address of its principal office under the laws of the jurisdiction in which it is incorporated is:

Number and Street	City	State	Zip	County
76 Main Street	Akron	Ohio	44308	Summit

6. The (a) address of this corporation's proposed registered office in this Commonwealth or (b) name of its commercial registered office provider and the county of venue is:

(a)

Number and Street	City	State	Zip	County

(b)c/o: Corporation Service Company Dauphin County
Name of Commercial Registered Office provider

For a corporation represented by a commercial registered office provider, the county in (b) shall be deemed the county in which the corporation is located for venue and official publication purposes.

7 (Check one of the following):

X (Business corporation): The corporation is a corporation incorporated for a purpose or purposes involving pecuniary profit, incidental or otherwise.

___ (Nonprofit corporation): The corporation is a corporation incorporated for a purpose or purposes not involving pecuniary profit, incidental or otherwise.

IN TESTIMONY WHEREOF, the undersigned corporation has caused this Application for a Certificate of Authority to be signed by a duly authorized officer thereof this 8th day of June, 1998.

FirstEnergy Services Corp.
(Name of Corporation)

BY: H P Burg
(Signature)

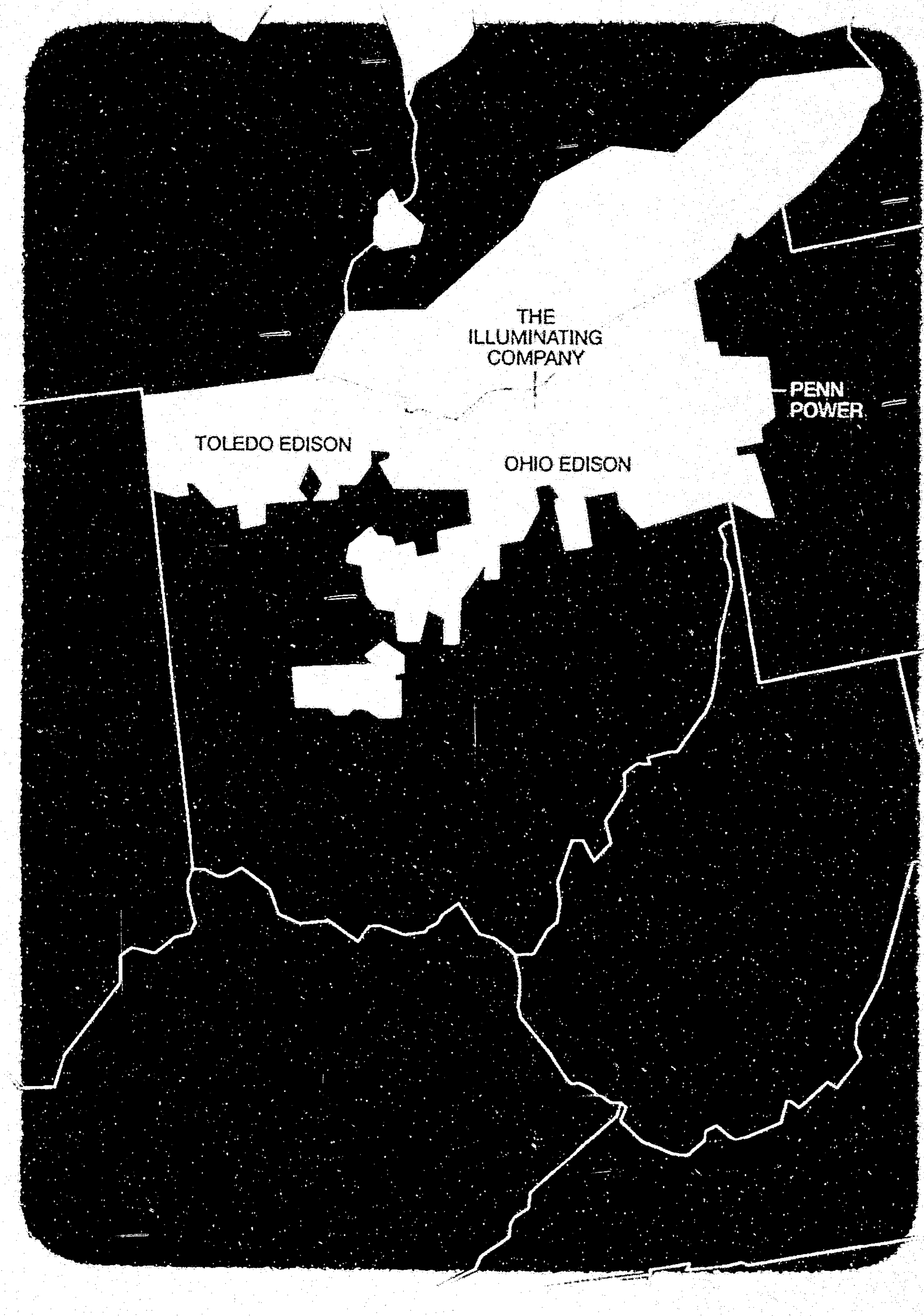
TITLE: President

APPENDIX 4

1 9 9 7 ANNUAL REPORT

FirstEnergy

Growing markets, opportunities and shareholder value


THE
ILLUMINATING
COMPANY
PENN
POWER
TOLEDO EDISON
OHIO EDISON

corporate profile

FirstEnergy Corp.

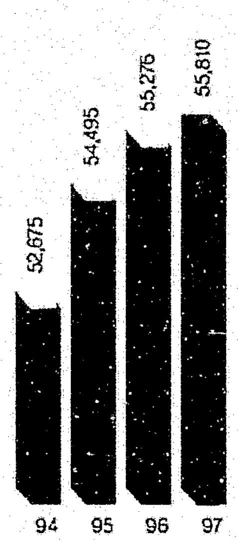
FirstEnergy Corp., a diversified energy services holding company headquartered in Akron, Ohio, was formed by the 1997 merger of Ohio Edison Company and Centerior Energy Corporation. Combining the resources of four utility operating companies – Ohio Edison, and its subsidiary, Pennsylvania Power, The Illuminating Company and Toledo Edison – FirstEnergy comprises the nation's 12th largest investor-owned electric system. The company serves 2.2 million customers within 13,200 square miles of northern and central Ohio and western Pennsylvania, generates approximately $5 billion in annual revenues and owns more than $18 billion in assets, including ownership in 18 power plants.

FirstEnergy Services Corp. is an umbrella organization offering a wide range of energy-related products and services to companies nationally. The subsidiary companies include Roth Bros., Inc., and RPC Mechanical, Inc. Based in Youngstown and Cincinnati, Ohio, respectively, they are among the nation's largest providers of engineered heating, ventilation and air-conditioning equipment, and energy management and control systems.

Highlights	1997	1996
Operating Performance (Combined Ohio Edison and Centerior Energy)		
Retail Kilowatt-Hour Sales (Millions)	55,810	55,276
Customers Served	2,159,636	2,141,829
Number of Employees	10,020	10,477
Customers Per Employee	216	204
*Financial Performance**		
Earnings Per Common Share		
Before Nonrecurring Charges	$2.16	$2.10
After Nonrecurring Charges	$1.94	$2.10
Dividends Per Common Share	$1.50	$1.50
Book Value Per Common Share	$18.71	$17.35
Dividend Payout Ratio		
Before Nonrecurring Charges	69%	71%
After Nonrecurring Charges	77%	71%
Market Price Per Common Share	$29.00	$22.75

* Financial performance includes results for The Illuminating Company and Toledo Edison from the November 8, 1997, acquisition date, through December 31, 1997.

EARNINGS PER SHARE BEFORE NONRECURRING CHARGES (DOLLARS)



RETAIL KILOWATT-HOUR SALES (MILLIONS)

message to shareholders

1997 was a year of dramatic growth. And, as we enter our first full year of operations as FirstEnergy, we have even better prospects for growing markets, opportunities and shareholder value.

Earnings on common stock, before nonrecurring charges, grew to $2.16 per share in 1997 from $2.10 in 1996. This includes the effects of charges for accelerated depreciation and amortization of nuclear and regulatory assets related to the Ohio Edison and Pennsylvania Power rate plans and the impact of mild weather on electricity use for heating and air conditioning. After adjusting earnings to include one-time charges for merger-related staffing reductions, which will produce annual savings of approximately $90 million, earnings were $1.94 per share.

Increasing Shareholder Value

In addition to our earnings results, the increase in market value of our common stock is a good example of benefits realized from the creation of FirstEnergy. Driven by Wall Street's positive response, our stock price has grown 40 percent since the merger was announced. Last year alone, the increase approached 30 percent, which, combined with the reinvestment of annual dividends, produced a total shareholder return of nearly 36 percent – topping both Standard & Poor's 500 Index, and the Edison Electric Institute Utility Index.

Beyond the growth made possible by our merger – nearly doubling our customer base, revenues and cash flow – we combined the knowledge of four utility operating companies and their collective experience in our core business. This is enabling us to achieve synergies that are increasing productivity, reducing costs and growing revenues.

To improve our competitive position, we've accelerated depreciation and amortization of assets by $427 million since 1995. We'll more than double that figure – to $1 billion – over the next three years.

To make that possible, we need to continue taking advantage of opportunities to lower costs. Here are a few examples of the savings we achieved last year:

- $70 million in operating costs at our nuclear plants
- $55 million from refinancing and redeeming securities
- $39 million through improved performance of our fossil-fuel plants

While this is a strong beginning, we must do more, and we will. We intend to capture nearly $150 million in merger-related savings in 1998, and significantly increase annual savings over the next two years. To keep focused on achieving this key goal, we've tied our results to incentive compensation for executives.

Growing New Markets

Growing new markets is a key strategy for improving our financial performance. We are doing that by continuing to excel at our core business, and by expanding our portfolio of energy-related services for customers. We took a big step in that direction with the purchase of Roth Bros., Inc., and RPC Mechanical, Inc. These companies, with combined 1997 revenues of approximately $95 million, are among the nation's largest providers of engineered heating, ventilation and air-conditioning equipment, and energy management and control systems. We also entered the rapidly growing telecommunications market through our partnership with AT&T Wireless, Cleveland, which offers such digital cellular services as e-mail, voice mail and Internet access.

In addition to our traditional wholesale power business, last year we entered the unregulated wholesale power market with the creation of FirstEnergy Trading & Power Marketing, a licensed marketer that already has conducted $80 million in transactions.

And, we are retaining and expanding our customer base through targeted incentive pricing contracts and other economic development assistance. Major successes in 1997 included our work with Chrysler and local officials to keep that company's Jeep manufacturing facility, along with 5,000 jobs, in Toledo, Ohio, and our partnering with British Petroleum to expand its refinery in Oregon, Ohio.

Improving Our Prospects

These and other efforts are improving our prospects for future success, as is our ongoing work to represent shareholder interests regarding deregulation issues. The retail wheeling issue is a case in point. Retail wheeling legislation, if adopted in Ohio, would allow customers to purchase electricity from any supplier while using local utility lines to deliver the power.

Recently, the co-chairs of a joint committee of the Ohio General Assembly issued preliminary findings on deregulation. One of the key elements of these findings dealt with transition costs, which are associated with moving from a regulated industry to a competitive one.

While their recommendations recognized the need for utilities to recover transition costs, much still needs to be done. We are working to ensure that investor-owned electric companies have a reasonable opportunity to recover costs mandated by the government, and that all energy suppliers will be treated equally by any law that may be enacted.

As the issue is unfolding in Ohio, we're gaining valuable experience through our participation in Pennsylvania's customer choice pilot program. We are successfully competing for customers through our unregulated subsidiary, Penn Power Energy.

At the federal level, regulators are focusing on, among other things, the continuing development of wholesale power market competition and access to utility transmission systems. To address this aspect of deregulation, we are exploring a number of options, including the creation of an independent, regional transmission entity that could ultimately manage and own the transmission systems of 11 investor-owned utility companies in our region. This entity would be designed to provide nondiscriminatory access while eliminating duplication of costs, achieving related cost savings, and maintaining the transmission system's long-term reliability and security.

We have developed solid strategies for dealing with these and other issues facing our Company and industry. With your continued support, and the dedication and innovation of our employees, we will compete and win in the energy marketplace.

Willard R. Holland
Chairman and
Chief Executive Officer

H. Peter Burg
President and
Chief Financial Officer

March 2, 1998

strengthening our position... In the marketplace

The creation of FirstEnergy, the nation's 12th largest investor-owned electric system, was a significant first step in making us a stronger competitor in the energy market-place. Although our holding company is new, our utility operating companies – Ohio Edison and its subsidiary, Pennsylvania Power, The Illuminating Company and Toledo Edison – have been in the electric business since before the turn of the century. As a result, we've combined not only our resources, but our collective expertise and energies to become a more aggressive and successful enterprise.

Our efforts to enhance FirstEnergy's competitive position focus on three primary strategies:

- Increasing sales in traditional markets, as well as pursuing new ventures in energy-related businesses
- Forging strategic alliances with customers and communities in our service area and throughout the region
- Improving customer service by operating more efficiently and offering more innovative products and services at competitive prices

Throughout this report, we offer examples of initiatives that have already occurred or are under way to carry out these strategies.

Earnings and Retail Sales Increase

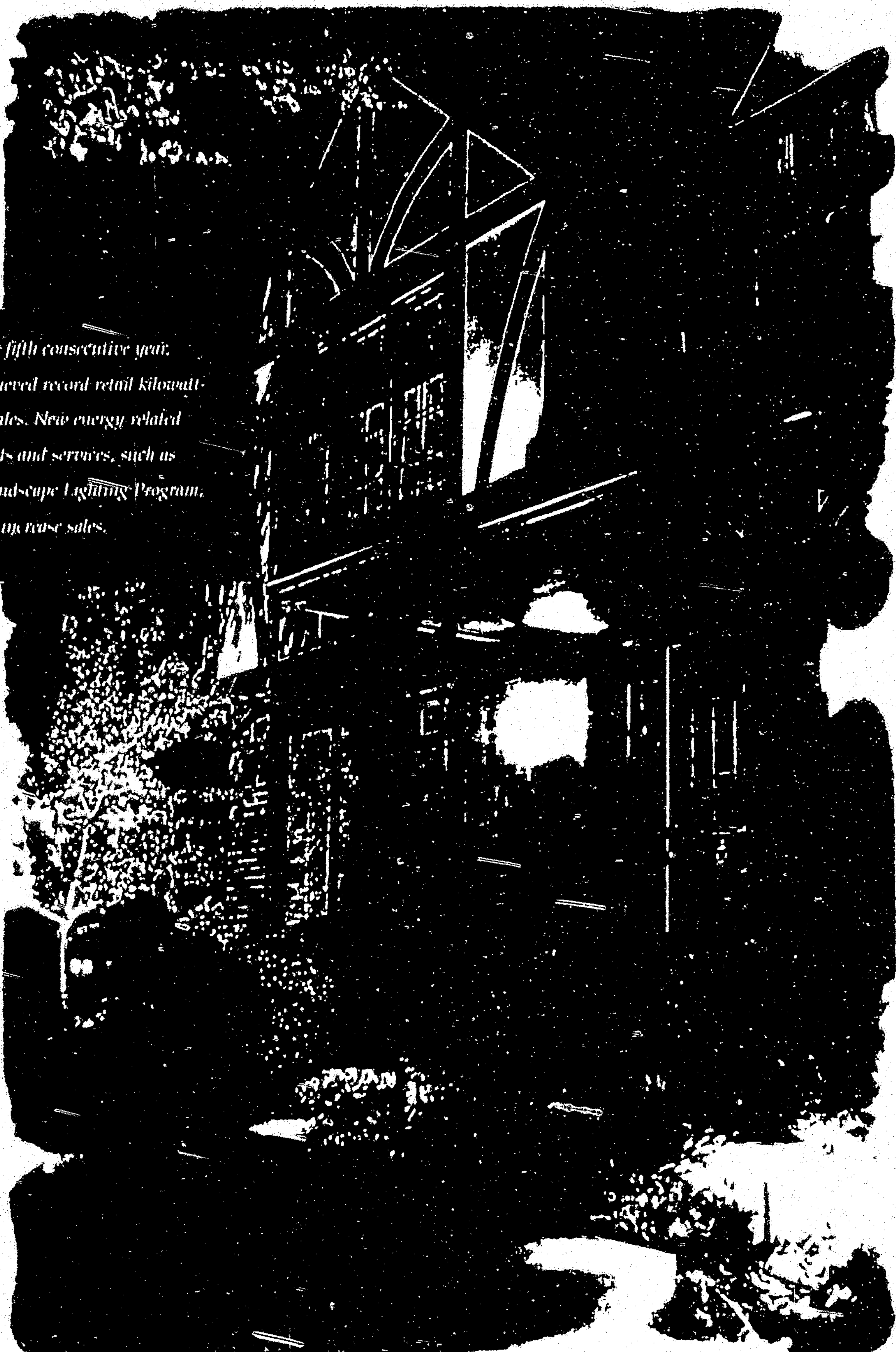
We enter our first full year as FirstEnergy encouraged by improvements in both earnings and retail sales in 1997.

Our 1997 earnings before nonrecurring charges were $339.8 million, or $2.16 per share, compared with Ohio Edison's 1996 earnings of $302.7 million, or $2.10 per share. Adjusted to include the effect of nonrecurring, merger-related staffing reductions – expected to produce savings of about $90 million annually – 1997 earnings were $1.94 per share. Earnings also reflect the effects of increased amortization and depreciation of assets totaling $211 million under rate plans in Ohio and Pennsylvania. Similar accelerated expense reductions in 1996 amounted to $178 million.

For the year, the combined operating companies' retail electric sales were up one percent – the fifth consecutive year of increased sales. Continued improvement in the area's economy pushed industrial and commercial sales up 2.9 percent and 0.4 percent, respectively. Residential sales were off 1.6 percent due to the effect of milder weather on heating and air-conditioning use. Total kilowatt-hour sales were down 1.8 percent because of lower sales to other utilities.

FirstEnergy's 1997 earnings reflect Ohio Edison's financial performance plus results from The Illuminating Company and Toledo Edison from November 8 – the first day of the merger – to December 31. For financial reporting purposes, FirstEnergy's results are being compared with Ohio Edison's financial performance for prior years.

EMPLOYEE PRODUCTIVITY
(CUSTOMERS SERVED PER EMPLOYEE)



For the fifth consecutive year, we achieved record retail kilowatt-hour sales. New energy-related products and services, such as our Landscape Lighting Program, helped increase sales.

Pursuing Business Opportunities

For years, electric utilities consisted primarily of power plants, wires and meters, and they provided electric service to customers within a specific service area. In the competitive marketplace of the future, however, our customers may be located virtually anywhere, and basic electric service is likely to be only one of their many energy-related needs. As a result, we are strategically broadening our portfolio of products and services.

Acquisitions Enhance Our Capabilities

In December 1997, we completed the acquisition of Roth Bros., Inc., and RPC Mechanical., Inc., which together are among the nation's largest providers of engineered heating, ventilation and air-conditioning equipment. Based in Youngstown and Cincinnati, Ohio, respectively, the companies have some 600 employees and combined 1997 annual revenues of approximately $95 million.

This acquisition will enable us to offer energy management and control systems, building facilities services, roofing, lighting, process piping and refrigeration services. The companies sell their services and products in all 50 states to major customers such as JCPenney, OfficeMax, CVS, LensCrafters, NASA, Disney Stores, Kmart, GTE, General Motors, LCI International and Pharmacia & Upjohn, Inc.

BOOK VALUE PER SHARE (DOLLARS)

Partnering With AT&T Wireless

Our skills and knowledge related to telecommunications, coupled with the fact that we own properties that can accommodate communication towers and other transmitting equipment, made entering telecommunications a logical extension of our traditional business. Last year, our partner, AT&T Wireless, Cleveland, launched its AT&T Digital PCS (Personal Communications Service) covering northern Ohio and western Pennsylvania. AT&T Wireless offers many services, such as e-mail, voice mail and Internet access through digital phones, as well as one rate wherever digital service is available in the United States.

FirstEnergy Launches Power Marketing Subsidiary

FirstEnergy Trading & Power Marketing, a licensed wholesale power marketer launched in 1997, arranged for unregulated wholesale transactions worth $80 million during the year. The company generates additional revenue for FirstEnergy through out-of-territory power marketing.

Economic Development Spurs Growth

A robust economy is as important to FirstEnergy as it is to our customers and communities. It not only increases electric sales, but it builds customer base and strengthens communities through new jobs and additional tax revenues. And it creates a multiplier effect: increased personal income grows retail sales and non-manufacturing employment, housing construction and demand for community and leisure services.

In 1997, our economic development incentive rate and other community support programs helped encourage business expansions, and the attraction of new companies, representing an investment of more than $2 billion in new facilities.

Fabricating galvanized piping for duct work is one of many products and services provided by recently acquired Roth Bros., Inc., and RPC Mechanical, Inc. Together, they form one of the nation's largest providers of engineered heating, ventilation and air-conditioning equipment.

and created more than 3,000 jobs. Notable among them:

- LTV Corporation's $66-million tube plant expansion in Marion, Ohio, will employ 144 people and produce more than 146,000 tons of the new lightweight steels required by automotive companies. LTV facilities in Youngstown, Cleveland and Elyria are also served by FirstEnergy companies.
- Alpha Tube Corp., one of the top five mechanical tube producers in North America, is building a 330,000-square-foot manufacturing facility in Walbridge, Ohio, near Toledo. The facility will employ about 200 people and process nearly 10,000 tons of welded-steel tubing for the appliance, automotive and construction industries.
- International Paper is building an $80-million manufacturing and conversion facility – the largest single business investment in Ashtabula County's history.

Strategic Partnerships and Alliances

The marketplace of tomorrow will bring new challenges and opportunities, requiring a new way of looking at the world. This means strengthening old relationships and forging new ones. We are doing that by becoming a partner with the customers and communities we serve, and a valued consultant for those needing energy-related products and services.

Partnerships Promote Growth

More than 90 schools have enrolled in our new Energy for Education Program. The program reduces base electricity prices by 10 percent for participating public and private, primary and secondary schools that sign long-term supply contracts. We're encouraging participating schools to apply the savings to programs that develop the skills and work ethic students will need to qualify for good-paying jobs.

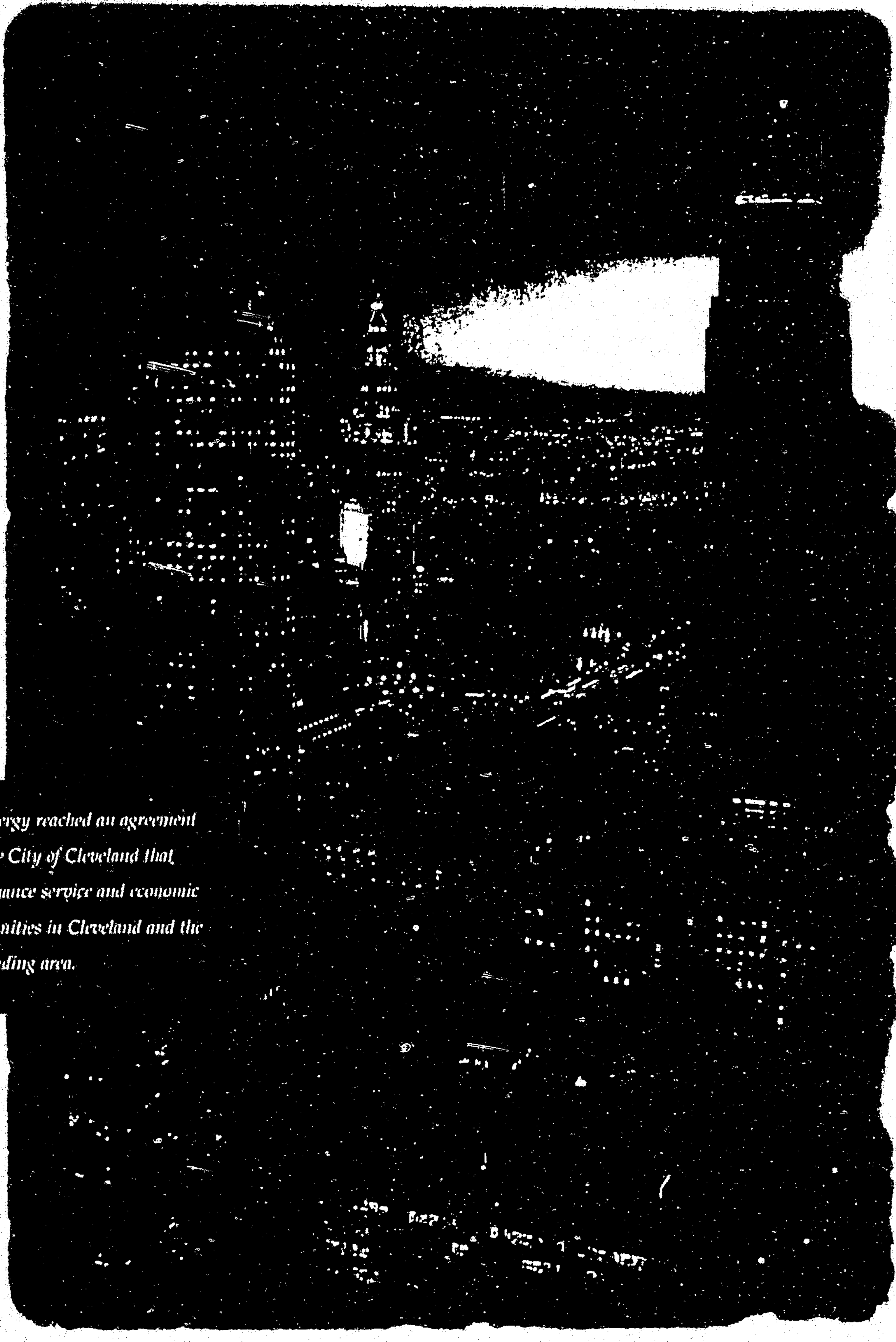
Just as Energy for Education helps us achieve long-term sales goals while providing assistance to education, the Ohio Edison Polymer Growth Fund shows our commitment to local economies and to a developing industry. The fund offers emerging polymer companies grants of up to 10 percent of their annual electricity payments for energy-efficiency and productivity projects that ultimately produce more sales opportunities. We also provide consulting services and financing for approved electrical-equipment projects. Although the program was introduced only last year, about one-quarter of the qualifying polymer companies in our service area have already enrolled, placing about 30 percent of the electric sales revenue from that group under long-term contract.

Innovative Partnership Helps British Petroleum

A creative partnership with British Petroleum (BP) helped keep its refinery open in Oregon, Ohio. The alliance resulted in a $235-million expansion project that will save BP as much as $400,000 a day in raw material costs. To help the project succeed, we will build and operate a state-of-the-art boiler at our nearby Bay Shore Power Plant that will be primarily fueled by petroleum coke, a by-product of the refinery. The refinery, generating nearly $16 million in annual electricity revenues, is our second-largest customer in northwest Ohio.

Improving Relations With Wholesale Customers and Communities

Signaling the beginning of a new, cooperative relationship, FirstEnergy reached an agreement with the City of Cleveland to enhance service and economic opportunities in the city. A similar agreement was reached with American Municipal Power-Ohio (AMP-Ohio), an organization that purchases electricity on behalf of its member municipal electric systems throughout Ohio.



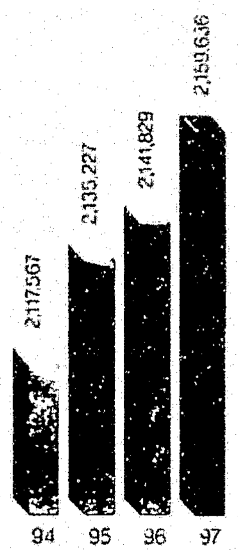
FirstEnergy reached an agreement with the City of Cleveland that will enhance service and economic opportunities in Cleveland and the surrounding area.

Similarly, partnering with cities in our service area to foster economic development is another priority. Through an agreement with the City of Toledo, we provided a $3-million loan, energy-consulting assistance and an economic development incentive rate to help ensure the continued operation of Chrysler's Jeep plant in Toledo. Chrysler will spend $1.2 billion, including building a $600-million assembly plant, that will keep 5,000 manufacturing jobs in our area.

Exploring Regional Transmission Options

We are also forming relationships with other utilities to help resolve common issues, such as the continuing development of the wholesale power market and access to utility transmission systems.

FirstEnergy's utility operating companies, along with seven other utility companies, are exploring the creation of an independent, regional transmission entity. Such an organization could ultimately own and manage the transmission systems of all the companies. Our goals include balancing the interests of energy suppliers, customers and shareholders; avoiding duplication of costs and achieving transmission cost savings; and maintaining long-term reliability and security of our interconnected transmission systems.



CUSTOMERS SERVED

In addition to our companies, others in the alliance are Consumers Energy, Detroit Edison, Duquesne Light, Virginia Power and the Allegheny Power companies – Monongahela Power, Potomac Edison and West Penn Power. The companies serve 26 million people in a 108,500-square-mile service area, including lower Michigan, northern and central Ohio, western Pennsylvania, most of West Virginia, and parts of Maryland, Virginia and North Carolina.

Reducing Costs

We are working hard to improve performance, reduce expenses and accelerate debt reduction while helping our customers lower their energy costs. As a result of the rate plans for our utility operating companies, we're cutting customer prices by more than $1 billion. And, the rate plans enable the companies to reduce assets by $4.4 billion more than they otherwise would have through 2005, which will increase our long-term competitiveness. Here are a few of the ways we achieved savings last year.

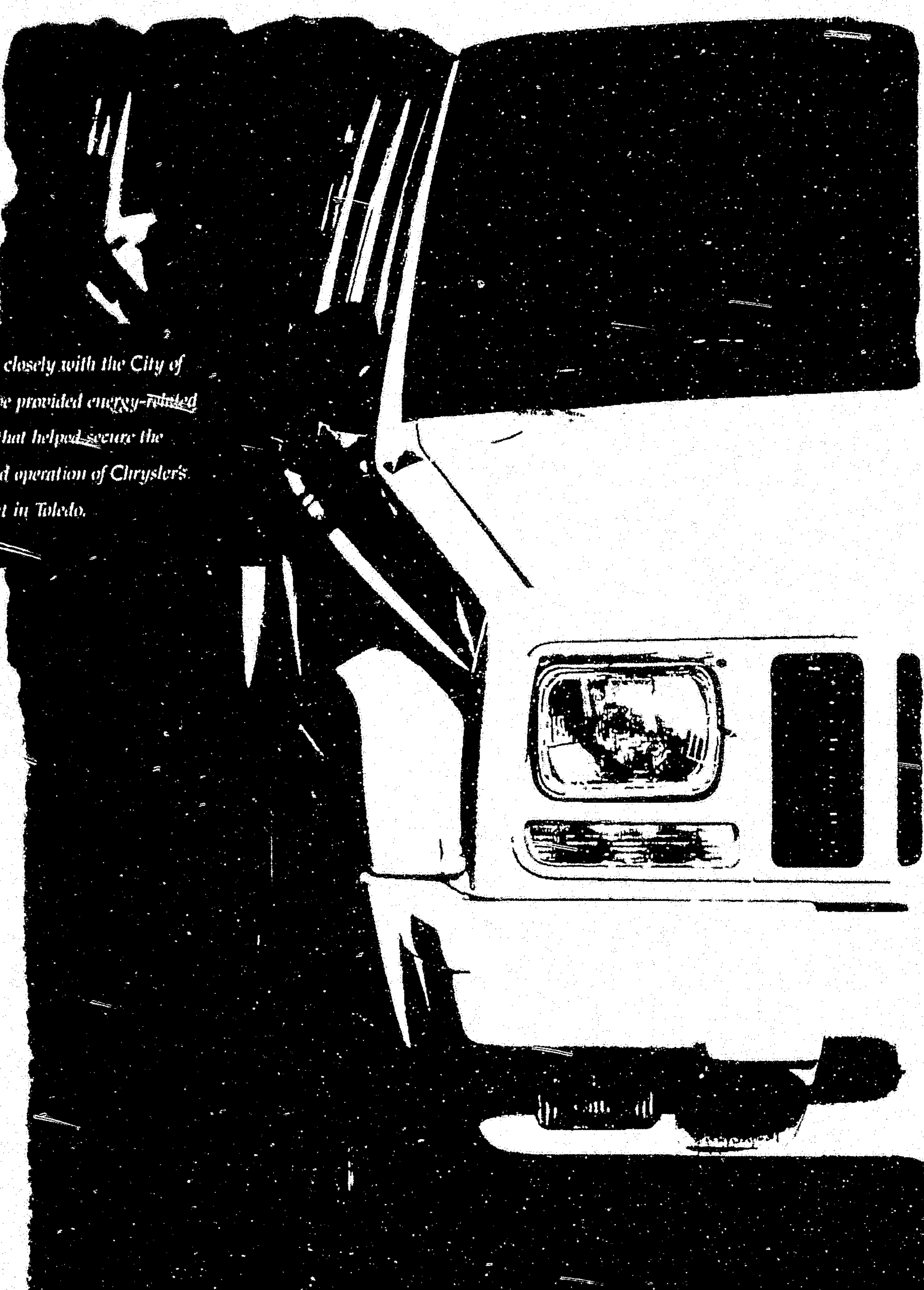
Cutting the Cost of Producing Power

Our fossil-fuel plants continued cutting operating and maintenance costs in 1997. We saved an additional $39 million through streamlining the organization, upgrading equipment, and improving the heat-rate performance of our generating units.

Savings included $100,000 in annual waste disposal costs achieved by upgrading environmental equipment at our Niles Plant. We achieved similar savings by using fly ash in a mine reclamation project and by selling fly ash for highway anti-skid material.

Initiatives started at The Illuminating Company and Toledo Edison in 1995 have cut fossil-fuel generation costs by 20 percent, and earmarked another 20 percent in reductions by 2000. For instance, we're saving $700,000 a year by closing the Westwood fly ash repository

Working closely with the City of Toledo, we provided energy-related benefits that helped secure the continued operation of Chrysler's Jeep plant in Toledo.



near Cleveland and depositing the fly ash we can't sell in abandoned coal mines in southeastern Ohio. Other savings have come from closing older generating units, cutting taxes by reducing coal and material inventory, and revamping our procedures for fuel supply and transportation.

At the Davis-Besse Nuclear Power Station and the Perry Nuclear Power Plant, our cost-reduction efforts produced more than $70 million in savings.

At Perry, we achieved a one-time savings of approximately $20 million due to the shortest refueling time in the plant's history – 41 days – 33 days better than our previous record. While increasing plant availability, this reduced expenses for work crews and replacement power. The 1,250-megawatt plant was available 93.6 percent of the 18-month cycle, well above the national average for this type of plant.

Over the next five years, our business plan calls for $23 million in savings in overall fuel costs and another $20-million reduction in capital expenditures.

While we cut operating and maintenance expenses at Davis-Besse, we maintained the plant's safety standards and its position as one of the best-run plants in the world. Davis-Besse's 1997 availability factor of 93.4 percent and capacity factor of 92.9 percent were both above industry averages for pressurized water reactors.

Last year also marked Davis-Besse's 20th year of operation and Perry's 10th. Since they started commercial operation, the 925-megawatt Davis-Besse plant has generated more than 90 million megawatt-hours of electricity, and Perry has generated more than 73 million.

These plants also help us meet air-quality standards. Their collective generation eliminated the creation of more than 37 million metric tons of carbon emissions that would have come from coal-fired generation, or 33 million metric tons of carbon emissions from oil-fired plants.

Reducing Debt Through Refinancings

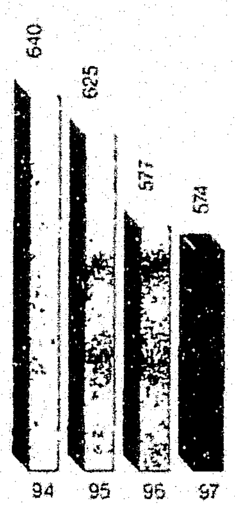
Debt reduction is key to FirstEnergy's success. Continuing improvement in our financial and credit strength and favorable securities markets enabled us to redeem or refinance more than $1.8 billion of securities in 1997, cutting annual costs by about $55 million.

Resource Management Through Shareholder Value-Added Measurements

Becoming more competitive means making timely, cost-effective decisions and being accountable for the value of all resources. Using rigorous analytical tools and processes such as Shareholder Value Added, we measure the return on an investment in a project or activity versus the cost of capital and other resources. Strict accountability and a better understanding of customers, markets and the true costs of doing business will enable us to maximize our financial performance.

Consolidating Merger-Related Operations Cuts Costs

Consolidating the dispatch function for generation and transmission at Ohio Edison's System Control Center will increase operating flexibility, improve system reliability and reduce costs by about $10 million annually. Likewise,



INTEREST EXPENSE
OHIO EDISON/CENTERIOR COMBINED
($ MILLIONS)

The Harding Centre, a $6.7 million residential and retail center located in the former Harding Hotel in Marion, Ohio, uses a geothermal system to provide cost-efficient heating and cooling for senior citizens on low-income budgets.

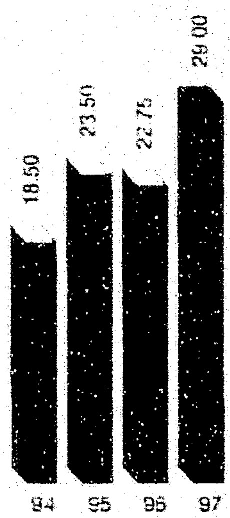
consolidation of the information technology of both companies to meet FirstEnergy's needs will save more than $15 million a year compared with what the companies would have spent separately.

Savings Through Safety

Employee safety remains a top priority for FirstEnergy. Our safety programs are designed to reduce accidents, improve employee morale and productivity, and cut medical and insurance costs.

Ohio Edison – historically an industry leader in safety – ranked first nationally in the Edison Electric Institute 1996 Survey of the Occupational Safety and Health Administration Recordable Incident Rate. Ohio Edison's rate of injuries and illnesses per 100 employees was 67 percent below the electric utility industry average, and the rate for its System Transmission & Distribution Department was approximately 70 percent lower. In 1997, employees recorded significant safety milestones for working without a lost-time accident: 2.3 million hours worked in our Eastern Region, 2 million at the Burger Plant, 1 million at the Niles Plant; and 1 million at Penn Power.

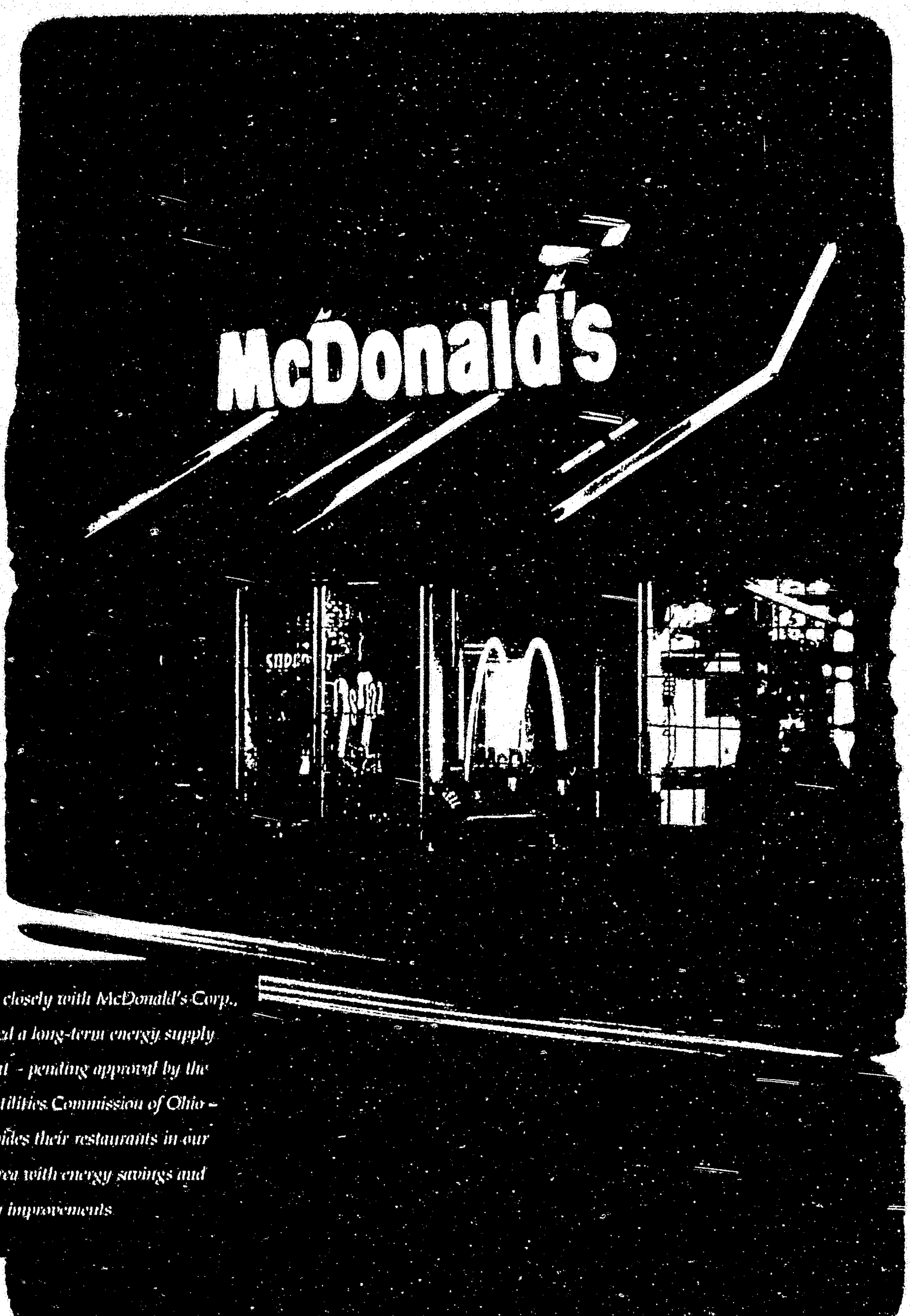
We have achieved our safety results by creating and maintaining safety awareness programs that are among the best in the nation, requiring accountability and responsibility throughout the organization for safe work practices, and rewarding employee safety efforts through matching contributions in the 401(k) employee savings plan and with other incentive compensation.



YEAR-END MARKET PRICE PER COMMON SHARE (DOLLARS)

Positioned for the future...

Creating FirstEnergy was an important step toward meeting the challenges new competition brings. As this report shows, we're building on the momentum our merger provided to improve our competitive edge by pursuing new ventures, forging new alliances and operating more efficiently. FirstEnergy is entering 1998 better positioned for success.



Working closely with McDonald's Corp., we reached a long-term energy supply agreement – pending approval by the Public Utilities Commission of Ohio – that provides their restaurants in our service area with energy savings and efficiency improvements.

Management Report

The consolidated financial statements were prepared by the management of FirstEnergy Corp., who takes responsibility for their integrity and objectivity. The statements were prepared in conformity with generally accepted accounting principles and are consistent with other financial information appearing elsewhere in this report. Arthur Andersen LLP, independent public accountants, have expressed an opinion on the Company's consolidated financial statements.

The Company's internal auditors, who are responsible to the Audit Committee of the Board of Directors, review the results and performance of operating units within the Company for adequacy, effectiveness and reliability of accounting and reporting systems, as well as managerial and operating controls.

The Audit Committee consists of five nonemployee directors whose duties include: consideration of the adequacy of the internal controls of the Company and the objectivity of financial reporting; inquiry into the number, extent, adequacy and validity of regular and special audits conducted by independent public accountants and the internal auditors; recommendation to the Board of Directors of independent accountants to conduct the normal annual audit and special purpose audits as may be required; and reporting to the Board of Directors the Committee's findings and any recommendation for changes in scope, methods or procedures of the auditing functions. The Committee also reviews the results of management's program to monitor compliance with the Company's policies on business ethics and conduct. The Ohio Edison Audit Committee held three meetings in 1997 and the FirstEnergy Audit Committee held one meeting in 1997 after the consummation of the merger.

H. Peter Burg

H. Peter Burg
President
Chief Financial Officer

Harvey L. Wagner

Harvey L. Wagner
Controller
Chief Accounting Officer

Report of Independent Public Accountants

To the Stockholders and Board of Directors of FirstEnergy Corp.:

We have audited the accompanying consolidated balance sheets and consolidated statements of capitalization of FirstEnergy Corp. (an Ohio corporation) and subsidiaries as of December 31, 1997 and 1996, and the related consolidated statements of income, retained earnings, capital stock and other paid-in capital, cash flows and taxes for each of the three years in the period ended December 31, 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of FirstEnergy Corp. and subsidiaries as of December 31, 1997 and 1996, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1997, in conformity with generally accepted accounting principles.

Arthur Andersen LLP

ARTHUR ANDERSEN LLP

Cleveland, Ohio
February 13, 1998

Selected Financial Data

(In thousands, except per share amounts)

	1997	1996	1995	1994	1993
Operating Revenues	$ 2,821,435	$2,469,785	$2,465,846	$2,368,191	$2,369,940
Net Income	$ 305,774	$ 302,673	$ 294,747	$ 281,852	$ 59,017
Earnings per Share of Common Stock	$1.94	$2.10	$2.05	$1.97	$0.39
Dividends Declared per Share of Common Stock	$1.50	$1.50	$1.50	$1.50	$1.50
Total Assets	$18,080,795	$9,054,457	$8,892,088	$9,045,255	$8,964,841
Capitalization at December 31:					
Common Stockholders' Equity	$ 4,159,598	$2,503,359	$2,407,871	$2,317,197	$2,243,292
Preferred Stock:					
Not Subject to Mandatory Redemption	660,195	211,870	211,870	328,240	328,240
Subject to Mandatory Redemption	334,864	155,000	160,000	40,000	45,500
Long-Term Debt	6,969,835	2,712,760	2,786,256	3,166,593	3,039,263
Total Capitalization	$12,124,492	$5,582,989	$5,565,997	$5,852,030	$5,656,295

Price Range of Common Stock

FirstEnergy Corp.'s Common Stock is listed on the New York Stock Exchange and is traded on other registered exchanges. Trading of the common stock began on November 10, 1997. Prices represent Ohio Edison Company Common Stock before November 10, 1997 and FirstEnergy Corp. Common Stock beginning November 10, 1997.

	1997		1996	
First Quarter High-Low	23-7/8	20-7/8	24-7/8	21-7/8
Second Quarter High-Low	22	19-1/4	23	20-1/4
Third Quarter High-Low	23-5/8	21-3/4	22-1/4	19-1/4
Fourth Quarter High-Low	29	22-13/16	23-1/4	19-3/8
Yearly High-Low	29	19-1/4	24-7/8	19-1/4

Prices are based on reports published in *The Wall Street Journal* for New York Stock Exchange Composite Transactions.

Classification of Holders of Common Stock as of December 31, 1997

	Holders of Record		Shares Held	
	Number	%	Number	%
Individuals	179,862	82.41	61,232,003	26.60
Fiduciaries	36,439	16.69	12,348,785	5.36
Nominees	60	0.02	155,109,173	67.38
All Others	1,928	0.88	1,517,180	0.66
Total	218,289	100.00	230,207,141	100.00

As of January 31, 1998, there were 217,565 holders of 230,207,141 shares of the Company's Common Stock. Information regarding retained earnings available for payment of cash dividends is given in Note 4A.

Management's Discussion and Analysis of Results of Operations and Financial Condition

This discussion 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 market prices, legislative and regulatory changes (including revised environmental requirements), availability and cost of capital and other similar factors.

Results of Operations

FirstEnergy Corp. was formed when the merger of Ohio Edison Company (OE) and Centerior Energy Corporation (Centerior) became effective on November 8, 1997. The Federal Energy Regulatory Commission (FERC) approved our merger on October 29, 1997, and the Securities and Exchange Commission followed with their approval on November 5, 1997. The merger of the companies has been accounted for by using purchase accounting under the guidelines of Accounting Principles Board Opinion No. 16, "Business Combinations." Under purchase accounting, the results of operations for the combined entity are reported from the point of consummation forward. As a result, FirstEnergy financial statements for 1997 reflect twelve months of operations for OE and its wholly owned subsidiary, Pennsylvania Power Company (Penn), but include only seven weeks (November 8, 1997 to December 31, 1997) for the former Centerior companies, which include The Cleveland Electric Illuminating Company (CEI) and The Toledo Edison Company (TE). Results reported for prior periods are for OE and Penn only (OE companies).

We continued to make significant progress in 1997 as our companies prepare for a more competitive environment in the electric utility industry. The most significant event during the year was the consummation of our merger. We expect the merger to produce a minimum of $1 billion in savings during the first ten years of joint operations through the elimination of duplicative activities, improved operating efficiencies, lower capital expenditures, accelerated debt reduction, the coordination of the Companies' work forces and enhanced purchasing opportunities.

During 1997, we reviewed every facet of our operations to determine best practices and opportunities for increasing efficiency and reducing costs. On January 29, 1998, our workforce was reduced by 310 employees to eliminate duplicative activities resulting from the merger. Total merger related staffing reductions to date are 1,336, including 582 employees who recently accepted voluntary retirement programs and 444 employees who left the Companies in 1997 and were not replaced. These reductions are expected to produce approximately $90 million in annual savings.

Earnings per share of $1.94 for 1997 were adversely affected by net nonrecurring charges, primarily related to the staffing reductions discussed above, amounting to $.22 per share. Excluding these charges, 1997 earnings per share were $2.16, compared to $2.10 in 1996. The 1997 results reflect accelerated depreciation and amortization of nuclear and regulatory assets totaling approximately $211 million under OE's Rate Reduction and Economic Development Plan and Penn's Rate Stability and Economic Development Plan; results for 1996 included approximately $178 million of accelerated depreciation and amortization. The 1996 results compared favorably to earnings of $2.05 per share in 1995.

Operating revenues were up $351.7 million in 1997, compared to 1996. Excluding the seven weeks of former Centerior results, we achieved record operating revenues for the third consecutive year with an increase of $3.8 million over 1996. The OE companies also achieved record retail sales for the fifth consecutive year. The following table summarizes the sources of changes in operating revenues for the OE companies for 1997 and 1996 as compared to the previous year:

	1997	1996
	(In millions)	
Increased retail kilowatt-hour sales	$ 7.8	$ 58.1
Change in average retail prices	13.3	(46.1)
Sales to utilities	(25.8)	(4.5)
Other	8.5	(3.6)
Net increase	$ 3.8	$ 3.9

An improving local economy helped the OE companies achieve record retail sales of 27.3 billion kilowatt-hours. Our customer base continues to grow with approximately 4,900 new retail customers added in 1997, after gaining more than 12,200 customers the previous year. Residential sales decreased 0.8% in 1997, following a 1.8% gain the previous year. Commercial sales rose 1.2% and 1.3% in 1997 and 1996, respectively. Increased demand by rubber and plastics and primary metal manufacturers contributed to a 1.0% rise in industrial sales during 1997, following a 5.5% increase the previous year. Sales to other utilities fell 26.4% in 1997 as a result of the December 31, 1996 expiration of a one-year contract with another utility to supply 250 megawatts of power. This follows a 2.7% increase the previous year. As a result of the above factors, total kilowatt-hour sales for the OE companies dropped 5.0%, compared with sales in 1996, which were up 3.0% from 1995.

Fuel and purchased power expenses increased $29.6 million in 1997. Excluding the seven weeks of former Centerior results, fuel and purchased power costs were down $19.4 million. Because of lower total kilowatt-hour sales, the OE companies spent less for fuel and purchased power during 1997, compared to 1996 costs, which were also down compared to 1995. Higher nuclear expenses in 1997 reflect increased operating costs at the Beaver Valley Plant and the seven weeks of former Centerior results. Excluding the Centerior costs, 1997 nuclear expenses increased $20 million compared to 1996. Nuclear operating costs were lower in 1996, compared to 1995, due primarily to lower refueling outage cost levels. Other operating costs in 1997 were $105.6 million higher than in 1996. The seven weeks of Centerior results contributed $81 million to the increase. For the OE companies, the increase in other operating costs in 1997 reflects a fourth quarter charge of approximately $41.5 million for the voluntary retirement program.

mentioned above and estimated severance expenses. These cost increases were partially offset by gains on the sale of emission allowances during the year. The decrease in other operating costs in 1996, compared to 1995, reflects lower maintenance costs at our fossil-fuel generating units.

The changes in depreciation and regulatory asset amortization in 1997 and 1996 reflect accelerations under the regulatory plans discussed above. The changes between 1997 and 1996 also include $31.2 million of former Centerior depreciation, $6.2 million of former Centerior regulatory asset amortization and $7.7 million of goodwill amortization. General taxes were up $40.2 million in 1997, compared to 1996. Excluding the former Centerior's results for the seven weeks ended December 31, 1997, general taxes were down $7 million, compared to last year. The decrease in 1997 was due to lower property taxes and an adjustment in the second quarter of 1997 which reduced the OE companies' liabilities for gross receipts taxes.

Other income rose $20.8 million in 1997. The former Centerior's seven-week results contributed $5.6 million of the increase. For the OE companies, the increases in other income in 1997 and 1996 were principally due to higher investment income—primarily through our PNBV Capital Trust investment, which was effective in the third quarter of 1996. Excluding the seven-week results for the former Centerior, overall interest costs continue to trend downward. For the OE companies, total interest costs were $4.2 million lower in 1997 than in 1996. Interest on long-term debt decreased due to our economic refinancings and redemption of higher-cost debt totaling approximately $282 million that had been outstanding as of December 31, 1996. Other interest expense increased compared to 1996 due mainly to higher levels of short term borrowing. We also discontinued deferring nuclear unit interest in the second half of 1995, consistent with OE's regulatory plan.

Capital Resources and Liquidity

We have significantly improved our financial position over the past five years. For the OE companies, cash generated from operations was nearly 25% higher in 1997 than it was in 1992 due to higher revenues and aggressive cost controls. At the same time, return on common equity improved from 10.8% in 1992 to 12.1% in 1997, excluding the net nonrecurring charges discussed above. By the end of 1997, the OE companies were serving about 57,000 more customers than they were five years ago, with approximately 2,000 fewer employees. As a result, our customer/employee ratio has increased by 56% over the past five years, standing at 264 customers per employee at the end of 1997, compared with 169 at the end of 1992. In addition, capital expenditures for the OE companies have dropped substantially during that period. Expenditures in 1997 were approximately 37% lower than they were in 1992 and annual depreciation charges have exceeded property additions since the end of 1987.

Over the past five years, the OE companies have aggressively taken advantage of opportunities in the financial markets to reduce our average capital costs. Through refinancing activities, we have reduced the average cost of debt from 8.53% at the end of 1992 to 7.77% at the end of 1997. Excluding the nonrecurring charges mentioned above, our fixed charge coverage ratios continue to improve. The indenture ratio, which is used to determine OE's ability to issue first mortgage bonds, improved from 4.34 at the end of 1992 to 6.21 at the end of 1997. Over the same period, the charter ratio—a measure of our ability to issue preferred stock—improved from 1.89 to 2.35.

At the end of 1997, FirstEnergy's common equity as a percentage of capitalization stood at 34% compared to 40% at the end of 1992 for OE. This decrease occurred due to the addition of $4.4 billion of debt, $633.2 million of preferred stock and $1.6 billion of equity to our capital structure as a result of the merger.

Our cash requirements in 1998 for operating expenses, construction expenditures and scheduled debt maturities are expected to be met without issuing additional securities. During 1997, the OE companies reduced their total debt by approximately $245 million. FirstEnergy has cash requirements of approximately $2.4 billion for the 1998-2002 period to meet scheduled maturities of long-term debt and preferred stock. Of that amount, approximately $288 million applies to 1998.

We had about $98.2 million of cash and temporary investments and $302.2 million of short-term indebtedness on December 31, 1997. As of December 31, 1997, we had the capability to borrow $61 million through unused OES Fuel credit facilities. In addition, our unused borrowing capability included $162 million under revolving lines of credit and $26 million of bank facilities that provide for borrowings on a short-term basis at the banks' discretion.

Our capital spending for the period 1998-2002 is expected to be about $1.5 billion (excluding nuclear fuel), of which approximately $385 million applies to 1998. These spending plans include investing approximately $300 million during the five-year period ($65 million in 1998) in nonregulated business ventures. Investments for additional nuclear fuel during the 1998-2002 period are estimated to be approximately $518 million, of which about $85 million applies to 1998. During the same periods, our nuclear fuel investments are expected to be reduced by approximately $380 million and $112 million, respectively, as the nuclear fuel is consumed. Also, we have operating lease commitments (net of related trust income) of approximately $1.0 billion for the 1998-2002 period, of which approximately $189 million relates to 1998. We recover the cost of nuclear fuel consumed and operating leases through our electric rates.

Interest Rate Risk

Our exposure to fluctuations in market interest rates is mitigated by the fact that a significant portion of our debt has fixed interest rates, as noted in the following table. The Companies are subject to the inherent interest rate risks related to refinancing maturing debt by issuing new debt securities. As discussed in Note 3, our investments in capital trusts effectively reduce future lease obligations, also reducing interest rate risk. As discussed in Note 1, changes in the market value of our decommissioning trust funds are recognized with a corresponding change to the decommissioning liability.

The table below presents principal amounts and related weighted average interest rates by year of maturity for our investment portfolio, debt obligations and preferred stock with mandatory redemption provisions:

	1998	1999	2000	2001	2002	Thereafter	Total	Fair Value
			(Dollars in Millions)					
Investments other than Cash and Cash Equivalents								
Fixed Income	$ 39	$ 45	$ 56	$ 55	$ 83	$1,443	$1,721	$1,796
Average interest rate	7.3%	7.4%	7.5%	7.7%	7.7%	6.2%	6.4%	
Liabilities								
Long-term Debt								
Fixed rate	$267	$411	$369	$102	$745	$4,294	$6,188	$6,548
Average interest rate	8.6%	7.6%	7.0%	8.7%	7.9%	7.8%	7.8%	
Variable rate		$215				$ 577	$ 792	$ 743
Average interest rate		6.4%				4.2%	4.8%	
Short-term Borrowings	$302						$ 302	$ 302
Average interest rate	6.0%						6.0%	
Preferred Stock	$ 21	$ 40	$ 39	$ 85	$ 19	$ 140	$ 344	$ 362
Average dividend rate	7.4%	8.9%	8.9%	8.9%	8.9%	8.8%	8.7%	

Outlook

We face many competitive challenges in the years ahead as the electric utility industry undergoes significant changes, including changing regulation and the entrance of more energy suppliers into the marketplace. Retail wheeling, which would allow retail customers to purchase electricity from other energy producers, will be one of those challenges. Our regulatory plans provide the foundation to position us to meet the challenges we are facing by significantly reducing fixed costs and lowering rates to a more competitive level.

OE's Rate Reduction and Economic Development Plan was approved by the Public Utilities Commission of Ohio (PUCO) in 1995; Penn's Rate Stability and Economic Development Plan was approved by the Pennsylvania Public Utility Commission (PPUC) in the second quarter of 1996 and FirstEnergy's Rate Reduction and Economic Development Plan for CEI and TE was approved in January 1997. These regulatory plans initially maintain current base electric rates for OE, CEI and TE through December 31, 2005, and Penn through June 20, 2006. The plans also revised the Companies' fuel cost recovery methods.

As part of OE's regulatory plan, transition rate credits were implemented for customers, which are expected to reduce operating revenues by approximately $600 million during the regulatory plan period which is to be followed by a base rate reduction of approximately $300 million in 2006. The base rate freeze for CEI and TE is to be followed by a $310 million base rate reduction in 2006, interim reductions beginning in June 1998 of $3 per month will increase to $5 per month per residential customer by July 1, 2001. Total savings of $391 million are anticipated over the term of the plan for CEI's and TE's customers. CEI and TE have also committed $105 million for economic development and energy efficiency programs.

All of the Companies' regulatory assets are being recovered under provisions of the regulatory plans. In addition, the PUCO and PPUC have authorized OE and Penn to recognize additional capital recovery related to their generating assets (which is reflected as additional depreciation expense) and additional amortization of regulatory assets during the regulatory plan periods of at least $2 billion and $358 million, respectively, more than the amounts that would have been recognized if the regulatory plans were not in effect. These additional amounts are being recovered through current rates.

Based on the regulatory environment we operate in today and the regulatory plans, we believe we will continue to be able to bill and collect cost-based rates relating to CEI's and TE's nonnuclear operations and all of OE's and Penn's operations; accordingly, it is appropriate that we continue the application of Statement of Financial Accounting Standards No. 71 "Accounting for the Effects of Certain Types of Regulation" (SFAS 71). However, as discussed below, changes in the regulatory environment are on the horizon. With respect to Penn, we expect to discontinue the application of SFAS 71 for the generation portion of that business, possibly as early as 1998. We do not expect the impact of Penn discontinuing SFAS 71 to be material. As further discussed below, the Ohio legislature is in the discussion stages of restructuring the electric utility industry within the State. We do not expect any changes in regulation to be effective within the next two years and we cannot assess what the ultimate impact may be.

The PUCO has authorized CEI and TE to recognize additional capital recovery related to their generating assets and additional amortization of regulatory assets during the regulatory plan period of at least $2 billion more than the amounts that would have been recognized if the regulatory plans were not in effect. For regulatory purposes, these additional charges will be reflected over the rate plan period. The FirstEnergy regulatory plan does not provide for full recovery of CEI's and TE's nuclear operations. Accordingly, regulatory assets representing customer receivables for future income taxes related to nuclear assets of $794 million were written off prior to consummation of the merger since CEI and TE ceased application of SFAS 71 for their nuclear operations when implementation of the FirstEnergy regulatory plan became probable. At the consummation of the merger in November 1997, CEI and TE recognized a fair value purchase accounting adjustment which decreased the carrying value of their nuclear assets by approximately $2.55 billion. The fair value adjustment recognized for financial reporting purposes will ultimately satisfy the $2 billion asset reduction commitment contained in the CEI and TE regulatory plan over the regulatory plan period.

On September 30, 1997, Penn filed a restructuring plan with the PPUC. The plan describes how Penn will restructure its rates and provide customers with direct access to alternative electricity suppliers; customer choice is to be phased in over three years beginning in 1999, after completion of a two-year pilot program. Penn will continue to deliver power to homes and businesses through its transmission and distribution system, which remains regulated by the PPUC. Penn also plans to sell electricity and energy-related services in its own territory and throughout Pennsylvania as an alternative supplier through its nonregulated subsidiary, Penn Power Energy. Through the restructuring plan, Penn is seeking recovery of $293 million of stranded costs through a competitive transition charge starting in 1999 and ending in 2005, which is consistent with Penn's Rate Stability and Economic Development Plan currently in effect. The PPUC plans to hold public hearings on Penn's restructuring plan early in 1998.

On January 6, 1998, the co-chairs of the Ohio General Assembly's Joint Select Committee on Electric Industry Deregulation released their draft report of a plan which proposes to give customers a choice from whom they buy electricity beginning January 1, 2000. No consensus has been reached by the full Committee; in the meantime, legislation consistent with the co-chairs' draft report may be introduced into the General Assembly by one or both of the co-chairs. We cannot predict when or if this legislation will be introduced and if it will be passed into law. We continue to study the potential effects that such legislation would have on our financial position and results of operations.

The Financial Accounting Standards Board (FASB) issued a proposed accounting standard for nuclear decommissioning costs in February 1996. If the standard is adopted as proposed: (1) annual provisions for decommissioning could increase; (2) the net present value of estimated decommissioning costs could be recorded as a liability; and (3) income from the external decommissioning trusts could be reported as investment income. The FASB reported in October 1997 that it plans to continue working on the proposal in 1998.

The Clean Air Act Amendments of 1990, discussed in Note 6, require additional emission reductions by 2000. We are pursuing cost-effective compliance strategies for meeting the reduction requirements that begin in 2000.

CEI and TE have been named as "potentially responsible parties" (PRPs) for three sites listed on the Superfund National Priorities List and are aware of their potential involvement in the cleanup of several other sites. Allegations that CEI and TE disposed of hazardous waste at these sites, and the amount involved are often unsubstantiated and subject to dispute. Federal law provides that all PRPs for a particular site be held liable on a joint and several basis. If CEI and TE were held liable for 100% of the cleanup costs of all the sites referred to above, the cost could be as high as $313 million. However, we believe that the actual cleanup costs will be substantially lower than $313 million, that CEI's and TE's share of any cleanup costs will be substantially less than 100% and that most of the other PRPs are financially able to contribute their share. CEI and TE have accrued a $5.9 million liability as of December 31, 1997, based on estimates of the costs of cleanup and their proportionate responsibility for such cost. We believe that the ultimate outcome of these matters will not have a material adverse effect on our financial condition, cash flows or results of operations.

Impact of the Year 2000 Issue

The Year 2000 Issue is the result of computer programs being written using two digits rather than four to identify the applicable year. Any of our programs that have date-sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in system failures or miscalculations.

We currently believe that with modifications to existing software and conversions to new software, the Year 2000 Issue will pose no significant operational problems for our computer systems as so modified and converted. If these modifications and conversions are not made, or are not completed on a timely basis, the Year 2000 Issue could have a material impact on our operations.

We have initiated formal communications with many of our major suppliers to determine the extent to which we are vulnerable to those third parties' failure to resolve their own Year 2000 problems. Our total Year 2000 project cost and estimates to complete are based on currently available information and do not include the estimated costs and time associated with the impact of a third party's Year 2000 Issue. There can be no guarantee that the failure of other companies to resolve their own Year 2000 issues will not have a material adverse effect on us.

We are utilizing both internal and external resources to reprogram and/or replace and test the software for Year 2000 modifications. Most of our Year 2000 problems will be resolved through system replacements. The different phases of our Year 2000 project will be completed at various dates, most of which occur in 1999. We plan to complete the entire Year 2000 project by mid-December 1999. Of the total project cost, approximately $64 million will be capitalized since those costs are attributable to the purchase of new software for total system replacements (i.e., the Year 2000 solution comprises only a portion of the benefit resulting from the system replacements). The remaining $8 million will be expensed as incurred over the next two years. To date, we have incurred and expensed approximately $1 million related to the assessment of, and preliminary efforts in connection with, our Year 2000 project and the development of a remediation plan.

The costs of the project and the date on which we plan to complete the Year 2000 modifications are based on management's best estimates, which were derived from numerous assumptions of future events including the continued availability of certain resources, and other factors. However, there can be no guarantee that this project will be completed as planned and actual results could differ materially from the estimates. Specific factors that might cause material differences include, but are not limited to, the availability and cost of trained personnel, the ability to locate and correct all relevant computer code, and similar uncertainties.

(In thousands, except per share amounts)

For the Years Ended December 31,	1997	1996	1995
OPERATING REVENUES	$2,821,435	$2,469,785	$2,465,846
OPERATING EXPENSES AND TAXES:			
Fuel and purchased power	486,267	456,629	465,483
Nuclear operating costs	312,123	247,708	289,717
Other operating costs	526,072	420,523	446,967
Total operation and maintenance expenses	1,324,462	1,124,860	1,202,167
Provision for depreciation and amortization	431,431	355,780	256,085
Amortization of net regulatory assets	43,621	27,661	5,825
General taxes	282,163	241,998	243,179
Income taxes	183,798	189,417	191,972
Total operating expenses and taxes	2,265,475	1,939,716	1,899,228
OPERATING INCOME	555,960	530,069	565,618
OTHER INCOME	58,343	37,537	14,424
INCOME BEFORE NET INTEREST CHARGES	614,303	567,606	581,042
NET INTEREST CHARGES:			
Interest on long-term debt	252,815	211,935	243,570
Deferred nuclear unit interest	—	—	(4,250)
Allowance for borrowed funds used during construction and capitalized interest	(3,469)	(3,136)	(5,668)
Other interest expense	31,365	28,211	22,944
Subsidiaries' preferred stock dividend requirements	27,818	27,923	29,699
Net interest charges	308,529	264,933	286,295
NET INCOME	$ 305,774	$ 302,673	$ 294,747
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	157,464	144,095	143,692
EARNINGS PER SHARE OF COMMON STOCK (Note 4C)	$1.94	$2.10	$2.05
DIVIDENDS DECLARED PER SHARE OF COMMON STOCK	$1.50	$1.50	$1.50

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

(In thousands)

At December 31,	1997	1996
ASSETS		
UTILITY PLANT:		
In service	$15,008,448	$ 8,634,030
Less—Accumulated provision for depreciation	5,635,900	3,226,259
	9,372,548	5,407,771
Construction work in progress—		
Electric plant	165,837	93,413
Nuclear fuel	34,825	5,786
	200,662	99,199
	9,573,210	5,506,970
OTHER PROPERTY AND INVESTMENTS:		
Capital trust investments (Note 3)	1,370,177	487,979
Letter of credit collateralization (Note 3)	277,763	277,763
Other	659,162	323,316
	2,307,102	1,089,058
CURRENT ASSETS:		
Cash and cash equivalents	98,237	5,253
Receivables—		
Customers (less accumulated provisions of $5,618,000 and $2,306,000, respectively, for uncollectible accounts)	284,162	247,027
Other	219,106	58,327
Materials and supplies, at average cost—		
Owned	154,961	66,177
Under consignment	82,839	44,468
Prepayments and other	163,686	75,681
	1,002,991	496,933
DEFERRED CHARGES:		
Regulatory assets	2,624,144	1,703,111
Goodwill	2,107,795	—
Unamortized sale and leaseback costs	95,096	100,066
Property taxes	270,585	100,802
Other	99,872	57,517
	5,197,492	1,961,496
	$18,080,795	$ 9,054,457
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION (See Consolidated Statements of Capitalization):		
Common stockholders' equity	$ 4,159,598	$ 2,503,359
Preferred stock of consolidated subsidiaries—		
Not subject to mandatory redemption	660,195	211,870
Subject to mandatory redemption	214,864	35,000
Ohio Edison obligated mandatorily redeemable preferred securities of subsidiary trust holding solely Ohio Edison subordinated debentures	120,000	120,000
Long-term debt	6,969,835	2,712,760
	12,124,492	5,582,989
CURRENT LIABILITIES:		
Currently payable long-term debt and preferred stock	470,436	333,667
Short-term borrowings (Note 5)	302,229	349,480
Accounts payable	312,690	93,509
Accrued taxes	381,937	142,909
Accrued interest	147,694	52,855
Other	193,850	131,275
	1,808,836	1,103,695
DEFERRED CREDITS:		
Accumulated deferred income taxes	2,304,305	1,777,086
Accumulated deferred investment tax credits	324,200	199,835
Pensions and other postretirement benefits	492,425	123,446
Other	1,026,537	267,406
	4,147,467	2,367,773
COMMITMENTS, GUARANTEES AND CONTINGENCIES (Notes 3 and 5)	$18,080,795	$ 9,054,457

The accompanying Notes to Consolidated Financial Statements are an integral part of these balance sheets.

(In thousands, except per share amounts)

At December 31,					1997	1996
COMMON STOCKHOLDERS' EQUITY:						
Common stock, $.10 par value, and $9 par value, respectively - authorized 300,000,000 shares—230,207,141 and 152,569,437 shares outstanding, respectively					$ 23,021	$1,373,125
Other paid-in capital					3,636,908	727,602
Retained earnings (Note 4A)					646,646	557,542
Unallocated employee stock ownership plan common stock-7,829,538 and 8,259,053 shares, respectively (Note 4B)					(146,977)	(155,210)
Total common stockholders' equity					4,159,598	2,503,358
	Number of Shares Outstanding		Optional Redemption Price			
	1997	1996	Per Share	Aggregate		
PREFERRED STOCK OF CONSOLIDATED SUBSIDIARIES (Note 4D)						
Ohio Edison Company (OE)						
Cumulative, $100 par value-						
Authorized 6,000,000 shares						
Not Subject to Mandatory Redemption:						
3.90%	152,510	152,510	$103.63	$15,804	15,251	15,251
4.40%	176,280	176,280	108.00	19,038	17,628	17,628
4.44%	136,560	136,560	103.50	14,134	13,656	13,656
4.56%	144,300	144,300	103.38	14,917	14,430	14,430
	609,650	609,650		63,893	60,965	60,965
Cumulative, $25 par value-						
Authorized 8,000,000 shares						
Not Subject to Mandatory Redemption:						
7.75%	4,000,000	4,000,000			100,000	100,000
Total not subject to mandatory redemption	4,609,650	4,609,650		$63,893	160,965	160,965
Cumulative, $100 par value-						
Subject to Mandatory Redemption (Note 4E):						
8.45%	200,000	250,000			20,000	25,000
Redemption within one year					(5,000)	(5,000)
	200,000	250,000			15,000	20,000
Pennsylvania Power Company						
Cumulative, $100 par value-						
Authorized 1,200,000 shares						
Not Subject to Mandatory Redemption:						
4.24%	40,000	40,000	$103.13	$ 4,125	4,000	4,000
4.25%	41,049	41,049	105.00	4,310	4,105	4,105
4.64%	60,000	60,000	102.98	6,179	6,000	6,000
7.64%	60,000	60,000	101.42	6,085	6,000	6,000
7.75%	250,000	250,000	—	—	25,000	25,000
8.00%	58,000	58,000	102.07	5,920	5,800	5,800
Total not subject to mandatory redemption	509,049	509,049		$26,619	50,905	50,905
Subject to Mandatory Redemption (Note 4E):						
7.625%	150,000	150,000			15,000	15,000
OE OBLIGATED MANDATORILY REDEEMABLE PREFERRED SECURITIES OF SUBSIDIARY TRUST HOLDING SOLELY OE SUBORDINATED DEBENTURES (Note 4F):						
Cumulative, $25 par value-						
Authorized 4,800,000 shares						
Subject to Mandatory Redemption:						
9.00%	4,800,000	4,800,000			120,000	120,000

(In thousands, except per share amounts)

At December 31,	Number of Shares Outstanding		Optional Redemption Price		1997	1996
	1997	1996	Per Share	Aggregate		
PREFERRED STOCK OF CONSOLIDATED SUBSIDIARIES (Cont.)						
Cleveland Electric Illuminating Company						
Cumulative, Without Par Value—						
Authorized 4,000,000 shares						
Not Subject to Mandatory Redemption:						
$ 7.40 Series A	500 000		$ 101.00	$ 50,500	50,000	
$ 7.56 Series B	450 000		102.26	46,017	45,071	
Adjustable Series L	474,000		100.00	47,400	46,404	
$42.40 Series T	200,000		500.00	100,000	96,850	
Total not subject to mandatory redemption	1,624 000			$243,917	238,325	
Subject to Mandatory Redemption:						
$ 7.35 Series C	110,000		101.00	$ 11,110	11,110	
$88.00 Series E	9 000		1,007.65	9,069	9,000	
$91.50 Series Q	42,858		1,000.00	42,858	42,858	
$88.00 Series R	50,000		—	—	55,000	
$90.00 Series S	74,000		—	—	79,920	
	285,858			53,037	197,888	
Redemption Within One Year					(14,714)	
Total subject to mandatory redemption	285,858			$ 53,037	183,174	
Toledo Edison Company						
Cumulative, $100 Par Value-						
Authorized 3,000,000 shares						
Not Subject to Mandatory Redemption:						
$ 4.25	160,000		104.63	$ 16,740	16,000	
$ 4.56	50,000		101.00	5,050	5,000	
$ 4.25	100,000		102.00	10,200	10,000	
$ 8.32	100,000		102.46	10,246	10,000	
$ 7.76	150,000		102.44	15,366	15,000	
$ 7.80	150,000		101.65	15,248	15,000	
$10.00	190,000		101.00	19,190	19,000	
	900,000			92,040	90,000	
Cumulative, $25 Par Value-						
Authorized 12,000,000 shares						
Not Subject to Mandatory Redemption:						
$ 2.21	1,000,000		25.25	25,250	25,000	
$ 2.365	1,400,000		27.75	38,850	35,000	
Adjustable Series A	1,200,000		25.00	30,000	30,000	
Adjustable Series	1,200,000		25.00	30,000	30,000	
	4,800,000			124,100	120,000	
Total not subject to mandatory redemption	5,700,000			$216,140	210,000	
Cumulative, $100 par value-						
Subject to Mandatory Redemption:						
$ 9.375	33,550		100.49	$ 3,371	3,355	
Redemption Within One Year					(1,665)	
Total subject to mandatory redemption	33,550			$ 3,371	1,690	

LONG-TERM DEBT (Note 4G) (Interest rates reflect weighted average rates) *(In thousands)*

At December 31	FIRST MORTGAGE BONDS			SECURED NOTES			UNSECURED NOTES			TOTAL	
		1997	1996		1997	1996		1997	1996	1997	1996
Ohio Edison Co. -											
Due 1997-2002	7.63%	$ 659,265	$ 659,265	7.45%	$ 92,442	$102,263	5.51%	$531,500	$691,500		
Due 2003-2007	8.02%	230,000	230,000	7.68%	158,204	158,204	—	—	—		
Due 2008-2012	—	—	—	—	—	—	—	—	—		
Due 2013-2017	—	—	—	7.13%	87,725	87,725	—	—	—		
Due 2018-2022	8.75%	50,960	50,960	7.04%	155,943	155,943	—	—	—		
Due 2023-2027	7.77%	175,000	175,000	7.77%	188,000	188,000	—	—	—		
Due 2028-2032	—	—	—	5.80%	106,212	106,212	—	—	—		
Due 2033-2037	—	—	—	5.45%	14,800	14,800	—	—	—		
Total-Ohio Edison		1,115,225	1,115,225		803,326	813,147		531,500	691,500	$2,450,051	$2,619,872
Cleveland Electric Illuminating Co. -											
Due 1997-2002	7.63%	195,000		8.31%	475,150		8.24%	5,050			
Due 2003-2007	8.93%	475,000		7.52%	415,150		6.46%	22,550			
Due 2008-2012	8.38%	200,000		7.36%	158,960		6.10%	19,000			
Due 2013-2017	—	—		7.51%	419,820		—	—			
Due 2018-2022	—	—		5.25%	310,855		—	—			
Due 2023-2027	9.00%	150,000		7.68%	246,650		—	—			
Due 2028-2032	—	—		—	—		—	—			
Due 2033-2037	—	—		—	—		—	—			
Total-Cleveland Electric		1,020,000			2,026,585			46,600		3,093,185	
Toledo Edison Co. -											
Due 1997-2002	7.31%	111,000		8.13%	190,750		8.65%	137,490			
Due 2003-2007	7.90%	180,725		7.63%	162,400		6.14%	1,650			
Due 2008-2012	—	—		3.80%	31,250		10.00%	760			
Due 2013-2017	—	—		—	—		—	—			
Due 2018-2022	—	—		8.00%	227,200		—	—			
Due 2023-2027		—		7.50%	116,900		—	—			
Due 2028-2032	—	—									
Due 2033-2037	—	—		—	—		—	—			
Total-Toledo Edison		291,725			728,500			139,900		1,160,125	
Pennsylvania Power Co. -											
Due 1997-2002	9.74%	3,409	3,409	6.03%	23,850	23,850	—	—	—		
Due 2003-2007	7.19%	79,370	101,870	—	—	—	—	—	—		
Due 2008-2012	9.74%	4,870	4,870	—	—	—	—	—	—		
Due 2013-2017	9.74%	4,870	4,870	6.46%	29,525	29,525	—	—	—		
Due 2018-2022	8.58%	29,231	29,231	6.71%	36,482	46,782	—	—	—		
Due 2023-2027	7.63%	6,500	6,500	5.65%	37,500	27,200	—	—	—		
Due 2028-2032	—	—	—	5.82%	21,438	21,438	—	—	—		
Due 2033-2037	—	—	—	—	—	—	—	—	—		
Total-Penn Power		128,250	150,750		148,795	148,795		—	—	277,045	299,545
OES Fuel				6.19%	80,755	84,000				80,755	84,000
Total		2,555,200	1,265,975		3,787,961	1,045,942		718,000	691,500	7,061,161	3,003,417
Capital lease obligations										204,213	43,775
Net unamortized premium (discount) on debt										153,518	(5,765)
Long-term debt due within one year										(445,057)	(328,667)
Total long-term debt										6,969,835	2,712,760
TOTAL CAPITALIZATION										$12,124,492	$5,582,989

Consolidated Statements Of Retained Earnings

(In thousands)

For the Years Ended December 31,	1997	1996	1995
Balance at beginning of year	$557,642	$471,095	$389,600
Net income	305,774	302,673	294,747
	863,416	773,768	684,347
Cash dividends on common stock	216,770	216,126	215,512
Preferred stock redemption adjustments	—	—	(2,260)
	216,770	216,126	213,252
Balance at end of year (Note 4A)	$646,646	$557,642	$471,095

Consolidated Statements Of Capital Stock and Other Paid-In Capital

	Common Stock			Unallocated ESOP Common Stock	Preferred Stock: Not Subject to Mandatory Redemption		Preferred Stock: Subject to Mandatory Redemption	
	Number of Shares	Par Value	Other Paid-In Capital		Par or Number of Shares	Par or Stated Value	Number of Shares	Par or Stated Value
	(Dollars in thousands)							
Balance, January 1, 1995	152,569,437	$1,373,125	$724,848	$(170 376)	6,282,399	$328,240	400,000	$ 40,000
Minimum liability for unfunded retirement benefits			2,446					
Allocation of ESOP Shares			1,274	7 720				
Sale of 9% Preferred Stock							4,800,000	120,000
Redemptions—								
7.24% Series			(720)		(363,700)	(36,370)		
7.36% Series			(609)		(350,000)	(35,000)		
8.20% Series			(932)		(450,000)	(45,000)		
Balance, December 31, 1995	152,569,437	1,373,125	726,307	(162 656)	5,118,699	211,870	5,200,000	160,000
Minimum liability for unfunded retirement benefits			(51)					
Allocation of ESOP Shares			1 346	7 646				
Balance, December 31, 1996	152,569,437	1,373,125	727,602	(155,010)	5,118,699	211,870	5,200,000	160,000
Centerior acquisition	77,637,704	(1,350,104)	2,907,387		7,324,000	448,325	319,408	201,243
Minimum liability for unfunded retirement benefits			45					
Allocation of ESOP Shares			1,874	8 033				
Redemptions—								
8.45% Series							(50,000)	(5,000)
Balance, December 31, 1997	230,207,141	$ 23,021	$3,636,908	$(146 977)	12,442,699	$660,195	5,469,408	$356,243

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

(In thousands)

For the Years Ended December 31	1997	1996	1995
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income	$ 305,774	$ 302,673	$ 294,747
Adjustments to reconcile net income to net cash from operating activities:			
Provision for depreciation and amortization	431,431	355,760	256,085
Nuclear fuel and lease amortization	61,960	52,764	70,849
Other amortization, net	42,434	25,961	5,885
Deferred income taxes, net	(29,642)	41,365	53,395
Investment tax credits, net	(16,252)	(14,041)	(9,951)
Allowance for equity funds used during construction	(201)	—	—
Receivables	21,846	24,326	(20,452)
Materials and supplies	(18,909)	(736)	12,428
Accounts payable	57,087	962	3,545
Other	909	(41,317)	56,060
Net cash provided from operating activities	856,437	747,757	732,591
CASH FLOWS FROM FINANCING ACTIVITIES:			
New Financing-			
Common stock	1,558,237	—	—
Preferred stock	—	—	120,000
Long-term debt	89,773	306,313	254,365
Short-term borrowings, net	—	229,515	—
Redemptions and Repayments-			
Preferred stock	5,000	1,016	117,528
Long-term debt	335,909	436,916	499,276
Short-term borrowings, net	47,251	—	54,677
Common Stock Dividend Payments	237,648	218,656	217,192
Net cash provided from (used for) financing activities	1,022,002	(122,760)	(514,308)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Centerior acquisition	1,582,459	—	—
Property additions	203,839	148,189	198,103
Capital trust investments	8,934	487,979	—
Other	62,237	13,406	13,641
Net cash used for investing activities	1,857,469	649,574	211,744
Net increase (decrease) in cash and cash equivalents	20,970	(24,577)	6,539
Cash and cash equivalents at beginning of period*	77,267	29,830	23,291
Cash and cash equivalents at end of year	$ 98,237	$ 5,253	$ 29,830
SUPPLEMENTAL CASH FLOWS INFORMATION:			
Cash Paid During the Year-			
Interest (net of amounts capitalized)	$ 281,670	$ 224,541	$ 254,789
Income taxes	$ 265,615	$ 157,477	$ 78,643

* 1997 beginning balance includes Centerior cash and cash equivalents as of the November 8, 1997 acquisition date.

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

(In thousands)

For the Years Ended December 31,	1997	1996	1995
GENERAL TAXES:			
Real and personal property	$ 137,816	$ 115,443	$ 118,707
State gross receipts	118,390	104,158	100,591
Social security and unemployment	16,551	14,602	15,787
Other	9,406	7,795	8,094
Total general taxes	$ 282,163	$ 241,998	$ 243,179
PROVISION FOR INCOME TAXES:			
Currently payable			
Federal	$ 235,728	$ 164,132	$ 145,511
State	18,152	9,839	10,352
	253,880	173,971	155,863
Deferred, net			
Federal	(23,716)	37,277	50,631
State	(5,926)	4,088	2,764
	(29,642)	41,365	53,395
Investment tax credit amortization	(16,252)	(14,041)	(9,951)
Total provision for income taxes	$ 207,986	$ 201,295	$ 199,307
INCOME STATEMENT CLASSIFICATION OF PROVISION FOR INCOME TAXES:			
Operating income	$ 183,798	$ 189,417	$ 191,972
Other income	24,188	11,878	7,335
Total provision for income taxes	$ 207,986	$ 201,295	$ 199,307
RECONCILIATION OF FEDERAL INCOME TAX EXPENSE AT STATUTORY RATE TO TOTAL PROVISION FOR INCOME TAXES:			
Book income before provision for income taxes	$ 513,760	$ 503,968	$ 494,054
Federal income tax expense at statutory rate	$ 179,816	$ 176,389	$ 172,919
Increases (reductions) in taxes resulting from:			
Amortization of investment tax credits	(16,252)	(14,041)	(9,951)
State income taxes net of federal income tax benefit	7,947	9,053	8,525
Amortization of tax regulatory assets	30,402	26,945	19,690
Other, net	6,073	2,949	8,124
Total provision for income taxes	$ 207,986	$ 201,295	$ 199,307
ACCUMULATED DEFERRED INCOME TAXES AT DECEMBER 31:			
Property basis differences	$2,091,207	$1,319,878	$1,310,852
Deferred nuclear expense	454,902	262,123	271,114
Customer receivables for future income taxes	262,428	191,537	204,978
Deferred sale and leaseback costs	(121,974)	78,607	82,381
Unamortized investment tax credits	(116,593)	(72,663)	(77,777)
Unused alternative minimum tax credits	(243,039)	—	—
Other	(22,626)	(2,396)	(19,114)
Net deferred income tax liability	$2,304,305	$1,777,086	$1,772,434

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The consolidated financial statements include FirstEnergy Corp. (Company) and its principal electric utility operating subsidiaries, Ohio Edison Company (OE), The Cleveland Electric Illuminating Company (CEI), Pennsylvania Power Company (Penn) and The Toledo Edison Company (TE). The Company and its utility subsidiaries are referred to throughout as "Companies." The Company's 1997 results of operations include the results of CEI and TE for the period November 8, 1997 through December 31, 1997. All significant intercompany transactions have been eliminated. The Companies follow the accounting policies and practices prescribed by the Public Utilities Commission of Ohio (PUCO), the Pennsylvania Public Utility Commission (PPUC) and the Federal Energy Regulatory Commission (FERC). The preparation of financial statements in conformity with generally accepted accounting principles requires management to make periodic estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Certain prior year amounts have been reclassified to conform with the current year presentation.

Revenues – The Companies' principal business is providing electric service to customers in central and northern Ohio and western Pennsylvania. The Companies' retail customers are metered on a cycle basis. Revenue is recognized for unbilled electric service through the end of the year.

Receivables from customers include sales to residential, commercial and industrial customers located in the Companies' service area and sales to wholesale customers. There was no material concentration of receivables at December 31, 1997 or 1996, with respect to any particular segment of the Companies' customers.

CEI and TE sell substantially all of their retail customer accounts receivable to Centerior Funding Corp. under an asset-backed securitization agreement which expires in 2001. Centerior Funding completed a public sale of $150 million of receivables-backed investor certificates in a transaction that qualified for sale accounting treatment.

Regulatory Plans – OE's Rate Reduction and Economic Development Plan was approved by the PUCO in 1995; Penn's Rate Stability and Economic Development Plan was approved by the PPUC in the second quarter of 1996 and FirstEnergy's Rate Reduction and Economic Development Plan for CEI and TE was approved in January 1997. These regulatory plans initially maintain current base electric rates for OE, CEI and TE through December 31, 2005, and Penn through June 20, 2006. At the end of the regulatory plan periods, OE base rates will be reduced by $300 million (approximately 20 percent below current levels) and CEI and TE base rates will be reduced by a combined $310 million (approximately 15 percent below current levels). The plans also revised the Companies' fuel cost recovery methods. The Companies formerly recovered fuel-related costs not otherwise included in base rates from retail customers through separate energy rates. In accordance with the respective regulatory plans, OE's, CEI's and TE's fuel rates will be frozen through the regulatory plan period, subject to limited periodic adjustments; Penn's plan provided for the roll-in to base rates of its fuel rate. As part of OE's and FirstEnergy's regulatory plans, transition rate credits were implemented for customers, which are expected to reduce operating revenues for OE by approximately $600 million and CEI and TE by approximately $391 million during the regulatory plan period.

All of the Companies' regulatory assets are being recovered under provisions of the regulatory plans. In addition, the PUCO has authorized OE to recognize additional capital recovery related to its generating assets (which is reflected as additional depreciation expense) and additional amortization of regulatory assets during the regulatory plan period of at least $2 billion, and the PPUC has authorized Penn to accelerate at least $358 million, more than the amounts that would have been recognized if the regulatory plans were not in effect. These additional amounts are being recovered through current rates. As of December 31, 1997, OE's and Penn's cumulative additional capital recovery and regulatory asset amortization amounted to $427 million. CEI and TE recognized a fair value purchase accounting adjustment of $2.55 billion in connection with the FirstEnergy merger; that fair value adjustment recognized for financial reporting purposes will ultimately satisfy the $2 billion asset reduction commitment contained in the CEI and TE regulatory plan. For regulatory purposes, CEI and TE will recognize the $2 billion of accelerated amortization over the rate plan period.

Utility Plant and Depreciation – Utility plant reflects the original cost of construction (except for CEI's and TE's nuclear generating units which were adjusted to fair value), including payroll and related costs such as taxes, employee benefits, administrative and general costs and financing costs (allowance for funds used during construction).

The Companies provide for depreciation on a straight-line basis at various rates over the estimated lives of property included in plant in service. The annual composite rate for OE's and Penn's electric plant was approximately 3.0% in 1997, 1996, and 1995. CEI's and TE's composite rates were both approximately 3.0% in 1997. In addition to the straight-line depreciation recognized in 1997, 1996 and 1995, OE and Penn recognized additional capital recovery of $172 million, $144 million and $27 million, respectively, as additional depreciation expense in accordance with their regulatory plans. Such additional charges in the accumulated provision for depreciation were $343 million and $171 million as of December 31, 1997 and 1996, respectively.

Annual depreciation expense includes approximately $30.3 million for future decommissioning costs applicable to the Companies' ownership and leasehold interests in four nuclear generating units. The Companies' share of the future obligation to decommission these units is approximately $1.2 billion in current dollars and (using a 3.5% escalation rate) approximately $2.9 billion in future dollars. The estimated obligation and the escalation rate were developed based on site specific studies. Payments for decommissioning are expected to begin in 2016, when actual decommissioning work begins. The Companies have recovered approximately $252 million for decommissioning through their electric rates from customers through December 31, 1997. If the actual costs of decommissioning the units exceed the funds accumulated from investing amounts recovered from customers, the Companies expect that additional amount to be recoverable from their customers. The Companies have approximately $301.2 million invested in external decommissioning trust funds as of December 31, 1997. Earnings on these funds are reinvested with a corresponding increase to the decommissioning liability. The Companies have also recognized an estimated liability of approximately $34.9 million related to decontamination and decommissioning of nuclear enrichment facilities operated by the United States Department of Energy (DOE), as required by the Energy Policy Act of 1992.

The Financial Accounting Standards Board (FASB) issued a proposed accounting standard for nuclear decommissioning costs in February 1996. If the standard is adopted as proposed, (1) annual provisions for decommissioning could increase; (2) the net present value of estimated decommissioning costs could be recorded as a liability; and (3) income from the external decommissioning trusts could be reported as investment income. The FASB indicated in October 1997 that it plans to continue work on the proposal.

Common Ownership of Generating Facilities – The Companies and Duquesne Light Company constitute the Central Area Power Coordination Group (CAPCO). The CAPCO companies own and/or lease, as tenants in common, various power generating facilities. Each of the companies is obligated to pay a share of the costs associated with any jointly owned facility in the same proportion as its interest. The Companies' portions of operating expenses associated with jointly owned facilities are included in the corresponding operating expenses on the Consolidated Statements of Income. The amounts reflected on the Consolidated Balance Sheet under utility plant at December 31, 1997, include the following:

Generating Units	Utility Plant in Service	Accumulated Provision for Depreciation	Construction Work in Progress	Companies' Ownership/ Leasehold Interest
		(In millions)		
W.H. Sammis #7	$ 305.5	$ 100.8	$ .8	68.80%
Bruce Mansfield #1, #2 and #3	886.6	408.1	2.1	83.01%
Beaver Valley #1 and #2	2,299.9	656.3	3.9	69.46%
Davis-Besse	400.9	-	-	100.00%
Perry	2,674.6	720.3	3.1	85.26%
Eastlake #5	159.9	94.6	-	68.80%
Seneca	64.9	24.3	-	80.00%
Total	$6,792.3	$2,004.4	$9.9	

The Seneca Unit is jointly owned by CEI and a non-CAPCO company.

Nuclear Fuel – OE's and Penn's nuclear fuel is recorded at original cost, which includes material, enrichment, fabrication and interest costs incurred prior to reactor load. CEI and TE severally lease their respective portions of nuclear fuel and pay for the fuel as it is consumed (see Note 3). The Companies amortize the cost of nuclear fuel based on the rate of consumption. The Companies' electric rates include amounts for the future disposal of spent nuclear fuel based upon the formula used to compute payments to the DOE.

Income Taxes – Details of the total provision for income taxes are shown on the Consolidated Statements of Taxes. Deferred income taxes result from timing differences in the recognition of revenues and expenses for tax and accounting purposes. Investment tax credits, which were deferred when utilized, are being amortized over the recovery period of the related property. The liability method is used to account for deferred income taxes. Deferred income tax liabilities related to tax and accounting basis differences are recognized at the statutory income tax rates in effect when the liabilities are expected to be paid. Alternative minimum tax credits of $243 million, which may be carried forward indefinitely, are available to reduce future federal income taxes.

Retirement Benefits – The Companies' trusteed, noncontributory defined benefit pension plans cover almost all full-time employees. Upon retirement, employees receive a monthly pension based on length of service and compensation. The Companies use the projected unit credit method for funding purposes and were not required to make pension contributions during the three years ended December 31, 1997.

The following sets forth the funded status of the plans and amounts recognized on the Consolidated Balance Sheets as of December 31:

	1997	1996
	(In millions)	
Actuarial present value of benefit obligations:		
Vested benefits	$1,096.3	$562.0
Nonvested benefits	60.4	38.9
Accumulated benefit obligation	$1,156.7	$600.9
Plan assets at fair value	$1,542.5	$946.3
Actuarial present value of projected benefit obligation	1,327.5	688.5
Plan assets in excess of projected benefit obligation	215.0	257.8
Unrecognized net gain	(136.5)	(106.2)
Unrecognized prior service cost	21.0	20.1
Unrecognized net transition asset	(25.9)	(33.9)
Net pension asset	$ 73.6	$137.8

The assets of the plans consist primarily of common stocks, United States government bonds and corporate bonds. Net pension costs for the three years ended December 31, 1997, were computed as follows:

	1997	1996	1995
		(In millions)	
Service cost-benefits earned during the period	$ 15.2	$ 14.2	$ 12.8
Interest on projected benefit obligation	55.9	49.3	48.1
Return on plan assets	(194.0)	(141.6)	(194.5)
Net deferral	87.5	52.7	118.7
Voluntary early retirement program expense	54.5	12.5	-
Gain on plan curtailment	-	(12.8)	-
Net pension cost	$ 19.1	$ (25.7)	$ (14.9)

The assumed discount rates used in determining the actuarial present value of the projected benefit obligation were 7.25% in 1997 and 7.5% in 1996 and 1995. The assumed rates of increase in future compensation levels used to measure this obligation were 4.0% in 1997 and 4.5% in 1996 and 1995. Expected long-term rates of return on plan assets were assumed to be 10% in 1997, 1996 and 1995.

The Companies provide a minimum amount of noncontributory life insurance to retired employees in addition to optional contributory insurance. Health care benefits, which include certain employee deductibles and copayments, are also available to retired employees, their dependents and, under certain circumstances, their survivors. The Companies pay insurance premiums to cover a portion of these benefits in excess of set limits; all amounts up to the limits are paid by the Companies. The Companies recognize the expected cost of providing other postretirement benefits to employees and their beneficiaries and covered dependents from the time employees are hired until they become eligible to receive those benefits.

In accordance with Statement of Financial Accounting Standards (SFAS) No. 88 "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits," the 1996 net pension costs shown above and the 1996 postretirement benefit costs shown below included curtailment effects (significant changes in projected plan assumptions) relating to the pension and postretirement benefit plans. The employee terminations reflected in OE's and Penn's 1996 voluntary early retirement program represented a plan curtailment that significantly reduced the expected future employee service years and the related accrual of defined pension and postretirement benefits. In the pension plan, the reduction in the benefit obligation increased the net pension asset and was shown as a plan curtailment gain. In the postretirement benefit plan, the unrecognized prior service cost associated with service years no longer expected to be rendered as a result of the terminations was shown as a plan curtailment loss.

The following sets forth the funded status of the plans and amounts recognized on the Consolidated Balance Sheets as of December 31:

	1997	1996
	(In millions)	
Accumulated postretirement benefit obligation allocation:		
Retirees	$384.8	$155.5
Fully eligible active plan participants	25.5	10.1
Other active plan participants	123.8	75.5
Accumulated postretirement benefit obligation	534.1	241.1
Plan assets at fair value	2.8	2.0
Accumulated postretirement benefit obligation in excess of plan assets	531.3	239.1
Unrecognized transition obligation	(125.1)	(133.5)
Unrecognized net loss	(24.0)	(7.4)
Net postretirement benefit liability	$382.2	$ 98.2

Net periodic postretirement benefit costs for the three years ended December 31, 1997, were computed as follows:

	1997	1996	1995
		(In millions)	
Service cost-benefits attributed to the period	$ 4.6	$ 4.3	$ 4.5
Interest cost on accumulated benefit obligation	20.4	17.4	21.1
Amortization of transition obligation	8.3	8.8	10.2
Amortization of loss	-	.1	.1
Voluntary early retirement program expense	1.9	.5	-
Loss on plan curtailment	-	13.1	-
Net periodic postretirement benefit cost	$35.2	$44.2	$35.9

The health care trend rate assumption is 6.0% in the first year gradually decreasing to 4.0% for the year 2008 and later. The discount rates used to compute the accumulated postretirement benefit obligation were 7.25% in 1997 and 7.5% in 1996 and 1995. An increase in the health care trend rate assumption by one percentage point in all years would increase the accumulated postretirement benefit obligation by approximately $42.3 million and the aggregate annual service and interest costs by approximately $3.6 million.

Supplemental Cash Flows Information - All temporary cash investments purchased with an initial maturity of three months or less are reported as cash equivalents on the Consolidated Balance Sheets. The Companies reflect temporary cash investments at cost, which approximates their market value. Noncash financing and investing activities included capital lease transactions amounting to $3.0 million, $2.0 million and $1.0 million for the years 1997, 1996 and 1995, respectively. Commercial paper transactions of OES Fuel (a wholly owned subsidiary of OE) that have initial maturity periods of three months or less are reported net within financing activities under long-term debt and are reflected as long-term debt on the Consolidated Balance Sheets (see Note 4G).

All borrowings with initial maturities of less than one year are defined as financial instruments under generally accepted accounting principles and are reported on the Consolidated Balance Sheets at cost, which approximates their fair market value. The following sets forth the approximate fair value and related carrying amounts of all other long-term debt, preferred stock subject to mandatory redemption and investments other than cash and cash equivalents as of December 31:

	1997		1996	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(In millions)			
Long-term debt	$6,980	$7,334	$2,919	$2,963
Preferred stock	$ 356	$ 362	$ 160	$ 160
Investments other than cash and cash equivalents:				
Debt securities				
- Maturity (5-10 years)	$ 487	$ 512	$ 364	$ 364
- Maturity (more than 10 years)	1,134	1,149	387	390
Equity securities	24	24	14	14
All other	336	337	104	102
	$1,981	$2,022	$ 869	$ 870

The fair values of long-term debt and preferred stock reflect the present value of the cash outflows relating to those securities based on the current call price, the yield to maturity or the yield to call, as deemed appropriate at the end of each respective year. The yields assumed were based on securities with similar characteristics offered by a corporation with credit ratings similar to the Companies' ratings. Long-term debt and preferred stock subject to mandatory redemption of CEI and TE were recognized at fair value in connection with the merger.

The fair value of investments other than cash and cash equivalents represent cost (which approximates fair value) or the present value of the cash inflows based on the yield to maturity. The yields assumed were based on financial instruments with similar characteristics and terms. Investments other than cash and cash equivalents include decommissioning trust investments. Unrealized gains and losses applicable to the decommissioning trust have been recognized in the trust investment with a corresponding change to the decommissioning liability. The debt and equity securities referred to above are in the held-to-maturity category. The Companies have no securities held for trading purposes.

Regulatory Assets – The Companies recognize, as regulatory assets, costs which the FERC, PUCO and PPUC have authorized for recovery from customers in future periods. Without such authorization, the costs would have been charged to income as incurred. All regulatory assets are being recovered from customers under the Companies' respective regulatory plans. Based on those regulatory plans, at this time, the Companies believe they will continue to be able to bill and collect cost-based rates (with the exception of CEI's and TE's nuclear operations as discussed below); accordingly, it is appropriate that the Companies continue the application of SFAS No. 71 "Accounting for the Effects of Certain Types of Regulation" (SFAS 71). However, based on the regulatory environment in Pennsylvania, Penn is expected to discontinue its application of SFAS 71 for its generation operations, possibly as early as 1998. The impact of Penn discontinuing SFAS 71 is not expected to be material. OE and Penn recognized additional cost recovery of $39 million, $34 million and $11 million in 1997, 1996 and 1995, respectively, as additional regulatory asset amortization in accordance with their regulatory plans. FirstEnergy's regulatory plan does not provide for full recovery of CEI's and TE's nuclear operations. As a result, in October 1997 CEI and TE discontinued application of SFAS 71 for their nuclear operations and decreased their regulatory assets of customer receivables for future income taxes related to the nuclear assets by $794 million.

Net regulatory assets on the Consolidated Balance Sheets are comprised of the following:

	1997	1996
	(In millions)	
Nuclear unit expenses	$1,224.2	$ 733.4
Customer receivables for future income taxes	724.2	523.0
Rate stabilization program deferrals	460.2	-
Sale and leaseback costs	(141.1)	220.8
Loss on reacquired debt	191.1	95.8
Employee postretirement benefit costs	25.9	29.2
Uncollectible customer accounts	18.9	29.8
Perry Unit 2 termination	36.7	40.4
DOE decommissioning and decontamination costs	39.3	18.0
Other	44.7	12.7
Total	$2,624.1	$1,703.1

2. MERGER

The Company was formed on November 8, 1997, by the merger of OE and Centerior Energy Corporation (Centerior). The Company holds directly all of the issued and outstanding common shares of OE and all of the issued and outstanding common shares of Centerior's former direct subsidiaries, which include, among others, CEI and TE. As a result of the merger, the former common shareholders of OE and Centerior now own all of the outstanding shares of FirstEnergy Common Stock. All other classes of capital stock of OE and its subsidiaries and of the subsidiaries of Centerior are unaffected by the Merger and remain outstanding.

The merger was accounted for as a purchase of Centerior's net assets with 77,637,704 shares of FirstEnergy Common Stock through the conversion of each outstanding Centerior Common Stock share into 0.525 of a share of FirstEnergy Common Stock (fractional shares were paid in cash). Based on an imputed value of $20.125 per share, the purchase price was approximately $1.582 billion, which also included approximately $20 million of merger related costs. Goodwill of approximately $2.1 billion was recognized (to be amortized on a straight-line basis over forty years), which represented the excess of the purchase price over Centerior's net assets after fair value adjustments. Such amount may be adjusted if additional information produces changed assumptions over the twelve months following the merger as the Company continues to integrate operations and evaluate options with respect to its generation portfolio.

The merger purchase accounting adjustments, which were recorded in the records of Centerior's direct subsidiaries, primarily consist of: (1) revaluation of CEI's and TE's nuclear generating units to fair value ($1.60 billion), based upon the results of an independent appraisal and estimated discounted future cash flows expected to be generated by their nuclear generating units (the estimated cash flows are based upon management's current view of the likely cost recovery associated with the nuclear units), (2) adjusting their preferred stock subject to mandatory redemption and long-term debt to estimated fair value, (3) recognizing additional obligations related to retirement benefits, (4) recognizing estimated severance and other compensation liabilities ($80 million); and (5) adjustment of the Beaver Valley Unit 2 deferred rent liability to reflect remaining payments on a straight-line basis. The nuclear assets revaluation does not include decommissioning since that obligation is expected to be recovered with the cash flows provided by the regulated portion of the business. Other assets and liabilities were not adjusted since they remain subject to rate regulation on a historical cost basis.

3. LEASES:

The Companies lease certain generating facilities, nuclear fuel, certain transmission facilities, office space and other property and equipment under cancelable and noncancelable leases.

OE sold portions of its ownership interests in Perry Unit 1 and Beaver Valley Unit 2 and entered into operating leases on the portions sold for basic lease terms of approximately 29 years. CEI and TE also sold portions of their ownership interests in Beaver Valley Unit 2 and Bruce Mansfield Units 1, 2, and 3 and entered into similar operating leases for lease terms of approximately 30 years. During the terms of their respective leases OE, CEI and TE continue to be responsible, to the extent of their individual combined ownership and leasehold interests, for costs associated with the units including construction expenditures, operation and maintenance expenses, insurance, nuclear fuel, property taxes and decommissioning. They have the right, at the end of the respective basic lease terms, to renew their respective leases. They also have the right to purchase the facilities at the expiration of the basic lease term or renewal term (if elected) at a price equal to the fair market value of the facilities. The basic rental payments are adjusted when applicable federal tax law changes.

OES Finance, Incorporated (OES Finance), a wholly owned subsidiary of OE, maintains deposits pledged as collateral to secure reimbursement obligations relating to certain letters of credit supporting OE's obligations to lessors under the Beaver Valley Unit 2 sale and leaseback arrangements. The deposits pledged to the financial institution providing those letters of credit are the sole property of OES Finance. In the event of liquidation, OES Finance, as a separate corporate entity, would have to satisfy its obligations to creditors before any of its assets could be made available to OE as sole owner of OES Finance common stock.

Nuclear fuel is currently financed for CEI and TE through leases with a special-purpose corporation. As of December 31, 1997, $157 million of nuclear fuel was financed under a lease financing arrangement totaling $190 million ($90 million of intermediate-term notes and $100 million from bank credit arrangements). The notes mature from 1998 through 2000 and the bank credit arrangements expire in October 1998. Lease rates are based on intermediate-term note rates, bank rates and commercial paper rates.

Consistent with the regulatory treatment, the rentals for capital and operating leases are charged to operating expenses on the Consolidated Statements of Income. Such costs for the three years ended December 31, 1997, are summarized as follows:

	1997	1996	1995
		(In millions)	
Operating leases			
Interest element	$149.9	$107.6	$104.6
Other	45.2	18.3	13.9
Capital leases			
Interest element	6.1	6.5	7.0
Other	6.0	6.3	6.6
Total rentals	$207.2	$138.7	$132.1

The future minimum lease payments as of December 31, 1997, are:

		Operating Leases		
	Capital Leases	Lease Payments	Capital Trusts Income	Net
			(In millions)	
1998	$ 93.0	$ 290.1	$ 101.0	$ 189.1
1999	67.6	301.6	98.0	203.6
2000	42.0	296.4	94.5	201.9
2001	24.3	307.3	90.6	216.7
2002	16.3	315.3	85.4	229.9
Years thereafter	93.6	4,263.3	607.4	3,655.9
Total minimum lease payments	336.8	$5,774.0	$1,076.9	$4,697.1
Executory costs	36.0			
Net minimum lease payments	300.8			
Interest portion	96.6			
Present value of net minimum lease payments	204.2			
Less current portion	74.6			
Noncurrent portion	$129.6			

OE invested in the PNBV Capital Trust in the third quarter of 1996. The Trust was established to purchase a portion of the lease obligation bonds issued on behalf of lessors in OE's Perry Unit 1 and Beaver Valley Unit 2 sale and leaseback transactions. CEI and TE established the Shippingport Capital Trust in the fourth quarter of 1997 to purchase the lease obligation bonds issued on behalf of lessors in their Bruce Mansfield Units 1, 2 and 3 sale and leaseback transactions. As noted in the table on page 34, the PNBV and Shippingport Capital Trusts' income, which is included in other income in the Consolidated Statements of Income, effectively reduces lease costs related to those transactions.

4. CAPITALIZATION:

(A) Retained Earnings – There are no restrictions on retained earnings for payment of cash dividends on the Company's common stock.

(B) Employee Stock Ownership Plan – The Companies fund the matching contribution for their 401(k) savings plan through an ESOP Trust. All full time employees eligible for participation in the 401(k) savings plan are covered by the ESOP. The ESOP borrowed $200 million from OE and acquired 10,654,114 shares of OE's common stock through market purchases; the shares were converted into the Company's common stock in connection with the merger. Dividends on ESOP shares are used to service the debt. Shares are released from the ESOP on a pro-rata basis as debt service payments are made. In 1997, 1996 and 1995, 429,515 shares, 404,522 shares and 412,914 shares, respectively, were allocated to OE and Penn employees with the corresponding expense recognized based on the shares allocated method. The fair value of 7,829,538 shares unallocated as of December 31, 1997, was approximately $227.1 million. Total ESOP-related compensation expense was calculated as follows:

	1997	1996	1995
		(In millions)	
Base compensation	$9.9	$9.0	$9.0
Dividends on common stock held by the ESOP and used to service debt	(3.4)	(2.9)	(2.5)
Net expense	$6.5	$6.1	$6.5

(C) Equity Compensation Plan – Under an Equity Compensation Plan adopted by Centerior in 1994, restricted common stock and common stock options were granted to management employees. Upon consummation of the merger, outstanding options became exercisable for FirstEnergy common stock with option prices and the number of shares adjusted to reflect the merger conversion ratio. A total of 222,023 options for FirstEnergy common stock were exercised and 68,592 shares of restricted stock were distributed in 1997. Unexercised options totaling 517,388 shares were outstanding as of December 31, 1997. Computing compensation costs for the options consistent with SFAS No. 123 "Accounting for Stock-Based Compensation" would not have materially affected net income in 1997 and basic and diluted earnings per common share are the same.

(D) Preferred Stock – Penn's 7.75% series of preferred stock has a restriction which prevents early redemption prior to July 2003. OE's 8.45% series of preferred stock has no optional redemption provision, and its 7.75% series is not redeemable before April 1998. CEI's $42.40 and $88.00 series of preferred stock are not redeemable before June 1998 and December 2001, respectively, and its $90.00 series has no optional redemption provision. All other preferred stock may be redeemed by the Companies in whole, or in part, with 30-90 days' notice.

(E) Preferred Stock Subject To Mandatory Redemption – Annual sinking fund provisions for the Companies' preferred stock are as follows:

	Series	Shares	Redemption Price Per Share	Date	Beginning
OE	8.45%	50,000	$100		(i)
CEI	$ 7.35 C	10,000	100		(i)
	88.00 E	3,000	1,000		(i)
	91.50 Q	10,714	1,000		(i)
	90.00 S	18,750	1,000	November 1	1999
	88.00 R	50,000	1,000	December 1	2001
TE	$9.375	16,650	100		(i)
Penn	7.625%	7,500	100	October 1	2002

(i) Sinking fund provisions are in effect.

Annual sinking fund requirements for the next five years are $21 million in 1998, $40 million in 1999, $38 million in 2000, $85 million in 2001 and $19 million in 2002. A liability of $19 million was included in the net assets acquired from CEI and TE for preferred dividends declared attributable to the post-merger period. Accordingly, no accruals for CEI and TE preferred dividends are included in the Company's Statement of Consolidated Income for the period November 8, 1997 through December 31, 1997.

(F) Ohio Edison Obligated Mandatorily Redeemable Preferred Securities of Subsidiary Trust Holding Solely Ohio Edison Subordinated Debentures – Ohio Edison Financing Trust, a wholly owned subsidiary of OE, has issued $120 million of 9% Cumulative Trust Preferred Capital Securities. OE purchased all of the Trust's Common Securities and simultaneously issued to the Trust $123.7 million principal amount of 9% Junior Subordinated Debentures due 2025 in exchange for the proceeds that the Trust received from its sale of Preferred and Common Securities. The sole assets of the Trust are the Subordinated Debentures whose interest and other payment dates coincide with the distribution and other payment dates on the Trust Securities. Under certain circumstances the Subordinated Debentures could be distributed to the holders of the outstanding Trust Securities in the event the Trust is liquidated. The Subordinated Debentures may be optionally redeemed by OE beginning December 31, 2000, at a redemption price of $25 per Subordinated Debenture plus accrued interest, in which event the Trust Securities will be redeemed on a pro-rata basis at $25 per share plus accumulated distributions. OE's obligations under the Subordinated Debentures along with the related Indenture, amended and restated Trust Agreement, Guarantee Agreement and the Agreement for expenses and liabilities, constitute a full and unconditional guarantee by OE of payments due on the Preferred Securities.

(G) Long-Term Debt – The first mortgage indentures and their supplements, which secure all of the Companies' first mortgage bonds, serve as direct first mortgage liens on substantially all property and franchises, other than specifically excepted property, owned by the Companies.

Based on the amount of bonds authenticated by the Trustee through December 31, 1997, OE's annual sinking and improvement fund requirement for all bonds issued under the mortgage amounts to $30 million. OE expects to deposit funds in 1998 that will be withdrawn upon the surrender for cancellation of a like principal amount of bonds, which are specifically authenticated for such purposes against unfunded property additions or against previously retired bonds. This method can result in minor increases in the amount of the annual sinking fund requirement.

Sinking fund requirements for first mortgage bonds and maturing long-term debt (excluding capital leases) for the next five years are:

	(In millions)
1998	$374.4
1999	866.5
2000	418.4
2001	101.6
2002	744.7

The Companies' obligations to repay certain pollution control revenue bonds are secured by several series of first mortgage bonds and, in some cases, by subordinate liens on the related pollution control facilities. Certain pollution control revenue bonds are entitled to the benefit of irrevocable bank letters of credit of $419.0 million. To the extent that drawings are made under those letters of credit to pay principal of, or interest on, the pollution control revenue bonds, OE, CEI and/or TE are entitled to a credit against their obligation to repay those bonds. The Companies pay annual fees of 0.43% to 1.875% of the amounts of the letters of credit to the issuing banks and are obligated to reimburse the banks for any drawings thereunder.

OE had unsecured borrowings of $215 million at December 31, 1997, which are supported by a $250 million long-term revolving credit facility agreement which expires December 30, 1999. OE must pay an annual facility fee of 0.20% on the total credit facility amount. In addition, the credit agreement provides that OE maintain unused first mortgage bond capability for the full credit agreement amount under OE's indenture as potential security for the unsecured borrowings.

OE's and Penn's nuclear fuel purchases are financed through the issuance of OES Fuel commercial paper and loans, both of which are supported by a $225 million long-term bank credit agreement which expires March 31, 1999. Accordingly, the commercial paper and loans are reflected as long-term debt on the Consolidated Balance Sheets. OES Fuel must pay an annual facility fee of 0.1875% on the total line of credit and an annual commitment fee of 0.0625% on any unused amount.

5. SHORT-TERM BORROWINGS AND BANK LINES OF CREDIT:

Short-term borrowings outstanding at December 31, 1997, consisted of $182.2 million of bank borrowings and $120.0 million of OES Capital, Incorporated commercial paper. OES Capital is a wholly owned subsidiary of OE whose borrowings are secured by customer accounts receivable. OES Capital can borrow up to $120 million under a receivables financing agreement at rates based on certain bank commercial paper and is required to pay an annual fee of 0.26% on the amount of the entire finance limit. The receivables financing agreement expires in 1999.

The Companies have various credit facilities with domestic banks that provide for borrowings of up to $202 million under various interest rate options, including a $125 million revolving credit facility which expires in May 1998. OE's and Penn's short-term borrowings may be made under these lines of credit on their unsecured notes. To assure the availability of these lines, the Companies are required to pay annual commitment fees that vary from 0.22% to 0.625%. These lines expire at various times during 1998. The weighted average interest rates on short-term borrowings outstanding at December 31, 1997 and 1996, were 6.02% and 5.77%, respectively.

6. COMMITMENTS, GUARANTEES AND CONTINGENCIES:

Capital Expenditures – The Companies' current forecasts reflect expenditures of approximately $1.2 billion for property additions and improvements related to their regulated businesses from 1998-2002, of which approximately $320 million is applicable to 1998. Investments for additional nuclear fuel during the 1998-2002 period are estimated to be approximately $518 million, of which approximately $85 million applies to 1998. During the same periods, the Companies' nuclear fuel investments are expected to be reduced by approximately $380 million and $112 million, respectively, as the nuclear fuel is consumed. The Companies also expect to invest approximately $300 million during 1998-2002 ($65 million in 1998) relating to various nonregulated business ventures.

Nuclear Insurance – The Price-Anderson Act limits the public liability relative to a single incident at a nuclear power plant to $8.92 billion. The amount is covered by a combination of private insurance and an industry retrospective rating plan. Based on their present ownership and leasehold interests in the Beaver Valley Station, Davis-Besse Plant and the Perry Plant, the Companies' maximum potential assessment under the industry retrospective rating plan (assuming the other co-owner contributes its proportionate share of any assessments under the retrospective rating plan) would be $257.7 million per incident but not more than $32.5 million in any one year for each incident.

The Companies are also insured as to their respective interests in the Beaver Valley Station, Davis-Besse Plant and the Perry Plant under policies issued to the operating company for each plant. Under these policies, up to $2.75 billion is provided for property damage and decontamination and decommissioning costs. The Companies have also obtained approximately $809 million of insurance coverage for replacement power costs for their respective interests in Perry, Davis-Besse and Beaver Valley. Under these policies, the Companies can be assessed a maximum of approximately $36.6 million for incidents at any covered nuclear facility occurring during a policy year which are in excess of accumulated funds available to the insurer for paying losses.

The Companies intend to maintain insurance against nuclear risks as described above as long as it is available. To the extent that replacement power, property damage, decontamination, decommissioning, repair and replacement costs and other such costs arising from a nuclear incident at any of the Companies' plants exceed the policy limits of the insurance in effect with respect to that plant, to the extent a nuclear incident is determined not to be covered by the Companies' insurance policies, or to the extent such insurance becomes unavailable in the future, the Companies would remain at risk for such costs.

Guarantees – The CAPCO companies have each severally guaranteed certain debt and lease obligations in connection with a coal supply contract for the Bruce Mansfield Plant. As of December 31, 1997, the Companies' shares of the guarantees (which approximate fair market value) were $66.1 million. The price under the coal supply contract, which includes certain minimum payments, has been determined to be sufficient to satisfy the debt and lease obligations. The Companies' total payments under the coal supply contract were $135.3 million, $113.8 million and $120.0 million during 1997, 1996 and 1995, respectively. The Companies' minimum annual payments are approximately $58 million under the contract, which expires December 31, 1999.

Environmental Matters – Various federal, state and local authorities regulate the Companies with regard to air and water quality and other environmental matters. The Companies estimate additional capital expenditures for environmental compliance of approximately $50 million, which is included in the construction forecast for their regulated businesses provided under "Capital Expenditures" for 1998 through 2002.

The Companies are in compliance with the current sulfur dioxide (SO_2) and nitrogen oxides (NOx) reduction requirements under the Clean Air Act Amendments of 1990. SO_2 reductions through the year 1999 will be achieved by burning lower-sulfur fuel, generating more electricity from lower-emitting plants, and/or purchasing emission allowances. Plans for complying with reductions required for the year 2000 and thereafter have not been finalized. The Environmental Protection Agency (EPA) is conducting additional studies which could indicate the need for additional NOx reductions from the Companies' Pennsylvania facilities by the year 2003. In addition, the EPA is also considering the need for additional NOx reductions from the Companies' Ohio facilities. On November 7, 1997, the EPA proposed uniform reductions of NOx emissions across a region of twenty-two states, including Ohio and the District of Columbia (NOx Transport Rule) after determining that such NOx emissions are contributing significantly to ozone pollution in the eastern United States. In a separate but related action, eight states filed petitions with the EPA under Section 126 of the Clean Air Act seeking reductions of NOx emissions which are alleged to contribute to ozone pollution in the eight petitioning states. A December 1997 EPA Memorandum of Agreement proposes to finalize the NOx Transport Rule by September 30, 1998, and establishes a schedule for EPA action on the Section 126 petitions. The cost of NOx reductions, if required, may be substantial. The Companies continue to evaluate their compliance plans and other compliance options.

The Companies are required to meet federally approved SO_2 regulations. Violations of such regulations can result in shutdown of the generating unit involved and/or civil or criminal penalties of up to $25,000 for each day the unit is in violation. The EPA has an interim enforcement policy for SO_2 regulations in Ohio that allows for compliance based on a 30-day averaging period. The Companies cannot predict what action the EPA may take in the future with respect to the interim enforcement policy.

CEI and TE have been named as "potentially responsible parties" (PRPs) for three sites listed on the Federal Superfund National Priorities List and several other sites. Federal environmental regulations provide that PRPs for specific sites would be held liable on a joint and several basis. CEI and TE have accrued a liability of $5.9 million based on estimates of their share of potential cleanup costs.

Legislative, administrative and judicial actions will continue to change the way that the Companies must operate in order to comply with environmental laws and regulations. With respect to any such changes and to the environmental matters described above, the Companies expect that any resulting additional capital costs which may be required, as well as any required increase in operating costs, would ultimately be recovered from their customers.

7. SUMMARY OF QUARTERLY FINANCIAL DATA (UNAUDITED):

The following summarizes certain consolidated operating results by quarter for 1997 and 1996.

Three Months Ended	March 31 1997	June 30 1997	September 30 1997	December 31 1997
	(In millions, except per share amounts)			
Operating Revenues	$604.8	$593.3	$652.7	$970.8
Operating Expenses and Taxes	478.5	467.3	511.6	808.2
Operating Income	126.3	126.0	141.1	162.6
Other Income	13.5	14.1	12.0	18.7
Net Interest Charges	66.9	66.3	64.4	110.9
Net Income	$ 72.9	$ 73.8	$ 88.7	$ 70.4
Earnings per Share of Common Stock	$.51	$.51	$.61	$.36

Three Months Ended	March 31 1996	June 30 1996	September 30 1996	December 31 1996
	(In millions, except per share amounts)			
Operating Revenues	$611.6	$599.3	$646.9	$611.9
Operating Expenses and Taxes	481.1	471.7	500.0	486.8
Operating Income	130.5	127.6	146.9	125.1
Other Income	7.0	10.7	7.1	12.7
Net Interest Charges	67.2	64.8	64.6	68.3
Net Income	$ 70.3	$ 73.5	$ 89.4	$ 69.5
Earnings per Share of Common Stock	$.49	$.51	$.62	$.48

Results for CEI and TE are included from the November 8, 1997 acquisition date through December 31, 1997.

8. PRO FORMA COMBINED CONDENSED FIRSTENERGY CONSOLIDATED INCOME STATEMENTS (UNAUDITED):

The pro forma statements of income of FirstEnergy give effect to the Merger as if it had been consummated on January 1, 1996, with the purchase accounting adjustments actually recognized in the business combination.

	Year Ended December 31 1997	1996
	(In millions, except per share amounts)	
Operating revenues	$4,975	$5,006
Operating expenses	3,966	3,941
Operating income	1,009	1,065
Other income	61	37
Net interest	643	634
Net income	$ 427	$ 468
Earnings per share of common stock	$1.92	$2.11

Pro forma adjustments reflected above include: (1) adjusting CEI and TE nuclear generating units to fair value based upon independent appraisals and estimated discounted future cash flows based on management's current view of cost recovery; (2) goodwill recognized representing the excess of the purchase price over Centerior's adjusted net assets; (3) elimination of revenue and expense transactions between OE and Centerior; (4) amortization of the fair value adjustment of long-term debt; and (5) adjustments for estimated tax effects of the above adjustments.

	1997	1996	1995	1994	1993	1992	1987
GENERAL FINANCIAL INFORMATION (Dollars in thousands)							
Operating Revenues	$ 2,821,435	$ 2,469,785	$ 2,465,846	$ 2,368,191	$ 2,369,940	$ 2,332,378	$ 1,785,296
Operating Income	$ 555,960	$ 530,069	$ 566,618	$ 557,254	$ 525,330	$ 522,115	$ 397,468
Net Income	$ 305,774	$ 302,673	$ 294,747	$ 281,852	$ 59,017	$ 253,060	$ 364,657
SEC Ratio of Earnings to Fixed Charges	2.18	2.38	2.32	2.24	1.12	2.01	2.30
Net Utility Plant	$ 9,573,210	$ 5,506,970	$ 5,763,603	$ 5,886,194	$ 5,924,250	$ 5,979,538	$ 6,353,508
Capital Expenditures	$ 188,145	$ 145,005	$ 196,041	$ 258,642	$ 263,179	$ 252,592	$ 705,242
Total Capitalization	$12,124,492	$ 5,582,989	$ 5,565,997	$ 5,852,030	$ 5,656,295	$ 5,943,913	$ 6,533,774
Capitalization Ratios:							
Common Stockholders' Equity	34.3%	44.8%	43.3%	39.6%	39.7%	40.5%	40.6%
Preferred and Preference Stock:							
Not Subject to Mandatory Redemption	5.5	3.8	3.8	5.6	5.8	6.0	6.2
Subject to Mandatory Redemption	2.7	2.8	2.9	0.7	0.8	1.0	2.2
Long-Term Debt	57.5	48.6	50.0	54.1	53.7	52.5	51.0
Total Capitalization	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Average Capital Costs:							
Preferred and Preference Stock	8.02%	7.59%	7.59%	7.15%	6.86%	*7.32%	9.38%
Long Term Debt	8.02%	7.76%	8.00%	8.17%	8.27%	8.53%	10.22%
COMMON STOCK DATA							
Earnings per Share*	$2.16	$2.10	$2.05	$1.97	$1.82	$1.70	$2.62
Return on Average Common Equity*	12.2%	12.4%	12.5%	12.4%	11.4%	10.8%	15.0%
Dividends Paid per Share	$1.50	$1.50	$1.50	$1.50	$1.50	$1.50	$1.96
Dividend Payout Ratio*	69%	71%	73%	76%	82%	88%	75%
Dividend Yield	5.2%	6.6%	6.4%	8.1%	6.6%	6.5%	9.7%
Price/Earnings Ratio*	13.4	10.8	11.5	9.4	12.5	13.6	7.7
Book Value per Share	$18.71	$17.35	$16.73	$16.15	$14.70	$ 15.78	$17.40
Market Price per Share	$29.00	$22.75	$23.50	$18.50	$22.75	$23.125	$20.13
Ratio of Market Price to Book Value	155%	131%	140%	115%	155%	147%	116%
*Before net nonrecurring charges in 1997 and 1993.							
PRO FORMA COMBINED OHIO EDISON AND CENTERIOR STATISTICS							
Kilowatt-Hour Sales (Millions):							
Residential	15,556	15,837	15,773	15,181	15,211	14,351	13,958
Commercial	15,000	14,944	14,645	14,366	14,093	13,565	12,132
Industrial	24,047	23,367	22,681	21,910	21,561	21,301	21,052
Other	1,207	1,158	1,196	1,218	1,166	1,156	2,259
Total Retail	55,810	55,276	54,495	52,675	52,031	50,373	49,401
Total Wholesale	7,998	9,670	9,295	7,039	7,967	8,463	5,579
Total Sales	63,808	64,946	63,790	59,714	59,998	58,836	54,980
Customers Served:							
Residential	1,929,371	1,912,850	1,907,850	1,893,827	1,882,094	1,870,026	1,805,831
Commercial	213,348	212,092	210,745	207,362	203,892	202,605	189,470
Industrial	12,918	12,974	12,763	12,618	13,298	13,322	11,774
Other	3,999	3,913	3,869	3,760	3,805	4,037	3,799
Total	2,159,636	2,141,829	2,135,227	2,117,567	2,103,089	2,389,990	2,010,874
Number of Employees	10,020	10,477	11,633	11,933	12,726	14,639	16,157

Investor Services, Transfer Agent and Registrar

FirstEnergy Securities Transfer Company, a subsidiary of FirstEnergy, acts as the transfer agent and registrar for all stock issues of FirstEnergy and its subsidiaries. Shareholders wanting to transfer stock, or who need assistance or information, can submit their stock or write to Investor Services, FirstEnergy Corp., 76 South Main Street, Akron, Ohio 44308-1890. Shareholders can also call the following toll-free telephone number, which is valid in the United States, Canada, Puerto Rico and the Virgin Islands: 1-800-736-3402.

Stock Listings and Trading

Newspapers generally report FirstEnergy common stock under the abbreviation FSTENGY, although this can vary depending upon the newspaper. The common stock of FirstEnergy and preferred stocks of its subsidiaries are listed on stock exchanges as follows:

Company	Stock Exchange	Symbol
FirstEnergy	New York	FE
The Illuminating Company	New York	CVX
Ohio Edison	New York	OEC
Pennsylvania Power	Philadelphia	PPC
Toledo Edison	New York, American, OTC	TED

Dividends

Proposed dates for the payment of FirstEnergy common stock dividends in 1998 are as follows:

Ex-Dividend Date	Record Date	Payment Date
February 4	February 6	March 1
May 5	May 7	June 1
August 5	August 7	September 1
November 4	November 6	December 1

Direct Dividend Deposit

Shareholders can have their dividends electronically deposited into their bank account. To receive an authorization form, contact Investor Services.

Stock Investment Plan

The Company's Stock Investment Plan enables registered shareholders, as well as others, to purchase or sell shares of FirstEnergy common stock. Individuals who are not registered shareholders can enroll with an initial cash investment of $250. Participants may invest all or some of their dividends or make optional cash payments of up to $100,000 annually. To receive an enrollment form, contact Investor Services.

Safekeeping of Shares

The Company will hold shares of common stock in safekeeping at a shareholder's request. To take advantage of this service, shareholders should forward the common stock certificate(s) to the Company along with a signed letter of instruction requesting that the Company hold the shares and stating whether future dividends for the shares being forwarded are to be reinvested or paid in cash. The certificate(s) should not be endorsed, and registered mail is suggested. Shares held in safekeeping will be reported on dividend checks or Stock Investment Plan statements.

Duplicate Mailings of the Annual Report

If you hold stock in more than one registration and do not wish to combine accounts, you can eliminate duplicate mailings of our annual report by writing to Investor Services requesting that we stop mailing an annual report to a particular account. Be sure to provide the exact registration of the account for which you want the mailing discontinued.

Combining Stock Accounts

If you have more than one stock account and want to combine them, please write or call Investor Services and specify the account that you would like to retain as well as the registration of each of your accounts.

Form 10-K Annual Report

Form 10-K, the Annual Report to the Securities and Exchange Commission, will be sent without charge upon written request to Nancy C. Ashcom, Corporate Secretary, FirstEnergy Corp., 76 South Main Street, Akron, Ohio 44308-1890.

Institutional Investor and Security Analyst Inquiries

Institutional investors and security analysts should direct inquiries to: Ronald E. Seeholzer, Manager, Investor Relations, 330-384-5500.

Annual Meeting of Shareholders

We invite shareholders to attend the 1998 Annual Meeting of Shareholders on Thursday, April 30, at 10 a.m., at the John S. Knight Center in Akron, Ohio. Registered holders of common stock not attending can vote on the items of business by completing and returning the proxy card that is mailed prior to the meeting. Shareholders whose shares are held in the name of a broker can attend the meeting if they present a letter from the broker indicating ownership of FirstEnergy common stock on the record date of March 6, 1998.

Board of Directors

We are saddened to report the passing of Board Member Donald C. Blasius, 68. Mr. Blasius, retired President of White Consolidated Industries, Inc., Cleveland, Ohio, was elected to the Board of Ohio Edison in 1981. Mr. Blasius was a trusted counselor and his knowledge and good judgment will be missed by the Board.

Charles W. Rainger, 64, retired President of Sandusky International Inc., Sandusky, Ohio, who joined the Board of Ohio Edison in 1987, elected to retire. The Board appreciates his years of dedication and service.

Board of Directors

H. Peter Burg, 51
President and Chief Financial Officer of FirstEnergy Corp. Member, Finance Committee. Director of Ohio Edison Company since 1989 and a Director of FirstEnergy Corp. since the merger.

Robert M. Carter, 47
Partner, Carter & Associates, Cleveland, Ohio. Member, Audit and Finance committees. Director of Ohio Edison Company since 1994 and Director of FirstEnergy Corp. since the merger.

Dr. Carol A. Cartwright, 56
President, Kent State University, Kent, Ohio. Chairman, Nominating Committee. Director of Ohio Edison Company since 1992 and Director of FirstEnergy Corp. since the merger.

William F. Conway, 67
President of William F. Conway & Associates, Inc., Scottsdale, Arizona. Chairman, Nuclear Committee. Director of the former Centerior Energy Corporation since 1994 and Director of FirstEnergy Corp. since the merger.

Willard R. Holland, 61
Chairman of the Board and Chief Executive Officer of FirstEnergy Corp. and Pennsylvania Power Company. Director of Ohio Edison since 1991 and Director of FirstEnergy Corp. since the merger.

Robert L. Loughhead, 68
Retired, formerly Chairman of the Board, President and Chief Executive Officer of Weirton Steel Corporation, Weirton, West Virginia. Chairman, Compensation Committee; Member, Audit Committee. Director of Ohio Edison Company since 1980 and Director of FirstEnergy Corp. since the merger.

Russell W. Maier, 61
Chairman of the Board and Chief Executive Officer of Republic Engineered Steels Inc., Massillon, Ohio. Member, Compensation and Nuclear committees. Director of Ohio Edison Company since 1995 and Director of FirstEnergy Corp. since the merger.

Glenn H. Meadows, 68
Retired, formerly President and Chief Executive Officer of McNeil Corporation, Akron, Ohio. Chairman, Audit Committee; Member, Compensation and Nuclear committees. Director of Ohio Edison Company since 1981 and Director of FirstEnergy Corp. since the merger.

Paul J. Powers, 63
Chairman of the Board and Chief Executive Officer of Commercial Intertech Corp., Youngstown, Ohio. Chairman, Finance Committee; Member, Compensation Committee. Director of Ohio Edison Company since 1992 and Director of FirstEnergy Corp. since the merger.

Charles W. Rainger, 64
Retired, formerly President of Sandusky International Inc., Sandusky, Ohio. Member, Nominating and Nuclear committees. Director of Ohio Edison Company since 1987 and Director of FirstEnergy Corp. since the merger.

Robert C. Savage, 60
President and Chief Executive Officer of Savage & Associates, Inc., Toledo, Ohio. Member, Finance and Nominating committees. Director of the former Centerior Energy Corporation since 1990 and Director of FirstEnergy Corp. since the merger.

George M. Smart, 52
Chairman of the Board and President of Phoenix Packaging Corporation, North Canton, Ohio. Member, Audit and Finance committees. Director of Ohio Edison Company since 1988 and Director of FirstEnergy Corp. since the merger.

Jesse T. Williams, Sr., 58
Vice President of Human Resources Policy, Employment Practices and Systems of The Goodyear Tire & Rubber Company, Akron, Ohio. Member, Audit and Nominating committees. Director of Ohio Edison Company since 1992 and Director of FirstEnergy Corp. since the merger.

FirstEnergy Officers

Willard R. Holland
Chairman and Chief Executive Officer

H. Peter Burg
President and Chief Financial Officer

Anthony J. Alexander
Executive Vice President and General Counsel

Earl T. Carey
Vice President

Mary Beth Carroll
Vice President

Douglas S. Elliott
Vice President

Arthur R. Garfield
Vice President

John A. Gill
Vice President

Richard H. Marsh
Vice President

Guy L. Pipitone
Vice President

Stanley F. Szwed
Vice President

Nancy C. Ashcom
Corporate Secretary

Theodore F. Struck II
Treasurer

Harvey L. Wagner
Controller

Heather E. Glisson
Assistant Controller

Randy Scilla
Assistant Treasurer and Assistant Secretary

Staff Officers

Fred J. Lange
President, FirstEnergy Ventures

John P. Stetz
Senior Vice President FirstEnergy Nuclear Services

Lew W. Myers
Vice President Nuclear–Perry

John K. Wood
Vice President Nuclear–Davis-Besse

Regional Officers

Lynn M. Cavalier
Regional President–Eastern

Thomas A. Clark
Regional President–Southern

R. Joseph Hrach
President, Pennsylvania Power

Charles E. Jones
Regional President–Northern

Stephen E. Morgan
Regional President–Central

James M. Murray
Regional President–Western

John E. Paganie
Regional Vice President–Western

David W. Whitehead
Regional Vice President–Northern

APPENDIX 5

FirstEnergy

Form 10-K

ANNUAL REPORT TO THE SECURITIES AND EXCHANGE COMMISSION

For the Year Ended December 31, 1997

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 1997
OR
[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to__________________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, Ohio 44308 Telephone (800)736-3402	34-1843785
1-2578	OHIO EDISON COMPANY (An Ohio Corporation) 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) c/o FirstEnergy Corp. 76 South Main Street Akron, OH 44308 Telephone (800)736-3402	34-4375005
1-3491	PENNSYLVANIA POWER COMPANY (A Pennsylvania Corporation) 1 East Washington Street P. O. Box 891 New Castle, Pennsylvania 16103 Telephone (412)652-5531	25-0718810

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

None

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. (X)

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 X No__

State the aggregate market value of the voting stock held by non-affiliates of the registrant: $6,831,426,606 as of March 6, 1998. Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date:

CLASS	OUTSTANDING AT MARCH 26, 1998
FirstEnergy Corp., $.10 par value	230,207,141
Ohio Edison Company, $9 par value	100
The Cleveland Electric Illuminating Company, no par value	79,590,689
The Toledo Edison Company, $5 par value	39,133,887
Pennsylvania Power Company, $30 par value	6,290,000

FirstEnergy Corp. is the sole holder of Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company common stock; Ohio Edison Company is the sole holder of Pennsylvania Power Company common stock.

Documents incorporated by reference (*to the extent indicated herein*):

DOCUMENT	PART OF FORM 10-K INTO WHICH DOCUMENT IS INCORPORATED
FirstEnergy Corp. Annual Report to Stockholders for the fiscal year ended December 31, 1997 (Pages 16-38)	Part II
Proxy Statement for 1998 Annual Meeting of Stockholders to be held April 30, 1998	Part III

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Registrant	Title of Each Class	Name of Each Exchange on Which Registered
FirstEnergy Corp.	Common Stock, $.10 par value	New York Stock Exchange
Ohio Edison Company	Cumulative Preferred Stock, $100 par value	
	3.90% Series 4.40% Series 4.44% Series 4.56% Series	All series registered on New York Stock Exchange and Chicago Stock Exchange
	Cumulative Preferred Stock, $25 par value	
	7.75% Series	Registered on New York Stock Exchange and Chicago Stock Exchange
The Cleveland Electric Illuminating Company	Cumulative Serial Preferred Stock, without par value:	
	$7.40 Series A $7.56 Series B Adjustable Rate, Series L	All series registered on New York Stock Exchange
	Depositary Shares:	
	1993 Series A, each share representing 1/20 of a share of Serial Preferred Stock, $42.40 Series T (without par value)	New York Stock Exchange
	First Mortgage Bonds:	
	8-3/4% Series due 2005	New York Stock Exchange
	8-3/8% Series due 2011	New York Stock Exchange
	8-3/8% Series due 2012	New York Stock Exchange
The Toledo Edison Company	Cumulative Preferred Stock, par value $100 per share:	
	4-1/4% Series 8.32% Series 7.76% Series 10% Series	All series registered on American Stock Exchange
	Cumulative Preferred Stock, par value $25 per share:	
	8.84% Series $2.365 Series Adjustable Rate, Series A Adjustable Rate, Series B	All series registered on New York Stock Exchange
	First Mortgage Bonds:	
	7-1/2% Series due 2002 8% Series due 2003	All series registered on New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT: (Cont.)

Registrant	Title of Each Class	Name of Each Exchange on Which Registered
Pennsylvania Power Company	Cumulative Preferred Stock, $100 par value:	
	4.24% Series	All series registered on Philadelphia Stock Exchange, Inc.
	4.25% Series	
	4.64% Series	
	7.64% Series	
	8.00% Series	

This combined Form 10-K is separately filed by FirstEnergy Corp., Ohio Edison Company, Pennsylvania Power Company, The Cleveland Electric Illuminating Company and The Toledo Edison 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 four FirstEnergy subsidiaries is also attributed to FirstEnergy.

FORM 10-K
TABLE OF CONTENTS

PART I

ITEM 1. BUSINESS

The Company

FirstEnergy Corp. (Company) was organized under the laws of the State of Ohio in 1996 and became a holding company on November 8, 1997 in connection with the merger of Ohio Edison Company (OE) and Centerior Energy Corporation (Centerior). The Company's principal business is the holding, directly or indirectly, of all of the outstanding common stock of its four principal electric utility operating subsidiaries, OE, The Cleveland Electric Illuminating Company (CEI), Pennsylvania Power Company (Penn) and The Toledo Edison Company (TE). These utility subsidiaries are referred to throughout as "Companies." Nearly all of the Company's consolidated operating revenues are derived from electric service provided by its utility operating subsidiaries. In addition, the Company holds all of the outstanding common stock of its other seven direct subsidiaries, FirstEnergy Services Corp. (whose subsidiaries include Roth Bros., Inc., a major provider of energy equipment, management and control systems), Centerior Service Company (CSC), Centerior Properties Company, Centerior Enterprises Corporation, FirstEnergy Trading and Power Marketing, Inc., FirstEnergy Telecom Corp., and FirstEnergy Securities Transfer Company.

The Companies' combined service areas encompass approximately 13,200 square miles in central and northern Ohio and western Pennsylvania. The areas they serve have combined populations of approximately 5,577,000.

OE was organized under the laws of the State of Ohio in 1930 and owns property and does business as an electric public utility in that state. OE also has ownership interests in certain generating facilities located in the Commonwealth of Pennsylvania. OE furnishes electric service to communities in a 7,500 square mile area of central and northeastern Ohio. It also provides transmission services and electric energy for resale to certain municipalities in OE's service area and transmission services to certain rural cooperatives. OE also engages in the sale, purchase and interchange of electric energy with other electric companies. The area it serves has a population of approximately 2,542,000.

OE owns all of the outstanding common stock of Penn, a Pennsylvania corporation, which furnishes electric service to communities in a 1,500 square mile area of western Pennsylvania. Penn also provides transmission services and electric energy for resale to certain municipalities in Pennsylvania. The area served by Penn has a population of approximately 343,000.

CEI was organized under the laws of the State of Ohio in 1892 and does business as an electric public utility in that state. It also has ownership interests in certain generating facilities in Pennsylvania. CEI furnishes electric service in an area of approximately 1,700 square miles in northeastern Ohio, including the City of Cleveland. The area CEI serves has a population of approximately 2,007,000.

TE was organized under the laws of the State of Ohio in 1901 and does business as an electric public utility in that state. It also has ownership interests in certain generating facilities in Pennsylvania. TE furnishes electric service in an area of approximately 2,500 square miles in northwestern Ohio, including the City of Toledo. The area TE serves has a population of approximately 685,000.

Utility Regulation

The Companies are subject to broad regulation as to rates and other matters by the Public Utilities Commission of Ohio (PUCO) and the Pennsylvania Public Utility Commission (PPUC). With respect to their wholesale and interstate electric operations and rates, the Companies are subject to regulation, including regulation of their accounting policies and practices, by the Federal Energy Regulatory Commission (FERC). Under Ohio law, municipalities may regulate rates, subject to appeal to the PUCO if not acceptable to the utility.

In 1986, a law was passed which extended the jurisdiction of the PUCO to nonutility affiliates of holding companies exempt under Section 3(a)(1) and 3(a)(2) of the Public Utility Holding Company Act of 1935 (1935 Act) to the extent that the activities of such affiliates affect or relate to the cost of providing electric utility service in Ohio. The law, among other things, requires PUCO approval of investments in, or the transfer of assets to, nonutility affiliates. Investments in such affiliates are limited to 15% of the aggregate capitalization of the holding company on a consolidated basis. The Company is an exempt holding company under Section 3(a)(1) of the 1935 Act, but the law has not had any effect on its operations as they are currently conducted.

The Energy Policy Act of 1992 (1992 Act) amended portions of the 1935 Act, providing independent power producers and other nonregulated generating facilities easier entry into electric generation markets. The 1992 Act also amended portions of the Federal Power Act, authorizing the FERC, under certain circumstances, to mandate access to utility-owned transmission facilities. Following the enactment of the 1992 Act, the FERC has ordered all utilities to file open access tariffs applicable to transmission facilities, including provisions which require utilities to offer comparable services on a nondiscriminatory basis. The FirstEnergy system has such an open access tariff currently in effect (see "FERC Rate Matters").

PUCO Rate Matters

OE's Rate Reduction and Economic Development Plan was approved by the PUCO in 1995 and a Rate Reduction and Economic Development Plan for CEI and TE was approved in January 1997. These plans are designed to enhance and accelerate economic development within the Companies' Ohio service areas and to assure the Companies' customers in those service areas of long-term competitive pricing for energy services.

These plans initially maintain current base electric rates for OE, CEI and TE through December 31, 2005, unless additional revenues are needed to recover the costs of changes in environmental, regulatory or tax laws or regulations. At the end of the plan periods, OE base rates will be reduced by $300 million (approximately 20 percent below current levels) and CEI and TE base rates will be reduced by a combined $310 million (approximately 15 percent below current levels). As part of these plans, transition rate credits were implemented for customers, which are expected to reduce operating revenues for OE by approximately $600 million and CEI and TE by approximately $391 million during the plan period. The plans also established revised fuel recovery rate formulas which eliminated the automatic pass-through of fuel costs to their retail customers (see "Fuel Recovery Procedures").

All of OE's regulatory assets and CEI's and TE's regulatory assets related to their nonnuclear operations are being recovered under provisions of these plans. In addition, the PUCO has authorized OE to recognize additional capital recovery related to its generating assets (which is reflected as additional depreciation expense) and additional amortization of regulatory assets during the plan period of at least $2 billion more than the amount that would have been recognized if OE's plan were not in effect. These additional amounts are being recovered through current rates. CEI and TE recognized fair value purchase accounting adjustments to reduce nuclear plant by $1.71 billion and $.84 billion, respectively, in connection with the FirstEnergy merger; these fair value adjustments recognized for financial reporting purposes will ultimately satisfy the asset reduction commitments of at least $1.4 billion for CEI and $0.6 billion for TE contained in the CEI and TE plan. For regulatory purposes, CEI and TE will recognize accelerated amortization over the plan period.

Based on the Ohio plans, at this time, OE, CEI and TE believe they will continue to be able to bill and collect cost-based rates (with the exception of CEI's and TE's nuclear operations); accordingly, it is appropriate that they continue the application of SFAS No. 71 "Accounting for the Effects of Certain Types of Regulation" (SFAS 71). However, as discussed under "Competition" below, changes in the regulatory environment are on the horizon in Ohio. The Companies do not expect any changes in Ohio regulation to be effective within the next two years and cannot assess what the ultimate impact may be. CEI's and TE's plan does not provide for full recovery of their nuclear operations. As a result, in October 1997 CEI and TE discontinued application of SFAS 71 for their nuclear operations and decreased their regulatory assets of customer receivables for future income taxes related to the nuclear assets by $499 million and $295 million, respectively, in addition to the fair value adjustments referred to above.

PPUC Rate Matters

Penn's Rate Stability and Economic Development Plan was approved by the PPUC in the second quarter of 1996. This plan initially maintains current base electric rates for Penn through June 20, 2006 and revised its fuel recovery method (see "Fuel Recovery Procedures"). All of Penn's regulatory assets are being recovered under provisions of the plan. In addition, the PPUC has authorized Penn to recognize additional capital recovery related to its generating assets (which is reflected as additional depreciation expense) and additional amortization of regulatory assets during the plan period of at least $358 million more than the amounts that would have been recognized if the plan were not in effect. These additional amounts are being recovered through current rates.

In December 1996, Pennsylvania enacted "The Electricity Generation Customer Choice and Competition Act," which permitted customers, including Penn's customers, to choose their electric generation supplier, while transmission and distribution services will continue to be supplied by their current providers. In accordance with this law, on September 30, 1997, Penn filed a restructuring plan with the PPUC. The plan describes how Penn will restructure its rates and provide customers with direct access to alternative electricity suppliers; customer choice is to be phased in over three years beginning in 1999, after completion of a two-year pilot program. Penn will continue to deliver power to homes and businesses through its transmission and distribution system, which remains regulated by the PPUC. Penn also plans to sell electricity and energy-related services in its own territory and throughout Pennsylvania as an alternative supplier through its nonregulated subsidiary, Penn Power Energy, Inc. Through the restructuring plan, Penn is seeking recovery of $293 million of stranded costs through a competitive transition charge starting in 1999 and ending in 2005, which is consistent with Penn's regulatory plan. The PPUC plans to hold public hearings on Penn's restructuring plan early in 1998. Based on the changing regulatory environment in Pennsylvania, Penn is expected to discontinue its application of SFAS 71 for its generation operations, possibly as early as 1998. The impact of Penn discontinuing SFAS 71 is not expected to be material. However, Penn believes that this legislation will continue to provide for cost recovery in a manner which meets the criteria for application of SFAS 71 for all non-generation operations as described above.

FERC Rate Matters

Rates for wholesale customers are regulated by the FERC. The FirstEnergy merger was approved by the FERC on October 29, 1997, and the Companies have operated as a single utility system since December 1997. An open access transmission tariff and joint dispatch agreement for the FirstEnergy system are currently in effect, subject to refund, pending the outcome of hearings before the FERC. A decision is expected on this proceeding in late 1998.

Fuel Recovery Procedures

In accordance with their respective plans, OE's, CEI's and TE's fuel recovery rates have been frozen, subject only to limited periodic adjustments. The respective rates are adjusted annually based on changes in the GDP Implicit Price Deflator, unless significant changes in environmental, regulatory or tax laws or regulations increase or decrease the cost of fuel. Such changes in laws, regulations and/or taxes would require PUCO approval in order to be reflected as an adjustment to the Electric Fuel Component (EFC) rate.

Furthermore, for the period through June 30, 2000, the OE EFC rate will be limited to the average fuel cost rate of certain utilities within the state. Commencing July 1, 2000, the OE EFC rate will be limited to 97% of the average fuel cost rate of these companies. The average fuel cost rate for these utilities may be adjusted by the PUCO to reflect any significant changes in the Phase II environmental compliance plans of such companies involving capital additions or equipment utilization.

After January 1, 2000, the respective EFC rates in effect for CEI and TE will be reduced to reflect the elimination of annual fixed charges related to a Bruce Mansfield Plant coal supply contract (see "Fuel Supply"), which amounts to $13.96 million for CEI and $8.74 million for TE. The resulting reduced EFC rates would be used as the basis for the annual GDP adjustment, but, in no event, would either company's annual EFC rate exceed 1.465 cents per kWh during the plan period.

Under its plan, Penn eliminated its energy cost rate for the recovery of fuel and net purchased power costs as a separate component of customer charges. Energy costs were rolled into Penn's base electric rates at their projected 1996-1997 level.

Capital Requirements

The Companies' respective total 1997 construction costs, excluding nuclear fuel, are shown on the following table. Such costs included expenditures for the betterment of existing facilities and for the construction of transmission lines, distribution lines, substations and other additions. For the years 1998-2002, such construction costs related to their regulated businesses are also shown on the following table. The Company also expects to invest approximately $300 million during 1998-2002 ($65 million in 1998) relating to various nonregulated business ventures. See "Environmental Matters" below with regard to possible environment-related expenditures not included in this estimate.

	1997	1998-2002 Construction Forecast		
	Actual	1998	1999-2002	Total
		(In millions)		
OE	$107	$147	$363	$ 510
Penn	15	18	72	90
CEI	135 *	105	325	430
TE	52 *	50	150	200
Total		$320	$910	$1,230

* Includes CEI's and TE's costs of approximately $17 million and $13 million, respectively, for the period from the November 8, 1997 merger date to December 31, 1997.

During the 1998-2002 period, maturities of, and sinking fund requirements for, long-term debt and preferred stock of the Companies are:

	Preferred Stock and Long-Term Debt 1998-2002 Redemption Schedule		
	1998	1999-2002	Total
	(In millions)		
OE	$166	$901	$1,067
Penn	1	27	28
CEI	81	775	856
TE	40	402	442
Total	$288	$2,105	$2,393

OE's and Penn's nuclear fuel purchases are financed through OES Fuel (a wholly owned subsidiary of OE) commercial paper and loans, both of which are supported by a $225 million long-term bank credit agreement. CEI and TE severally lease their respective portions of nuclear fuel and pay for the fuel as it is consumed. The Companies' respective investments for additional nuclear fuel, and nuclear fuel investment reductions as the fuel is consumed, during the 1998-2002 period are represented in the following table. The table also shows the Companies' net operating lease commitments for the 1998-2002 period. The Companies recover the cost of nuclear fuel consumed and operating leases through their electric rates.

	Nuclear Fuel 1998-2002 Forecasts						Net Operating Lease Commitments 1998-2002 Schedule		
	New Investments			Fuel Burn					
	1998	1999-2002	Total	1998	1999-2002	Total	1998	1999-2002	Total
	(In millions)								
OE	$24	$145	$169	$34	$116	$150	$83	$358	$441
Penn	2	35	37	7	25	32	--	1	1
CEI	32	140	172	41	72	113	25	142	167
TE	27	113	140	30	55	85	81	351	432
Total	$85	$433	$518	$112	$268	$380	$189	$852	$1,041

Short-term borrowings outstanding at December 31, 1997, consisted of $182.2 million of OE's bank borrowings and $120.0 million of OES Capital, Incorporated commercial paper. OES Capital is a wholly owned subsidiary of OE whose borrowings are secured by customer accounts receivable. OES Capital can borrow up to $120 million under a receivables financing agreement at rates based on certain bank commercial paper. The Company and its utility operating subsidiaries also had $162 million (Company-$125 million, OE-$35 million and Penn-$2 million) available under revolving lines of credit as of December 31, 1997. The Company plans to transfer any of its borrowings under its $125 million line of credit to CEI and/or TE. In addition, $26 million (OE-$14 million and Penn-$12 million) was available through bank facilities that provide for borrowings on a short-term basis at the banks' discretion.

Based on their present plans, the Companies could provide for their cash requirements in 1998 from the following sources: funds to be received from operations; available cash and temporary cash investments (approximate amounts as of December 31, 1997: Company's nonutility subsidiaries-$37 million, OE-$4 million, Penn-$1 million, CEI-$34 million and TE-$22 million); the issuance of long-term debt (for refunding purposes) and funds available under revolving credit arrangements.

The extent and type of future financings will depend on the need for external funds as well as market conditions, the maintenance of an appropriate capital structure and the ability of the Companies to comply with coverage requirements in order to issue first mortgage bonds and preferred stock. The

Companies will continue to monitor financial market conditions and, where appropriate, may take advantage of economic opportunities to refund debt and preferred stock to the extent that their financial resources permit.

The coverage requirements contained in the first mortgage indentures under which the Companies issue first mortgage bonds provide that, except for certain refunding purposes, the Companies may not issue first mortgage bonds unless applicable net earnings (before income taxes), calculated as provided in the indentures, for any period of twelve consecutive months within the fifteen calendar months preceding the month in which such additional bonds are issued, are at least twice annual interest requirements on outstanding first mortgage bonds, including those being issued. Under OE's first mortgage indenture, the availability of property additions is more restrictive than the earnings test at the present time and would limit the amount of first mortgage bonds issuable against property additions to $350 million. OE is currently able to issue $1.05 billion principal amount of first mortgage bonds against previously retired bonds without the need to meet the above restrictions. Under Penn's first mortgage indenture, other requirements also apply and are more restrictive than the earnings test at the present time. Penn is currently able to issue $248 million principal amount of first mortgage bonds, with up to $111 million of such amount issuable against property additions; the remainder could be issued against previously retired bonds. Purchase accounting revaluation applied to CEI's and TE's net assets under the merger reduced CEI's and TE's available bondable property so that first mortgage bonds cannot currently be issued against property additions.

OE's , Penn's and TE's respective articles of incorporation prohibit the sale of preferred stock unless applicable gross income, calculated as provided in the articles of incorporation, is equal to at least 1-1/2 times the aggregate of the annual interest requirements on indebtedness and annual dividend requirements on preferred stock outstanding immediately thereafter. Based upon earnings for 1997 and at an assumed dividend rate of 8.5%, OE and Penn would be permitted, under the earnings coverage test contained in their respective charters, to issue at least $1.3 billion and $107 million of preferred stock, respectively. Based on its 1997 earnings, TE could not issue additional preferred stock. There are no restrictions on CEI's ability to issue preferred stock.

To the extent that coverage requirements or market conditions restrict the Companies' abilities to issue desired amounts of first mortgage bonds or preferred stock, the Companies may seek other methods of financing. Such financings could include the sale of preferred or and preference stock or of such other types of securities as might be authorized by applicable regulatory authorities which would not otherwise be sold and could result in annual interest charges and/or dividend requirements in excess of those that would otherwise be incurred.

Central Area Power Coordination Group (CAPCO)

In September 1967, the CAPCO companies, which consists of the Companies and Duquesne Light Company (Duquesne), announced a program for joint development of power generation and transmission facilities. Included in the program are Unit 7 at the W. H Sammis Plant, Unit 5 at the Eastlake Plant, Units 1, 2 and 3 at the Bruce Mansfield Plant, Units 1 and 2 at the Beaver Valley Power Station, the Perry Nuclear Power Plant and the Davis-Besse Nuclear Power Station, each now in service.

The present CAPCO Basic Operating Agreement provides, among other things, for coordinated maintenance responsibilities among the CAPCO companies, a limited and qualified mutual backup arrangement in the event of outage of CAPCO units and certain capacity and energy transactions among the CAPCO companies.

The agreements among the CAPCO companies generally treat OE and Penn as a single system as between them and the other three CAPCO companies, but, in agreements between the CAPCO companies and others, all five companies are treated as separate entities. Subject to any rights that might arise among the CAPCO companies as such, each member company, severally and not jointly, is obligated to pay only its proportionate share of the costs associated with the facilities and the cost of required fuel. The CAPCO companies have agreed that any modification of their arrangements or of their agreed-upon programs requires their unanimous consent. Should any member become unable to continue to pay its share of the costs associated with a CAPCO facility, each of the other CAPCO companies could be adversely affected in varying degrees because it may become necessary for the remaining members to assume such costs for the account of the defaulting member.

Under the agreements governing the construction and operation of CAPCO generating units, the responsibility is assigned to a specific CAPCO company. CEI has such responsibilities for Perry and Eastlake Unit 5, Duquesne is responsible for Beaver Valley Units 1 and 2, TE is responsible for Davis-Besse, OE for Sammis Unit 7 and Penn for Bruce Mansfield Units 1, 2 and 3. The Companies monitor activities in connection with Beaver Valley Units 1 and 2 but must rely to a significant degree on Duquesne for necessary information. The Companies in their oversight role as a practical matter cannot be privy to every detail; it is Duquesne that must directly supervise activities and then exercise its reporting responsibilities to the co-owners. The Companies critically review the information given to it by Duquesne, but they cannot be absolutely certain that things they would have considered significant have been reported or that they always would have reached exactly the same conclusion about matters that are reported. In addition, the time that is necessarily part of the compiling and analyzing process creates a lag between the occurrence of events and the time the Companies becomes aware of their significance.

Nuclear Regulation

The construction and operation of nuclear generating units are subject to the regulatory jurisdiction of the Nuclear Regulatory Commission (NRC) including the issuance by it of construction permits and operating licenses. The NRC's procedures with respect to application for construction permits and operating licenses afford opportunities for interested parties to request public hearings on health, safety, environmental and antitrust issues. In this connection, the NRC may require substantial changes in operation or the installation of additional equipment to meet safety or environmental standards with resulting delay and added costs. The possibility also exists for modification, denial or revocation of licenses or permits. Davis-Besse was placed in commercial operation in 1977, and its operating license expires in 2017. Beaver Valley Unit 1 was placed in commercial operation in 1976, and its opening license expires in 2016. Perry Unit 1 and Beaver Valley Unit 2 were placed in commercial operation in 1987, and their operating licenses expire in 2026 and 2027, respectively.

The NRC has promulgated and continues to promulgate regulations related to the safe operation of nuclear power plants. The Companies cannot predict what additional regulations will be promulgated or design changes required or the effect that any such regulations or design changes, or the consideration thereof, may have upon Beaver Valley, Davis-Besse and Perry. Although the Companies have no reason to anticipate an accident at any nuclear plant in which they have an interest, if such an accident did happen, it could have a material but currently undeterminable adverse effect on the Company's consolidated financial position. In addition, such an accident at any operating nuclear plant, whether or not owned by the Companies, could result in regulations or requirements that could affect the operation or licensing of plants that the Companies do own with a consequent but currently undeterminable adverse impact, and could affect the Companies' abilities to raise funds in the capital markets.

Nuclear Insurance

The Price-Anderson Act limits the public liability which can be assessed with respect to a nuclear power plant to $8.92 billion (assuming 110 units licensed to operate) for a single nuclear incident, which amount is covered by: (i) private insurance amounting to $200 million, and (ii) $8.72 billion provided by an industry retrospective rating plan required by the NRC pursuant thereto. Under such retrospective rating plan, in the event of a nuclear incident at any unit in the United States resulting in losses in excess of private insurance, up to $75.5 million (but not more than $10 million per unit per year in the event of more than one incident) must be contributed for each nuclear unit licensed to operate in the country by the licensees thereof to cover liabilities arising out of the incident. Based on their present ownership and leasehold interests in Beaver Valley, Perry and Davis-Besse, the Companies' maximum potential assessment under these provisions (assuming the other co-owner were to contribute its proportionate share of any assessments under the retrospective rating plan) would be $257.7 million (OE-$84.8 million, Penn-$18.0 million, CEI-$84.8 million and TE-$70.1 million) per incident but not more than $32.5 million (OE-$10.7 million, Penn-$2.3 million, CEI-$10.7 million and TE-$8.8 million) in any one year for each incident.

In addition to the public liability insurance provided pursuant to the Price-Anderson Act, the Companies have also obtained insurance coverage in limited amounts for economic loss and property damage arising out of nuclear incidents. The Companies are members of Nuclear Electric Insurance Limited (NEIL) which provides coverage (NEIL I) for the extra expense of replacement power incurred due to prolonged accidental outages of nuclear units. Under NEIL I, the Companies have policies, renewable yearly, corresponding to their respective interests in Beaver Valley, Perry and Davis-Besse, which provide an aggregate indemnity of up to approximately $809 million (OE-$180 million, Penn-$53 million, CEI-$316 million and TE-$260 million) for replacement power costs incurred during an outage after an initial 21-week (17 weeks for Davis-Besse) waiting period. Members of NEIL I pay annual premiums and are subject to assessments if losses exceed the accumulated funds available to the insurer. The Companies' present maximum aggregate assessment for incidents at any covered nuclear facility occurring during a policy year would be approximately $7.2 million (OE-$1.8 million, Penn-$.5 million, CEI-$2.7 million and TE-$2.2 million).

The Companies are insured as to their respective interests in Beaver Valley, Perry and Davis-Besse under property damage insurance provided by American Nuclear Insurers, Mutual Atomic Energy Liability Underwriters and NEIL to the operating company for each plant. Under these arrangements, $2.75 billion of coverage for decontamination costs, decommissioning costs, debris removal and repair and/or replacement of property is provided for Beaver Valley, Perry and Davis-Besse. The Companies pay annual premiums for this coverage and are liable for retrospective assessments of up to approximately $29.4 million (OE-$8.9 million, Penn-$1.8 million, CEI-$10.3 million and TE-$8.4 million) during a policy year.

The Companies intend to maintain insurance against nuclear risks as described above as long as it is available. To the extent that replacement power, property damage, decontamination, decommissioning, repair and replacement costs and other such costs arising from a nuclear incident at any of the Companies' plants exceed the policy limits of the insurance in effect with respect to that plant, to the extent a nuclear incident is determined not to be covered by the Companies' insurance policies, or to the extent such insurance becomes unavailable in the future, the Companies would remain at risk for such costs.

The NRC requires nuclear power plant licensees to obtain minimum property insurance coverage of $1.06 billion or the amount generally available from private sources, whichever is less. The proceeds of this insurance are required to be used first to ensure that the licensed reactor is in a safe and stable condition and can be maintained in that condition so as to prevent any significant risk to the public health and safety. Within 30 days of stabilization, the licensee is required to prepare and submit to the NRC a cleanup plan for approval. The plan is required to identify all cleanup operations necessary to decontaminate the reactor sufficiently to permit the resumption of operations or to commence decommissioning. Any property insurance proceeds not already expended to place the reactor in a safe and stable condition must be used first to complete those decontamination operations that are ordered by the NRC. The Companies are unable to predict what effect these requirements may have on the availability of insurance proceeds to the Companies for the Companies' bondholders.

Environmental Matters

Various federal, state and local authorities regulate the Companies with regard to air and water quality and other environmental matters. The Companies have estimated capital expenditures for environmental compliance of approximately $50 million, which is included in the construction estimate given under "Capital Requirements" for 1998 through 2002.

Air Regulation

Under the provisions of the Clean Air Act of 1970, both the State of Ohio and the Commonwealth of Pennsylvania adopted ambient air quality standards, and related emission limits, including limits for sulfur dioxide (SO_2) and particulates. In addition, the U.S. Environmental Protection Agency (EPA) promulgated an SO_2 regulatory plan for Ohio which became effective for OE's, CEI's and TE's plants in 1977. Generating plants to be constructed in the future and some future modifications of existing facilities will be covered not only by the applicable state standards but also by EPA emission performance standards for new sources. In both Ohio and Pennsylvania the construction or modification of emission sources requires approval from appropriate environmental authorities, and the facilities involved may not be operated unless a permit or variance to do so has been issued by those same authorities.

The Companies are in compliance with the current SO_2 and nitrogen oxides (NO_x) reduction requirements under the Clean Air Act Amendments of 1990. SO_2 reductions through the year 1999 will be achieved by burning lower-sulfur fuel, generating more electricity from lower-emitting plants, and/or purchasing emission allowances. Plans for complying with reductions required for the year 2000 and thereafter have not been finalized. EPA is conducting additional studies which could indicate the need for additional NO_x reductions from the Companies' Pennsylvania facilities by the year 2003. In addition, the EPA is also considering the need for additional NO_x reductions from the Companies' Ohio facilities. On November 7, 1997, the EPA proposed uniform reductions of NO_x emissions across a region of twenty-two states, including Ohio and the District of Columbia (NO_x Transport Rule) after determining that such NO_x emissions are contributing significantly to ozone pollution in the eastern United States. In a separate but related action, eight states filed petitions with the EPA under Section 126 of the Clean Air Act seeking reductions of NO_x emissions which are alleged to contribute to ozone pollution in the eight petitioning states. A December 1997 EPA Memorandum of Agreement proposes to finalize the NO_x Transport Rule by September 30, 1998, and establishes a schedule for EPA action on the Section 126 petitions. The cost of such reductions, if required, may be substantial. The Companies continue to evaluate their compliance plans and other compliance options.

The Companies are required to meet federally approved SO_2 regulations. Violations of such regulations can result in shutdown of the generating unit involved and/or civil or criminal penalties of up to $25,000 for each day the unit is in violation. The EPA has an interim enforcement policy for SO_2 regulations in Ohio that allows for compliance based on a 30-day averaging period. The Companies cannot predict what action the EPA may take in the future with respect to proposed regulations or the interim enforcement policy.

In July 1997, EPA promulgated changes in the National Ambient Air Quality Standard (NAAQS)for ozone and proposed a new NAAQS for previously unregulated ultra-fine particulate matter. The cost of compliance with these regulations may be substantial and depends on the manner in which they are implemented by the states in which the Companies operate affected facilities.

Water Regulation

Various water quality regulations, the majority of which are the result of the federal Clean Water Act and its amendments, apply to the Companies' plants. In addition, Ohio and Pennsylvania have water quality standards applicable to the Companies' operations. As provided in the Clean Water Act, authority to grant federal National Pollutant Discharge Elimination System (NPDES) water discharge permits can be assumed by a state. Ohio and Pennsylvania have assumed such authority.

Waste Disposal

As a result of the Resource Conservation and Recovery Act of 1976, as amended, and the Toxic Substances Control Act of 1976, federal and state hazardous waste regulations have been promulgated. Certain fossil-fuel combustion waste products, such as coal ash, were exempted from hazardous waste disposal requirements pending EPA's evaluation of the need for future regulation. EPA has issued its final regulatory determination that regulation of coal ash as a hazardous waste is unnecessary.

OE, CEI and TE have been named as "potentially responsible parties" (PRPs) at waste disposal sites which may require cleanup under the Comprehensive Environmental Response, Compensation and Liability Act of 1980. Allegations that the Companies disposed of hazardous substances at historical sites and the liability involved, are often unsubstantiated and subject to dispute. Federal law provides that all PRPs for a particular site be held liable on a joint and several basis. CEI and TE have accrued a liability totaling $5.9 million at December 31, 1997 based on estimates of the costs of cleanup and the proportionate responsibility of other PRPs for such costs. OE, CEI and TE believe that waste disposal costs will not have a material adverse effect on their financial condition, cash flows or results of operations.

In 1980, Congress passed the Low-Level Radioactive Waste Policy Act which provides that the disposal of low-level radioactive waste is the responsibility of the state where such waste is generated. The Act encourages states to form compacts among themselves to develop regional disposal facilities. Failure by a state or compact to begin implementation of a program could result in access denial to the two facilities currently accepting low-level radioactive waste. Ohio is part of the Midwest Compact and has responsibility for siting and constructing a disposal facility. On June 26, 1997, the Midwest Compact Commission (Compact) voted to cease all siting activities in the host state of Ohio and to dismantle the Ohio Low-Level Radioactive Waste Facility Development Authority, the statutory agency charged with siting and constructing the low-level radioactive waste disposal facility. While the Compact remains intact, it has no plans to site or construct a low-level radioactive waste disposal facility in the Midwest. The Companies continue to ship low-level radioactive waste from their nuclear facilities to the Barnwell, South Carolina waste disposal facility.

Summary

Environmental controls are still in the process of development and require, in many instances, balancing the needs for additional quantities of energy in future years and the need to protect the environment. As a result, the Companies cannot now estimate the precise effect of existing and potential regulations and legislation upon any of their existing and proposed facilities and operations or upon their ability to issue additional first mortgage bonds under their respective mortgages. These mortgages contain covenants by the Companies to observe and conform to all valid governmental requirements at the time applicable unless in course of contest, and provisions which, in effect, prevent the issuance of additional bonds if there is a completed default under the mortgage. The provisions of each of the mortgages, in effect, also require, in the opinion of counsel for the respective Companies, that certification of property additions as the basis for the issuance of bonds or other action under the mortgages be accompanied by an opinion of counsel that the company certifying such property additions has all governmental permissions at the time necessary for its then current ownership and operation of such property additions. The Companies intend to contest any requirements they deem unreasonable or impossible for compliance or otherwise contrary to the public interest. Developments in these and other areas of regulation may require the Companies to modify, supplement or replace equipment and facilities, and may delay or impede the construction and operation of new facilities, at costs which could be substantial.

Fuel Supply

The Companies' sources of generation during 1997 were:

	Coal	Nuclear
OE	76.5%	23.5%
Penn	73.8%	26.2%
CEI	63.0%	37.0%
TE	43.0%	57.0%

The Companies have long-term coal contracts providing for annual tons of approximately: OE - 6,400,000; Penn - 1,248,000; CEI - 3,900,000; and TE-1,100,000. These contracts include the Companies' portion of the coal purchase contract relating to the Bruce Mansfield Plant discussed below. This contract coal is produced primarily from mines located in Ohio, Pennsylvania, Kentucky, Wyoming and West Virginia; the contracts expire at various times through December 31, 2003.

The Companies estimate their 1998 coal requirements to be approximately 18,646,000 tons (including their respective shares of the coal requirements of CAPCO's Eastlake Unit 5, Sammis Unit 7 and the Bruce Mansfield Plant). See "Environmental Matters" for factors pertaining to meeting environmental regulations affecting coal-fired generating units.

The Companies have each severally guaranteed (OE's, CEI's, TE's and Penn's composite percentages being approximately 46.8%, 17.6%, 10.3% and 6.7%, respectively) certain debt and lease obligations in connection with a coal supply contract for the Bruce Mansfield Plant (see "Commitments, Guarantees and Contingencies" notes to the respective financial statements). As of December 31, 1997, the Companies' shares of the guarantees were $66.1 million. The price under the coal supply contract, which includes certain minimum payments, has been determined to be sufficient to satisfy the debt and lease obligations. This contract expires December 31, 1999.

The Companies' fuel costs (excluding disposal costs) for each of the five years ended December 31, 1997, were as follows:

		1997	1996	1995	1994	1993
Cost of fuel consumed per million BTUs:						
Coal:	OE	$1.31	$1.33	$1.37	$1.36	$1.37
	Penn	1.27	1.31	1.30	1.34	1.37
	CEI	1.41	1.50	1.56	1.50	1.40
	TE	1.54	1.79	1.86	1.76	1.82
Nuclear:	OE	$ .58	$ .66	$ .79	$ .94	$1.04
	Penn	.61	.64	.77	.88	.97
	CEI	.76	.84	.98	.98	1.02
	TE	.66	.74	.91	.92	.95
Average fuel cost per kilowatt-hour generated (cents):						
	OE	1.17	1.20	1.27	1.31	1.36
	Penn	1.17	1.15	1.20	1.29	1.36
	CEI	1.23	1.35	1.42	1.35	1.37
	TE	1.06	1.26	1.32	1.35	1.42

OES Fuel is the sole lessor for OE's and Penn's nuclear fuel requirements (see "Capital Requirements" and Note 4G of Notes to OE's Consolidated Financial Statements). Nuclear fuel is currently financed for CEI and TE through leases with a special-purpose corporation.

OE, Penn and OES Fuel have contracts for the supply of uranium sufficient to meet projected needs through 2000 and conversion services sufficient to meet projected needs through 2001. Fabrication services for fuel assemblies have been contracted by the CAPCO companies for the next four reloads for Beaver Valley Unit 1, three reloads for Beaver Valley Unit 2 (through approximately 2003 and 2002, respectively), the next two reloads for Perry (through approximately 2001), and the next four reloads for Davis-Besse (through approximately 2004). The Companies have a contract with U.S. Enrichment Corporation for the majority of their enrichment requirements for nuclear fuel through 2014.

Prior to the expiration of existing commitments, the Companies intend to make additional arrangements for the supply of uranium and for the subsequent conversion, enrichment, fabrication, reprocessing and/or waste disposal services, the specific prices and availability of which are not known at this time. Due to the present lack of availability of domestic reprocessing services, to the continuing absence of any program to begin development of such reprocessing capability and questions as to the economics of reprocessing, the Companies are calculating nuclear fuel costs based on the assumption that spent fuel will not be reprocessed. On-site spent fuel storage facilities for Perry and Davis-Besse, are expected to be adequate through 2010 and 2017, respectively; facilities at Beaver Valley Units 1 and 2 are expected to be adequate through 2011 and 2005, respectively. After on-site storage capacity is exhausted, additional storage capacity will have to be obtained which could result in significant additional costs unless reprocessing services or permanent waste disposal facilities become available. The Federal Nuclear Waste Policy Act of 1982 provides for the construction of facilities for the disposal of high-level nuclear wastes, including spent fuel from nuclear power plants operated by electric utilities; however, the selection of a suitable site has become embroiled in the political process. Duquesne, CEI and TE have each previously entered into contracts with the U.S. Department of Energy (DOE) for the disposal of spent fuel from Beaver Valley, Perry, and Davis-Besse, respectively. On December 17, 1996, the DOE notified the Companies that it would be unable to begin acceptance of spent fuel for disposal by January 31, 1998 as mandated by Section 302(a)(5)(B) of the Nuclear Waste Policy Act (NPA). As a result, the Companies along with over 40 other nuclear utilities and more than 50 state agencies have asked for federal court approval to stop payments into the Nuclear Waste Fund and for an order requiring DOE to take immediate action to accept delivery of spent nuclear fuel.

System Capacity and Reserves

The respective 1997 net maximum hourly demand on each of the Companies was OE-5,389,000 kilowatts (kW) (including 387,000 kW of firm power sales which extend through 2005 as discussed under "Competition") on June 25, 1997; Penn-836,000 kW (including 63,000 kW of firm power sales) on June 25, 1997; CEI-3,955,000 kW on June 25, 1997; and TE-1,813,000 kW on July 14, 1997.

Based on existing capacity plans, the load forecast made in December 1997 and anticipated term power sales to other utilities, the capacity margins during the 1998-2002 period are expected to range from about 8% to 10% for the FirstEnergy system.

Regional Reliability

The Companies participate with 24 other electric companies operating in nine states in the East Central Area Reliability Coordination Agreement (ECAR), which was organized for the purpose of furthering the reliability of bulk power supply in the area through coordination of the planning and operation by the ECAR members of their bulk power supply facilities. The ECAR members have established principles and procedures regarding matters affecting the reliability of the bulk power supply within the ECAR region. Procedures have been adopted regarding: i) the evaluation and simulated testing of systems' performance; ii) the establishment of minimum levels of daily operating reserves; iii) the development of a program regarding emergency procedures during conditions of declining system frequency; and iv) the basis for uniform rating of generating equipment.

Competition

The Companies compete with other utilities for intersystem bulk power sales and for sales to municipalities and cooperatives. The Companies compete with suppliers of natural gas and other forms of energy in connection with their industrial and commercial sales and in the home climate control market, both with respect to new customers and conversions, and with all other suppliers of electricity. To date, there has been no substantial cogeneration by the Companies' customers.

Technological advances and regulatory changes are driving forces toward increasing competition in the energy market. The Pennsylvania pilot program, which allows residents to choose their electric generation supplier (see "Utility Regulation--PPUC Rate Matters") is one such regulatory change. In addition, many large electricity users continue to push for some form of retail wheeling, which would enable retail customers to purchase electricity from producers other than the local utility. In February 1996, the PUCO approved a change allowing large industrial customers that have interruptible service contracts to buy their power from other sources when they have been advised by their local utility that service will be interrupted. On January 6, 1998, the co-chairs of the Ohio General Assembly's Joint Select Committee on Electric Industry Deregulation released their draft report of a plan which proposes to give customers a choice from whom they buy electricity beginning January 1, 2000. No consensus has been reached by the full Committee; in the meantime, legislation consistent with the co-chairs' draft report may be introduced into the General Assembly by one or both of the co-chairs.

In an effort to more fully utilize their facilities and hold down rates to their other customers, OE and Penn have entered into a long-term power sales agreement with another utility. Currently, OE and Penn are selling 450,000 kW annually under this contract through December 31, 2005. OE and Penn have the option to reduce this commitment by 150,000 kW, with three years' advance notice.

Research and Development

The Companies participate in funding the Electric Power Research Institute (EPRI), which was formed for the purpose of expanding electric research and development under the voluntary sponsorship of the nation's electric utility industry -- public, private and cooperative. Its goal is to mutually benefit utilities and their customers by promoting the development of new and improved technologies to help the utility industry meet present and future electric energy needs in environmentally and economically acceptable ways. EPRI conducts research on all aspects of electric power production and use, including fuels, generating, delivery, energy management and conservation, environmental effects and energy analysis. The major portion of EPRI research and development projects is directed toward practical solutions and their applications to problems currently facing the electric utility industry. In 1997, approximately 69% of the Companies' research and development expenditures were related to EPRI.

Executive Officers

The executive officers are elected at the annual organization meeting of the Board of Directors, held immediately after the annual meeting of stockholders, and hold office until the next such organization meeting, unless the Board of Directors shall otherwise determine, or unless a resignation is submitted.

Name	Age	Position Held During Past Five Years	Dates
W. R. Holland	61	Chairman of the Board and Chief Executive Officer	1997-present
		Chairman of the Board and Chief Executive Officer-OE	1996-1997
		President and Chief Executive Officer-OE	1993-1996
		President and Chief Operating Officer-OE	*-1993
H. P. Burg	51	President and Chief Financial Officer	1997-present
		President, Chief Operating Officer and Chief Financial Officer-OE	1996-1997
		Senior Vice President and Chief Financial Officer-OE	*-1996
A. J. Alexander	46	Executive Vice President and General Counsel	1997-present
		Executive Vice President and General Counsel-OE	1997-1996
		Senior Vice President and General Counsel-OE	*-1996
E. T. Carey	55	Vice President - Distribution	1997-present
		Vice President--Regional Operations and Customer Service-OE	1995-1997
		Vice President--Marketing and Customer Service Support-OE	1994-1995
		Manager, Performance Initiatives-OE	1993-1994
		Manager-Youngstown Division-OE	*-1993
M. B. Carroll	46	Vice President - Corporate Affairs	1997-present
		Manager - Sandusky Area-OE	1994-1997
		Director, Communications and Mission Services - Providence Hospital	*-1994
D. S. Elliott	43	Vice President - Sales and Marketing	1997-present
		Manager - FirstEnergy Services - OE	1997
		Manager - Eastern Division - OE	1996-1997
		Manager - Youngstown Division - OE	1993-1996
		Manager - Customer Accounts - OE	* 1993
A. R. Garfield	59	Vice President - Business Development	1997-present
		Vice President - System Operations - OE	*-1997
J. A. Gill	60	Vice President - Administrative Services	1997-present
		Vice President - Administration - OE	*-1997
R. H. Marsh	47	Vice President - Finance	1997-present
		Treasurer - OE	*-1997
G. L. Pipitone	48	Vice President - Fossil Production	1997-present
		Vice President - Generation and Transmission - OE	1996-1997
		Manager - Akron Division - OE	1993-1996
		Manager - Production Dept. - OE	*-1993
S. F. Szwed	45	Vice President - Transmission	1997-present
		Vice President - Engineering & Planning - CSC	1995-1997
		Director - System Planning & Operations - CSC	1993-1995
		Director - System Planning - CSC	*-1993
N. C. Ashcom	50	Corporate Secretary	1997-present
		Secretary - OE	1994-1997
		Assistant Secretary - OE	*-1994
T. F. Struck II	54	Treasurer	1997-present
		Assistant Treasurer and Assistant Secretary - OE	1994-1997
		Assistant Treasurer - OE	*-1994
H. L. Wagner	45	Controller	1997-present
		Comptroller - OE	*-1997

Except for W. R. Holland, M. B. Carroll and D. S. Elliott, the officers above hold the same offices for FirstEnergy, OE, CEI and TE.

*Indicates position held at least since January 1, 1993.

At December 31, 1997, the Company's nonutility subsidiaries and the Companies had a total of 10,020 employees consisting of the following: OE-3,218, CEI - 3,162, TE - 1,532, Penn - 997 and CSC - 1,111 employees.

ITEM 2. PROPERTIES

The Companies' respective first mortgage indentures constitute, in the opinion of the Companies' counsel, direct first liens on substantially all of the respective Companies' physical property, subject only to excepted encumbrances, as defined in the indentures. See "Leases" and "Capitalization" notes to the respective financial statements for information concerning leases and financing encumbrances affecting certain of the Companies' properties.

The Companies own, individually or together with other companies as tenants in common, and/or lease, the generating units in service as of March 1, 1998, shown on the table below.

		Net Demonstrated Capacity (kW)		OE		Penn		CEI		TE	
	Unit	Total	Companies' Entitlement	%	kW	%	kW	%	kW	%	kW
Plant - Location											
Coal-Fired Units											
Ashtabula-Ashtabula, OH	5	244,000	244,000	–	–	–	–	100.00%	244,000	–	–
Avon Lake-Avon Lake, OH	9	596,000	596,000	–	–	–	–	100.00%	596,000	–	–
Bay Shore-Toledo, OH	1-4	631,000	631,000	–	–	–	–	–	–	100.00%	631,000
R. E. Burger-Shadyside, OH	3-5	406,000	406,000	100.00%	406,000	–	–	–	–	–	–
Eastlake-Eastlake, OH	1-4	636,000	636,000	–	–	–	–	100.00%	636,000	–	–
	5	597,000	411,000	–	–	–	–	68.80%	411,000	–	–
Lakeshore-Cleveland, OH	18	245,000	245,000	–	–	–	–	100.00%	245,000	–	–
B. Mansfield-Shippingport, PA	1	780,000	552,000	60.00%	468,000	4.20%	33,000	6.50% (b)	51,000	–	–
	2	780,000	718,000	39.30%	307,000	6.80%	53,000	28.60% (b)	223,000	17.30% (b)	135,000
	3	800,000	690,000	35.60%	285,000	6.28%	50,000	24.47% (b)	196,000	19.91% (b)	159,000
New Castle-W. Pittsburg, PA	3-5	333,000	333,000	–	–	100.00%	333,000	–	–	–	–
Niles-Niles, OH	1-2	216,000	216,000	100.00%	216,000	–	–	–	–	–	–
W. H. Sammis-Stratton, OH	1-6	1,620,000	1,620,000	100.00%	1,620,000	–	–	–	–	–	–
	7	600,000	413,000	48.00%	288,000	20.80%	125,000	–	–	–	–
Total			7,711,000		3,590,000		594,000		2,602,000		925,000
Nuclear Units											
Beaver Valley-Shippingport, PA	1	810,000	425,000	35.00%	283,000	17.50%	142,000	–	–	–	–
	2	820,000	707,000	41.88% (a)	343,000	–	–	24.47%	201,000	19.91% (c)	163,000
Davis-Besse-Oak Harbor, OH	1	883,000	883,000	–	–	–	–	51.38%	454,000	48.62%	429,000
Perry-N. Perry Village, OH	1	1,194,000	1,030,000	30.00% (a)	358,000	5.24%	63,000	31.11%	371,000	19.91%	238,000
Total			3,045,000		984,000		205,000		1,026,000		830,000
Oil/Gas-Fired/ Pumped Storage Units											
Edgewater-Lorain, OH	4	100,000	100,000	100.00%	100,000	–	–	–	–	–	–
Seneca-Warren, PA		439,000	351,000	–	–	–	–	80.00%	351,000	–	–
West Lorain-Lorain, OH	1	120,000	120,000	100.00%	120,000	–	–	–	–	–	–
Other		303,000	303,000		139,000		25,000		62,000		77,000
Total			874,000		359,000		25,000		413,000		77,000
Total			11,630,000		4,933,000		824,000		4,041,000		1,832,000

Notes: (a) OE's interests consist of 20.22% owned and 21.66% leased for Beaver Valley Unit 2, and 17.42% owned (representing portion leased from a wholly owned subsidiary of OE) and 12.58% leased for Perry.

(b) CEI's and TE's Bruce Mansfield interests are leased.

(c) TE's interests consist of 1.65% owned and 18.26% leased.

Prolonged outages of existing generating units might make it necessary for the Companies, depending upon the demand for electric service upon their system, to use to a greater extent than otherwise, less efficient and less economic generating units, or purchased power, and in some cases may require the reduction of load during peak periods under the Companies' interruptible programs, all to an extent not presently determinable.

The Companies' generating plants and load centers are connected by a transmission system consisting of elements having various voltage ratings ranging from 23 kilovolts (kV) to 345 kV. The Companies' overhead and underground transmission lines aggregate 7,505 miles.

The Companies' electric distribution systems include 55,141 miles of overhead pole line and underground conduit carrying primary, secondary and street lighting circuits. They own, individually or together with one or more of the other CAPCO companies as tenants in common, substations with a total installed transformer capacity of 49,286, 125 kilovolt-amperes.

The Companies' transmission lines also interconnect with those of AEP, The Dayton Power and Light Company, Duquesne, Monongahela Power Company, West Penn Power Company, Detroit Edison Company and Pennsylvania Electric Company. These interconnections make possible utilization by the Companies of generating capacity constructed as a part of the CAPCO program, as well as providing opportunities for the sale of power to other utilities.

	Distribution Systems	Transmission Lines	Substation Transformer Capacity
	(Miles)		*(kV-amperes)*
OE	26,220	3,873	20,603,056
Penn	5,110	606	3,938,069
CEI	23,305	2,351	16,669,000
TE	506	675	8,076,000
Total	55,141	7,505	49,286,125

ITEM 3. LEGAL PROCEEDINGS

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The information required for this item for FirstEnergy and OE (through November 7, 1997) is included on page 17 of FirstEnergy's 1997 Annual Report to Stockholders (Exhibit 13). The information required for CEI, TE and Penn is not applicable because they are wholly owned subsidiaries.

ITEM 6. SELECTED FINANCIAL DATA

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information called for by Items 6 through 8 is incorporated herein by reference to Selected Financial Data, Management's Discussion and Analysis of Results of Operations and Financial Condition, and Financial Statements included on the pages shown in the following table in the respective company's 1997 Annual Report to Stockholders (Exhibit 13).

	Item 6	Item 7	Item 8
FirstEnergy	17	18-21	16,22-38
OE	1	2-7	8-29
Penn	1	2-4	5-16
CEI	1	2-7	8-30
TE	1	2-7	8-30

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

FirstEnergy

The information required by Item 10, with respect to Identification of FirstEnergy's Directors and with respect to reports required to be filed under Section 16 of the Securities Exchange Act of 1934, is incorporated herein by reference to the Company's 1998 Proxy Statement filed with the Securities and Exchange Commission (SEC) pursuant to Regulation 14A and, with respect to Identification of Executive Officers, to "Part I, Item 1. Business- Executive Officers" herein.

OE, CEI and TE

W. R. Holland, H. P. Burg and A. J. Alexander are the Directors of OE, CEI, and TE since the Ohio Edison-Centerior merger. Information concerning these individuals is shown in the "Executive Officers" section of Item 1.

Penn

The present term of office of each Penn director extends until the next succeeding annual meeting of stockholders and until his successor is elected and shall qualify.

The Penn executive officers are elected at the annual organization meeting of the Penn Board of Directors, held immediately after the annual meeting of stockholders, and hold office until the next such organization meeting, unless the Board of Directors shall otherwise determine, or unless a resignation is submitted

H. Peter Burg—Age 51

President and Chief Financial Officer of the Company; and President of OE, CEI and TE since 1997
President, Chief Operating Officer and Chief Financial Officer of OE from 1996 to 1997. Senior Vice President and Chief Financial Officer of OE from 1989 to 1996. President of Penn from 1994 to 1995. Director of Penn since 1989. Mr. Burg is also a director of the Company, OE, CEI and TE.

Willard R. Holland—Age 61

Chairman of the Board and Chief Executive Officer of the Company since 1997
Chairman of the Board and Chief Executive Officer, and Chief Financial Officer of Penn since 1993. Chairman of the Board and Chief Executive Officer of OE, from 1996 to 1997. President and Chief Executive Officer of OE, from 1993 to 1996. President and Chief Operating Officer of OE from 1991 to 1993. Director of Penn since 1991. Mr. Holland is also a director of the Company, OE, CEI, TE and A. Schulman, Inc.

R. Joseph Hrach—Age 49

President of Penn since 1996. Division Manager, Stark Division, of OE from 1991 to 1996. Director of Penn since 1996.

Joseph J. Nowak—Age 66

Retired. Consultant to Armco Inc. during 1993 and Vice President during 1992 of Armco Inc. and Executive Vice President-Operations from 1988 to 1992 of Cyclops Industries, Inc., manufacturers of steel products. Cyclops Industries, Inc. merged with Armco Inc. in 1992. Director of Penn since 1982

Jack E. Reed—Age 55

Vice President of Penn since 1992. Director of Penn since 1992.

Richard L. Werner—Age 66

Retired in 1997 as Chairman of the Board, President, and Chief Executive Officer of Werner Co., Inc., manufacturer of aluminum extrusions, ladders and scaffolding. Director of Penn since 1993.

Robert P. Wushinske—Age 58

Secretary and General Counsel of Penn since 1994 and Vice President and Treasurer of Penn since 1987.

David W. McKean—Age 45

Director, Budget and Financial Reporting Services of the Company since 1997. Comptroller of Penn since 1992.

ITEM 11. EXECUTIVE COMPENSATION

FirstEnergy -The information required by this item is incorporated herein by reference to the Company's 1998 Proxy Statement filed with the SEC pursuant to Regulation 14A.

OE CEI and TE The information required by this item follows.

SUMMARY EXECUTIVE COMPENSATION TABLE

Name and Principal Position		Annual Compensation Year	Salary	Bonus	Other	Long-Term Compensation Payouts	All Other Compensation
H. Peter Burg President	(1)						
Anthony J. Alexander Executive Vice President and General Counsel	(1)						
Earl T Carey Vice President	(1)						
John A Gill Vice President	(1)						
Fred J. Lange, Jr Vice President	(2)	1997	$222,946	$ 18,000	$0	$ 8,665	$5,241
		1996	215,020	100,000	0	0	6,447
		1995	201,220	0	0	0	6,369
Robert J. Farling	(3)						
Murray R Edelman	(4)	1997	$265,044	$ 21,204	$0	$15,754	$5,871
		1996	265,044	100,000	0	0	6,141
		1995	265,044	0	0	0	6,136

(1) The compensation of Messrs. Burg, Alexander, Carey and Gill, who are also officers of the Company, are incorporated herein by reference to the Company's 1998 Proxy Statement filed with the SEC pursuant to Regulation 14A.

(2) Mr. Lange was Vice President of CEI and President of TE until consummation of the merger in 1997. His compensation for services rendered in 1997 as Senior Vice President of Centerior Energy Corporation was comprised of his base salary of $222,946, an incentive award of $18,000 pursuant to Centerior's Executive Incentive Compensation Plan, and payment of $8,665 for long-term Deferred Incentive Units issued in 1992. The "All-Other Compensation" amount of $5,241 represents the portion of premiums for life, accident, personal liability, and supplemental retirement insurance benefits paid by Centerior to Mr. Lange to the extent those benefits exceeded that which was uniformly available to salaried employees under Centerior's benefit plans. Mr. Lange also exercised stock options with respect to 26,250 shares of common stock in 1997, realizing $124,359. At December 31, 1997, there were 43,450 shares of underlying unexercised options with a value of $97,136 all of which are exercisable.

(3) Mr. Farling was Chairman of the Board and Chief Executive Officer of CEI and TE in the 1997 pre-merger period. His compensation is incorporated herein by reference to the Company's 1998 Proxy Statement filed with the SEC pursuant to Regulation 14A.

(4) Mr. Edelman was President of CEI and Vice Chairman of the Board of TE until consummation of merger in 1997.

His compensation for services rendered in 1997 as Executive Vice President of Centerior Energy Corporation was comprised of his base salary of $265,044, an incentive award of $221,204 pursuant to Centerior's Executive Incentive Compensation Plan, and payment of $15,754 for long-term Deferred Incentive Units issued in 1992. The "All-Other Compensation" amount of $5,871 represents the portion of premiums for life, accident, personal liability, and supplemental retirement insurance benefits paid by Centerior to Mr. Edelman to the extent those benefits exceeded that which was uniformly available to salaried employees under Centerior's benefit plans.

Following his termination of employment on January 31, 1998, payments were made to Mr. Edelman consistent with the terms of a special severance agreement applying to certain Centerior executives. These included a severance benefit of $1,237,842, a payment of $23,180 for benefit continuation, and a makeup pension benefit of $1,186,590 based on the assumption that he would have continued to work until age 62. In addition, a payment was made to reimburse him, on an after-tax basis, for the excise tax payments withheld from the above payments. Consistent with Mr. Edelman's experience in the electric utility industry, Mr. Edelman has agreed to act as a consultant to the Company for a twenty-four month period beginning February 1, 1998. His monthly fees for those services will be $10,000.

CERTAIN SEVERANCE PAY AGREEMENTS

Information related to severance pay agreements with each of Messrs. Holland, Burg, Alexander and Gill are incorporated herein by reference to the Company's 1998 Proxy Statement. In 1996, Centerior entered into a severance pay agreement with Mr. Lange providing for the payment of severance benefits in the event that his employment was to terminate other than for cause, death or disability as a result of a merger. This agreement was extended to November 7, 1998. The severance agreement provided that in the event of a termination of employment (other than for cause, death or disability), he shall be entitled to receive a payment equal to three times his base salary. In addition, (i) certain benefit plans would be continued for three years following termination, (ii) he would be entitled to a payment reflecting the retirement benefit he would have been entitled to had his employment continued for the three-year period following termination of his employment, and (iii) certain additional payments will be made to him if he is subject to an excise tax.

Penn - The information required by this item follows:

SUMMARY EXECUTIVE COMPENSATION TABLE

Name and Principal Position	Year	Annual Compensation Salary	Bonus	Other(1)	Long-Term Compensation Payouts (2)	All Other Compensation (3)
Willard R. Holland	1997	$117,449	$ 57,909	$ 113	$35,919	$17,269
Chairman of the Board and	1996	103,332	42,639	126	12,420	14,461
Chief Executive Officer	1995	100,473	35,907	281	5,294	7,701
Jack E. Reed	1997	123,759	23,702	244	9,039	7,951
Vice President	1996	121,900	27,783	623	5,606	7,371
	1995	117,619	26,247	28	2,683	6,042
R. Joseph Hrach	1997	144,249	26,807	3,473	0	7,367
President (4)	1996	64,165	26,820	10,770	0	4,901
	1995	0	0	0	0	0
Robert P. Wushinske	1997	120,927	27,037	200	0	5,967
Vice President, Secretary,	1996	116,773	27,882	102	0	6,230
Treasurer and General Counsel	1995	112,738	21,774	113	0	5,652

(1) Consists of reimbursement for income tax obligations on Executive Indemnity Program premium and on perquisites.

(2) These amounts represent cash payouts of the portion of 1993 Executive Incentive Compensation Plan annual award previously deferred into a Common Stock Equivalent Account.

(3) For 1997, amount is comprised of (1) matching FirstEnergy common stock contributions under the tax qualified Savings Plan: Holland - $1,425; Hrach - $6,112; Reed - $5,133; Wushinske - $5,021; (2) the current dollar value of Penn's portion of the premiums paid in 1997 for insurance policies under the Executive Supplemental Life Plan: Holland - $3,257; Hrach - $1,255; Reed - $1,333; Wushinske - $946; (3) above market interest earned under the Executive Deferred Compensation Plan: Holland - $12,587; Reed - $1,464; and (4) a portion of the Executive Indemnity Program premium reportable as income: Reed - $21.

(4) Mr. Hrach became President on July 1, 1996, and his salary for 1996 reflects the amount paid by Penn since that date.

LONG-TERM INCENTIVE PLAN TABLE
AWARDS IN LAST FISCAL YEAR

Name	1997 Target Long-Term Incentive Opportunity	Equivalent Number of Performance Shares	Performance or Other Period Until Maturation or Payout	Estimated Future Payouts Under Non-Stock Price Based Plan (Number of Performance Shares) Below Threshold	Threshold	Target	Maximum
W R Holland-CEO	$70,512	3,141	4 years	-0-	1,570	3,141	4,711
J. E. Reed	12,228	545	4 years	-0-	272	545	817
R. P. Wushinske	4,431	197	4 years	-0-	99	197	296

Each executive's 1997 target long-term incentive opportunity was converted into performance shares equal to an equivalent number of shares of FirstEnergy's common stock based on the average price of such stock during December 1996, and will be held in a Common Stock Equivalent Account through 2000. The Common Stock Equivalent Account was converted to FirstEnergy common stock upon the consummation of the merger of OE and Centerior Energy Corporation. At the end of this four-year performance period, this Common Stock Equivalent Account will be valued based on the average price of FirstEnergy's common stock during December 2000 and as if any dividends that would have been paid on such stock during the performance period had been reinvested on the date paid. This value may be increased or decreased based upon the total return of FirstEnergy's common stock relative to the Edison Electric Institute's Index of Investor-owned Electric Utility Companies (Index) during the period. If an executive retires, dies or otherwise leaves the employment of the Company prior to the end of the four-year period, the value will be further proportionally decreased based on the number of months worked during the period. However, an executive must work at least twelve months during the four-year period to be eligible for an award payout. The final value of an executive's account, if any, will be paid to the executive in cash early in the year 2001.

The final value of an executive's account may range from zero to 150% of the target amount. The maximum amount in the above table is equal to 150% of the target 1997 long-term incentive opportunity and will be earned if FirstEnergy's total shareholder return is in the top 15% compared to the Index noted above. An amount equal to 100% of the target 1997 long-term incentive opportunity will be earned if FirstEnergy's total shareholder return is in the 38th percentile compared to the Index. The threshold amount is equal to 50% of the target 1997 long-term incentive opportunity and will be earned if FirstEnergy's total shareholder return is in the 60th percentile compared to the Index. Payouts for a total shareholder return ranking between the 15th percentile and 60th percentile will be interpolated. However, there will be no long-term award payouts if FirstEnergy's total shareholder return compared to the Index falls below the 60th percentile.

Supplemental Executive Retirement Plan

Penn participates in the FirstEnergy System Supplemental Executive Retirement Plan. Mr. Holland is the only executive officer listed above who is eligible to participate in the Plan. At normal retirement, eligible senior executives of Penn who have five or more years of service with the FirstEnergy System are provided a retirement benefit equal to the greater of 65 percent of their highest annual salary from Penn, or 55 percent of the average of their highest three consecutive years of salary plus annual incentive awards paid after January 1, 1996 and paid prior to retirement, reduced by the executive's pensions under tax-qualified pension plans of Penn or other employers, any supplementary pension under Penn's Executive Deferred Compensation Plan, and social security benefits. Subject to exceptions that might be made in specific cases, senior executives retiring prior to age 65, or with less than five years of service, or both, may receive a similar but reduced benefit. This Plan also provides for disability and surviving spouse benefits. As of the end of 1997, the estimated annual retirement benefits at age 65 from all of the above sources was $76,963 for Mr. Holland.

Pension Plan

The Company's trusteed noncontributory Pension Plan covers substantially all full-time employees including officers of the Company. Pension benefits are determined using a formula based on a Pension Plan participant's years of accrued service and average rate of monthly earnings for the highest 60 months of the last 120 months of accrued service immediately preceding retirement or termination of service.

Compensation covered by the Pension Plan consists of basic cash wages and compensation deferred through the Savings Plan up to the maximum amount permitted under the Internal Revenue Code of 1986, as adjusted in accordance with regulations. This amount was $160,000 per year for 1997 and $160,000 per year for 1998. In addition, a supplementary pension benefit may be payable to participants in the Executive Deferred Compensation Plan. Compensation for 1997 covered by these two plans for the officers shown in the Executive Compensation Table who are not currently participants in the FirstEnergy System Supplemental Executive Retirement Plan is shown under the Salary column of the Table. The credited years of service for these same officers are as follows: J. E. Reed—31 years; and R. P. Wushinske—24 years

The following table shows the estimated annual amounts payable upon retirement as pension benefits under the Pension Plan and the supplemental pension benefit under the Executive Deferred Compensation Plan, based on specified compensation and years of credited service classifications, assuming continuation of both such present Plans and employment until age 65. Retirement prior to age 62 results in a reduction of pension benefits. The amounts shown are subject to a reduction based on an individual's covered compensation, date of birth and years of credited service as defined by the Pension Plan and its optional survivorship provision.

	Estimated Annual Retirement Payment from the Pension Plan and the Annual Supplementary Pension Benefit under the Executive Deferred Compensation Plan			
Applicable Annual Earnings	15 Years Service	25 Years Service	35 Years Service	45 Years Service
$120,000	$31,959	$50,865	$64,970	$ 78,170
130,000	34,809	55,415	70,820	85,120
140,000	37,659	59,965	76,670	92,070
150,000	40,509	64,515	82,520	99,060
160,000	43,359	69,065	88,370	105,970
170,000	46,209	73,615	94,220	112,920

Compensation Committee Interlocks and Insider Participation in Compensation Decisions

The Penn Board of Directors has no compensation committee. The Penn Board of Directors, other than Mr. Holland, establishes the compensation of Mr. Holland as chief executive officer; Mr. Holland establishes the compensation of the other executive officers of Penn. During 1997 Mr. Holland served as a director of the Company and H. Peter Burg served as an executive officer of the Company and as a director of Penn. In his capacity as a director of Penn, Mr. Burg participated in decisions relating to the compensation of Mr. Holland.

Compensation of Directors

Directors who are not employees of the Companies receive an annual retainer of $4,200 and 100 shares of FirstEnergy Common Stock for each full year of service. Such directors are also paid a meeting fee of $375 for each board meeting attended and are reimbursed for expenses for the attendance thereof, if any. Directors who are also employees of Penn or of OE or FirstEnergy receive no compensation for serving as directors.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

FirstEnergy - The information required by this item is incorporated herein by reference to the Company's 1998 Proxy Statement filed with the SEC pursuant to Regulation 14A.

(a) Security Ownership of Certain Beneficial Owners at March 30, 1998:

OE, CEI, TE and Penn - The information required by this item follows:

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
OE			
Common Stock, $9 par value	FirstEnergy Corp. 76 South Main Street Akron, Ohio 44308	100 shares held directly	100%
CEI			
Common Stock No par value	FirstEnergy Corp. 76 South Main Street Akron, Ohio 444308	79,590,689 shares held directly	100%
TE			
Common Stock $5 par value	FirstEnergy Corp. 76 South Main Street Akron, Ohio 44308	39,133,887 shares held directly	100%
Penn			
Common Stock, $30 par value	Ohio Edison Company 76 South Main Street Akron, Ohio 44308	6,290,000 shares held directly	100%

(b) Security Ownership of Management at December 31, 1997:

OE, CEI, TE

The information required by this item for all individuals with the exception of Messrs. Lange and Edelman is incorporated herein by reference to the Company's 1998 Proxy Statement filed with the SEC pursuant to Regulation 14A. Messrs. Lange and Edelman hold 5,964 and 4,974 shares, respectively, of FirstEnergy Common Stock as of December 31, 1997.

Penn

	Title of Class FirstEnergy Common Stock No. of Shares	Nature of Beneficial Ownership	Percent of Class FirstEnergy Common Stock	Common Stock Equivalents*
H. P. Burg	10,983	Direct or Indirect	Less than one percent	21,079
W. R. Holland	8,605	"	"	61,833
R. J. Hrach	1,899	"	"	2,001
J. J. Nowak	1,348	"	"	
J. E. Reed	4,481	"	"	2,351
R. L. Werner	562			
R. P. Wushinske	2,455	"	"	691
All directors and executive officers as a group	32,323	"	"	88,425

* Common Stock Equivalents are the cumulative number of performance shares credited to each executive officer as of December 31, 1997. These performance shares are the portion of the 1993 and 1994 annual incentive awards under the Executive Incentive Compensation Plan that were deferred for four years, and the 1995, 1996 and 1997 long-term incentive opportunities that were deferred for four years under such Plan. For a detailed explanation of the Plan, see the footnote to the Long-Term Incentive Plan Table. Such performance shares do not have voting rights or other rights associated with ownership.

(c) Changes in Control: Not applicable

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

FirstEnergy - The information required by this item is incorporated herein by reference to the Company's 1998 Proxy Statement filed with the SEC pursuant to Regulation 14A.

OE, CEI, TE and Penn - The information required by this item follows:

None.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) 1. Financial Statements

Included in Part II of this report and incorporated herein by reference to the respective company's 1997 Annual Report to Stockholders (Exhibit 13 below) at the pages indicated.

	FE	OE	Penn	CEI	TE
Report of Independent Public Accountants	16	29	16	30	30
Statements of Income–Three Years Ended December 31, 1997	22	8	5	8	8
Balance Sheets–December 31, 1997 and 1996	23	9	6	9	9
Statements of Capitalization–December 31, 1997 and 1996	24-26	10-11	7	10-11	10-11
Statements of Retained Earnings–Three Years Ended December 31, 1997	27	12	8	12	12
Statements of Capital Stock and Other Paid-In Capital–Three Years Ended December 31, 1997	27	12	8	12	12
Statements of Cash Flows–Three Years Ended December 31, 1997	28	13	9	13	13
Statements of Taxes–Three Years Ended December 31, 1997	29	14	10	14	14
Notes to Financial Statements	30-38	15	11	15	15

2. *Financial Statement Schedules*

Included in Part IV of this report:

	FE	OE	Penn	CEI	TE
Report of Independent Public Accountants	52	53	56	54	55
Schedule - Three Years Ended December 31, 1997:					
II — Valuation and Qualifying Accounts	57	58	61	59	60

Schedules other than the schedule listed above are omitted for the reason that they are not required or are not applicable, or the required information is shown in the financial statements or notes thereto.

3. **Exhibits - FirstEnergy**

Exhibit
Number

4-1 — Rights Agreement (December 1, 1997 Form 8-K, Exhibit 4.1)

(A) 13 — 1997 Annual Report to Stockholders. (Only those portions expressly incorporated by reference in this Form 10-K are to be deemed "filed" with the SEC.)

(A) 21 — List of Subsidiaries of the Registrant at December 31, 1997.

(A) 23 — Consent of Independent Public Accountants.

(A) 27 — Financial Data Schedule.

(A) Provided herein in electronic format as an exhibit.

3. **Exhibits - Ohio Edison**

Exhibit
Number

2-1 — Agreement and Plan of Merger, dated as of September 13, 1996, between Ohio Edison Company (OE) and Centerior Energy Corporation. (September 17, 1996 Form 8-K, Exhibit 2-1.)

3-1 — Amended Articles of Incorporation, Effective June 21, 1994, constituting OE's Articles of Incorporation. (1994 Form 10-K, Exhibit 3-1)

3-2 — Code of Regulations of OE as amended April 24, 1986. (Registration No. 33-5081, Exhibit (4)(d).)

(B) 4-1 — Indenture dated as of August 1, 1930 between OE and Bankers Trust Company, as Trustee, as amended and supplemented by Supplemental Indentures:

Dated as of	File Reference	Exhibit No.
March 3, 1931	2-1725	B-1,B-1(a),B-1(b)
November 1, 1935	2-2721	B-4
January 1, 1937	2-3402	B-5
September 1, 1937	Form 8-A	B-6
June 13, 1939	2-5462	7(a)-7
August 1, 1974	Form 8-A, August 28, 1974	2(b)
July 1, 1976	Form 8-A, July 28, 1976	2(b)
December 1, 1976	Form 8-A, December 15, 1976	2(b)
June 15, 1977	Form 8-A, June 27, 1977	2(b)

Exhibit
Number

Dated as of	File Reference	Exhibit No.
Supplemental Indentures:		
September 1, 1944	2-61146	2(b)(2)
April 1, 1945	2-61146	2(b)(2)
September 1, 1948	2-61146	2(b)(2)
May 1, 1950	2-61146	2(b)(2)
January 1, 1954	2-61146	2(b)(2)
May 1, 1955	2-61146	2(b)(2)
August 1, 1956	2-61146	2(b)(2)
March 1, 1958	2-61146	2(b)(2)
April 1, 1959	2-61146	2(b)(2)
June 1, 1961	2-61146	2(b)(2)
September 1, 1969	2-34351	2(b)(2)
May 1, 1970	2-37146	2(b)(2)
September 1, 1970	2-38172	2(b)(2)
June 1, 1971	2-40379	2(b)(2)
August 1, 1972	2-44803	2(b)(2)
September 1, 1973	2-48867	2(b)(2)
May 15, 1978	2-66957	2(b)(4)
February 1, 1980	2-66957	2(b)(5)
April 15, 1980	2-66957	2(b)(6)
June 15, 1980	2-68023	(b)(4)(b)(5)
October 1, 1981	2-74059	(4)(d)
October 15, 1981	2-75917	(4)(e)
February 15, 1982	2-75917	(4)(e)
July 1, 1982	2-89360	(4)(d)
March 1, 1983	2-89360	(4)(e)
March 1, 1984	2-89360	(4)(f)
September 15, 1984	2-92918	(4)(d)
September 27, 1984	33-2576	(4)(d)
November 8, 1984	33-2576	(4)(d)
December 1, 1984	33-2576	(4)(d)
December 5, 1984	33-2576	(4)(e)
January 30, 1985	33-2576	(4)(e)
February 25, 1985	33-2576	(4)(e)
July 1, 1985	33-2576	(4)(e)
October 1, 1985	33-2576	(4)(e)
January 15, 1986	33-8791	(4)(d)
May 20, 1986	33-8791	(4)(d)
June 3, 1986	33-8791	(4)(e)
October 1, 1986	33-29827	(4)(d)
August 25, 1989	33-34663	(4)(d)
February 15, 1991	33-39713	(4)(d)
May 1, 1991	33-45751	(4)(d)
May 15, 1991	33-45751	(4)(d)
September 15, 1991	33-45751	(4)(d)
April 1, 1992	33-48931	(4)(d)
June 15, 1992	33-48931	(4)(d)
September 15, 1992	33-48931	(4)(e)
April 1, 1993	33-51139	(4)(d)
June 15, 1993	33-51139	(4)(d)
September 15, 1993	33-51139	(4)(d)
November 15, 1993	1-2578	(4)(2)
April 1, 1995	1-2578	(4)(2)
May 1, 1995	1-2578	(4)(2)
July 1, 1995	1-2578	(4)(2)

10-1 — Administration Agreement between the CAPCO Group dated as of September 14, 1967 (Registration No. 2-43102, Exhibit 5(c)(2).)

10-2 — Amendment No. 1 dated January 4, 1974 to Administration Agreement between the CAPCO Group dated as of September 14, 1967. (Registration No. 2-68906, Exhibit 5(c)(3).)

Exhibit
<u>Number</u>

10-3 — Transmission Facilities Agreement between the CAPCO Group dated as of September 14, 1967. (Registration No. 2-43102, Exhibit 5(c)(3).)

10-4 — Amendment No. 1 dated as of January 1, 1993 to Transmission Facilities Agreement between the CAPCO Group dated as of September 14, 1967. (1993 Form 10-K, Exhibit 10–4.)

10-5 — Agreement for the Termination or Construction of Certain Agreements effective September 1, 1980 among the CAPCO Group. (Registration No. 2-68906, Exhibit 10-4.)

10-6 — Amendment dated as of December 23, 1993 to Agreement for the Termination or Construction of Certain Agreements effective September 1, 1980 among the CAPCO Group. (1993 Form 10-K, Exhibit 10-6.)

10-7 — CAPCO Basic Operating Agreement, as amended September 1, 1980. (Registration No. 2-68906, Exhibit 10-5.)

10-8 — Amendment No. 1 dated August 1, 1981, and Amendment No. 2 dated September 1, 1982 to CAPCO Basic Operating Agreement, as amended September 1, 1980. (September 30, 1981 Form 10-Q, Exhibit 20-1 and 1982 Form 10-K, Exhibit 19-3, respectively.)

10-9 — Amendment No. 3 dated July 1, 1984 to CAPCO Basic Operating Agreement, as amended September 1, 1980. (1985 Form 10-K, Exhibit 10-7.)

10-10 — Basic Operating Agreement between the CAPCO Companies as amended October 1, 1991. (1991 Form 10-K, Exhibit 10-8.)

10-11 — Basic Operating Agreement between the CAPCO Companies as amended January 1, 1993. (1993 Form 10-K, Exhibit 10-11.)

10-12 — Memorandum of Agreement effective as of September 1, 1980 among the CAPCO Group. (1982 Form 10-K, Exhibit 19-2.)

10-13 — Operating Agreement for Beaver Valley Power Station Units Nos. 1 and 2 as Amended and Restated September 15, 1987, by and between the CAPCO Companies. (1987 Form 10-K, Exhibit 10-15.)

10-14 — Construction Agreement with respect to Perry Plant between the CAPCO Group dated as of July 22, 1974. (Registration No. 2-52251 of Toledo Edison Company, Exhibit 5(yy).)

10-15 — Participation Agreement No. 1 relating to the financing of the development of certain coal mines, dated as of October 1, 1973, among Quarto Mining Company, the CAPCO Group, Energy Properties, Inc., General Electric Credit Corporation, the Loan Participants listed in Schedules A and B thereto, Central National Bank of Cleveland, as Owner Trustee, National City Bank, as Loan Trustee, and Owner Trustee, National City Bank, as Loan Trustee, and National City Bank, as Bond Trustee. (Registration No. 2-61146, Exhibit 5(e)(1).)

10-16 — Amendment No. 1 dated as of September 15, 1978 to Participation Agreement No. 1 dated as of October 1, 1973 among Quarto Mining Company, the CAPCO Group, Energy Properties, Inc., General Electric Credit Corporation, the Loan Participants listed in Schedules A and B thereto, Central National Bank of Cleveland as Owner Trustee, National City Bank as Loan Trustee and National City Bank as Bond Trustee. (Registration No. 2-68906 of Pennsylvania Power Company, Exhibit 5(e)(2).)

10-17 — Participation Agreement No. 2 relating to the financing of the development of certain coal mines, dated as of August 1, 1974, among Quarto Mining Company, the CAPCO Group, Energy Properties, Inc., General Electric Credit Corporation, the Loan Participants listed in Schedules A and B thereto, Central National Bank of Cleveland, as Owner Trustee, National City Bank, as Loan Trustee, and National City Bank, as Bond Trustee. (Registration No. 2-53059, Exhibit 5(h)(2).)

Exhibit
Number

10-18 — Amendment No. 1 dated as of September 15, 1978 to Participation Agreement No. 2 dated as of August 1, 1974 among Quarto Mining Company, the CAPCO Group, Energy Properties, Inc., General Electric Credit Corporation, the Loan Participants listed in Schedules A and B thereto, Central National Bank of Cleveland as Owner Trustee, National City Bank as Loan Trustee and National City Bank as Bond Trustee. (Registration No. 2-68906 of Pennsylvania Power Company, Exhibit 5(e)(4).)

10-19 — Participation Agreement No. 3 dated as of September 15, 1978 among Quarto Mining Company, the CAPCO Companies, Energy Properties, Inc., General Electric Credit Corporation, the Loan Participants listed in Schedules A and B thereto, Central National Bank of Cleveland as Owner Trustee, and National City Bank as Loan Trustee and Bond Trustee. (Registration No. 2-68906 of Pennsylvania Power Company, Exhibit 5(e)(5).)

10-20 — Participation Agreement No. 4 dated as of October 31, 1980 among Quarto Mining Company, the CAPCO Group, the Loan Participants listed in Schedule A thereto and National City Bank as Bond Trustee. (Registration No. 2- 68906 of Pennsylvania Power Company, Exhibit 10-16.)

10-21 — Participation Agreement dated as of May 1, 1986, among Quarto Mining Company, the CAPCO Companies, the Loan Participants thereto, and National City Bank as Bond Trustee. (1986 Form 10-K, Exhibit 10-22.)

10-22 — Participation Agreement No. 6 dated as of December 1, 1991 among Quarto Mining Company, The Cleveland Electric Illuminating Company, Duquesne Light Company, Ohio Edison Company, Pennsylvania Power Company, the Toledo Edison Company, the Loan Participants listed in Schedule A thereto, National City Bank, as Mortgage Bond Trustee and National City Bank, as Refunding Bond Trustee. (1991 Form 10-K, Exhibit 10-19.)

10-23 — Agreement entered into as of October 20, 1981 among the CAPCO Companies regarding the use of Quarto coal at Mansfield Units 1, 2 and 3. (1981 Form 10-K, Exhibit 20-1.)

10-24 — Restated Option Agreement dated as of May 1, 1983 by and between the North American Coal Corporation and the CAPCO Companies. (1983 Form 10-K, Exhibit 19-1.)

10-25 — Trust Indenture and Mortgage dated as of October 1, 1973 between Quarto Mining Company and National City Bank, as Bond Trustee, together with Guaranty dated as of October 1, 1973 with respect thereto by the CAPCO Group. (Registration No. 2-61146, Exhibit 5(e)(5).)

10-26 — Amendment No. 1 dated August 1, 1974 to Trust Indenture and Mortgage dated as of October 1, 1973 between Quarto Mining Company and National City Bank, as Bond Trustee, together with Amendment No. 1 dated August 1, 1974 to Guaranty dated as of October 1, 1973 with respect thereto by the CAPCO Group. (Registration No. 2-53059, Exhibit 5(h)(2).)

10-27 — Amendment No. 2 dated as of September 15, 1978 to the Trust Indenture and Mortgage dated as of October 1, 1973, as amended, between Quarto Mining Company and National City Bank, as Bond Trustee, together with Amendment No. 2 dated as of September 15, 1978 to Guaranty dated as of October 1, 1973 with respect to the CAPCO Group. (Registration No. 2-68906 of Pennsylvania Power Company, Exhibits 5(e)(11) and 5(e)(12).)

10-28 — Amendment No. 3 dated as of October 31, 1980, to Trust Indenture and Mortgage dated as of October 1, 1973, as amended between Quarto Mining Company and National City Bank as Bond Trustee. (Registration No. 2-68906 of Pennsylvania Power Company, Exhibit 10-16.)

10-29 — Amendment No. 4 dated as of July 1, 1985 to the Trust Indenture and Mortgage dated as of October 1, 1973, as amended between Quarto Mining Company and National City Bank as Bond Trustee. (1985 Form 10-K, Exhibit 10-28.)

10-30 — Amendment No. 5 dated as of May 1, 1986, to the Trust Indenture and Mortgage between Quarto and National City Bank as Bond Trustee. (1986 Form 10-K, Exhibit 10-30.)

10-31 — Amendment No. 6 dated as of December 1, 1991, to the Trust Indenture and Mortgage dated as of October 1, 1973, between Quarto Mining Company and National City Bank, as Bond Trustee. (1991 Form 10-K, Exhibit 10-28.)

Exhibit
Number

10-32 — Trust Indenture dated as of December 1, 1991, between Quarto Mining Company and National City Bank, as Bond Trustee. (1991 Form 10-K, Exhibit 10-29.)

10-33 — Amendment No. 3 dated as of October 31, 1980 to the Bond Guaranty dated as of October 1, 1973, as amended, with respect to the CAPCO Group. (Registration No. 2- 68906 of Pennsylvania Power Company, Exhibit 10-16.)

10-34 — Amendment No. 4 dated as of July 1, 1985 to the Bond Guaranty dated as of October 1, 1973, as amended, by the CAPCO Companies to National City Bank as Bond Trustee. (1985 Form 10-K, Exhibit 10-30.)

10-35 — Amendment No. 5 dated as of May 1, 1986, to the Bond Guaranty by the CAPCO Companies to National City Bank as Bond Trustee. (1986 Form 10-K, Exhibit 10-33.)

10-36 — Amendment No. 6A dated as of December 1, 1991, to the Bond Guaranty dated as of October 1, 1973, by The Cleveland Electric Illuminating Company, Duquesne Light Company, Ohio Edison Company, Pennsylvania Power Company, the Toledo Edison Company to National City Bank, as Bond Trustee. (1991 Form 10-K, Exhibit 10-33.)

10-37 — Amendment No. 6B dated as of December 30, 1991, to the Bond Guaranty dated as of October 1, 1973 by The Cleveland Electric Illuminating Company, Duquesne Light Company, Ohio Edison Company, Pennsylvania Power Company, the Toledo Edison Company to National City Bank, as Bond Trustee. (1991 Form 10-K, Exhibit 10-34.)

10-38 — Bond Guaranty dated as of December 1, 1991, by The Cleveland Electric Illuminating Company, Duquesne Light Company, Ohio Edison Company, Pennsylvania Power Company, the Toledo Edison Company to National City Bank, as Bond Trustee. (1991 Form 10-K, Exhibit 10-35.)

10-39 — Open end Mortgage dated as of October 1, 1973 between Quarto Mining Company and the CAPCO Companies and Amendment No. 1 thereto, dated as of September 15, 1978. (Registration No. 2-68906 of Pennsylvania Power Company, Exhibit 10-23.)

10-40 — Repayment and Security Agreement and Assignment of Lease dated as of October 1, 1973 between Quarto Mining Company and Ohio Edison Company as Agent for the CAPCO Companies and Amendment No. 1 thereto, dated as of September 15, 1978. (1980 Form 10-K, Exhibit 20-2.)

10-41 — Restructuring Agreement dated as of April 1, 1985 among Quarto Mining Company, the Company and the other CAPCO Companies, Energy Properties, Inc., General Electric Credit Corporation, the Loan Participants signatories thereto, Central National Bank of Cleveland, as Owner Trustee and National City Bank as Loan Trustee and Bond Trustee. (1985 Form 10-K, Exhibit 10-33.)

10-42 — Unsecured Note Guaranty dated as of July 1, 1985 by the CAPCO Companies to General Electric Credit Corporation. (1985 Form 10-K, Exhibit 10-34.)

10-43 — Memorandum of Understanding dated March 31, 1985 among the CAPCO Companies. (1985 Form 10-K, Exhibit 10-35.)

(C) 10-44 — Ohio Edison System Executive Supplemental Life Insurance Plan. (1995 Form 10-K, Exhibit 10-44.)

(C) 10-45 — Ohio Edison System Executive Incentive Compensation Plan. (1995 Form 10-K, Exhibit 10-45.)

(C) 10-46 — Ohio Edison System Restated and Amended Executive Deferred Compensation Plan. (1995 Form 10-K, Exhibit 10-46.)

(C) 10-47 — Ohio Edison System Restated and Amended Supplemental Executive Retirement Plan. (1995 Form 10-K, Exhibit 10-47.)

(C) 10-48 — Severance pay agreement between Ohio Edison Company and W. R. Holland. (1995 Form 10-K, Exhibit 10-48.)

(C) 10-49 — Severance pay agreement between Ohio Edison Company and H. P. Burg. (1995 Form 10-K, Exhibit 10-49.)

Exhibit
Number

(C) 10-50 — Severance pay agreement between Ohio Edison Company and A. J. Alexander. (1995 Form 10-K, Exhibit 10-50.)

(C) 10-51 — Severance pay agreement between Ohio Edison Company and J. A. Gill. (1995 Form 10-K, Exhibit 10-51.)

(D) 10-52 — Participation Agreement dated as of March 16, 1987 among Perry One Alpha Limited Partnership, as Owner Participant, the Original Loan Participants listed in Schedule 1 Hereto, as Original Loan Participants, PNPP Funding Corporation, as Funding Corporation, The First National Bank of Boston, as Owner Trustee, Irving Trust Company, as Indenture Trustee and Ohio Edison Company, as Lessee. (1986 Form 10-K, Exhibit 28-1.)

(D) 10-53 — Amendment No. 1 dated as of September 1, 1987 to Participation Agreement dated as of March 16, 1987 among Perry One Alpha Limited Partnership, as Owner Participant, the Original Loan Participants listed in Schedule 1 thereto, as Original Loan Participants, PNPP Funding Corporation, as Funding Corporation, The First National Bank of Boston, as Owner Trustee, Irving Trust Company (now The Bank of New York), as Indenture Trustee, and Ohio Edison Company, as Lessee. (1991 Form 10-K, Exhibit 10-46.)

(D) 10-54 — Amendment No. 3 dated as of May 16, 1988 to Participation Agreement dated as of March 16, 1987, as amended among Perry One Alpha Limited Partnership, as Owner Participant, PNPP Funding Corporation, The First National Bank of Boston, as Owner Trustee, Irving Trust Company, as Indenture Trustee, and Ohio Edison Company, as Lessee. (1992 Form 10-K, Exhibit 10-47.)

(D) 10-55 — Amendment No. 4 dated as of November 1, 1991 to Participation Agreement dated as of March 16, 1987 among Perry One Alpha Limited Partnership, as Owner Participant, PNPP Funding Corporation, as Funding Corporation, PNPP II Funding Corporation, as New Funding Corporation, The First National Bank of Boston, as Owner Trustee, The Bank of New York, as Indenture Trustee and Ohio Edison Company, as Lessee. (1991 Form 10-K, Exhibit 10-47.)

(D) 10-56 — Amendment No. 5 dated as of November 24, 1992 to Participation Agreement dated as of March 16, 1987, as amended, among Perry One Alpha Limited Partnership, as Owner Participant, PNPP Funding Corporation, as Funding Corporation, PNPPII Funding Corporation, as New Funding Corporation, The First National Bank of Boston, as Owner Trustee, The Bank of New York, as Indenture Trustee and Ohio Edison Company as Lessee. (1992 Form 10-K, Exhibit 10-49.)

(D) 10-57 — Amendment No. 6 dated as of January 12, 1993 to Participation Agreement dated as of March 16, 1987 among Perry One Alpha Limited Partnership, as Owner Participant, PNPP Funding Corporation, as Funding Corporation, PNPP II Funding Corporation, as New Funding Corporation, The First National Bank of Boston, as Owner Trustee, The Bank of New York, as Indenture Trustee and Ohio Edison Company, as Lessee. (1992 Form 10-K, Exhibit 10-50.)

(D) 10-58 — Amendment No. 7 dated as of October 12, 1994 to Participation Agreement dated as of March 16, 1987 as amended, among Perry One Alpha Limited Partnership, as Owner Participant, PNPP Funding Corporation, as Funding Corporation, PNPP II Funding Corporation, as New Funding Corporation, The First National Bank of Boston, as Owner Trustee, The Bank of New York, as Indenture Trustee and Ohio Edison Company, as Lessee. (1994 Form 10-K, Exhibit 10-54.)

(D) 10-59 — Facility Lease dated as of March 16, 1987 between The First National Bank of Boston, as Owner Trustee, with Perry One Alpha Limited Partnership, Lessor, and Ohio Edison Company, Lessee. (1986 Form 10-K, Exhibit 28-2.)

(D) 10-60 — Amendment No. 1 dated as of September 1, 1987 to Facility Lease dated as of March 16, 1987 between The First National Bank of Boston, as Owner Trustee, Lessor and Ohio Edison Company, Lessee. (1991 Form 10-K, Exhibit 10-49.)

(D) 10-61 — Amendment No. 2 dated as of November 1, 1991, to Facility Lease dated as of March 16, 1987, between The First National Bank of Boston, as Owner Trustee, Lessor and Ohio Edison Company, Lessee. (1991 Form 10-K, Exhibit 10-50.)

Exhibit
Number

(D) 10-62 — Amendment No. 3 dated as of November 24, 1992 to Facility Lease dated as of March 16, 1987, as amended, between The First National Bank of Boston, as Owner Trustee, with Perry One Alpha Limited Partnership, as Owner Participant and Ohio Edison Company, as Lessee. (1992 Form 10-K, Exhibit 10-54.)

(D) 10-63 — Amendment No. 4 dated as of January 12, 1993 to Facility Lease dated as of March 16, 1987 as amended, between, The First National Bank of Boston, as Owner Trustee, with Perry One Alpha Limited Partnership, as Owner Participant, and Ohio Edison Company, as Lessee. (1994 Form 10-K, Exhibit 10-59.)

(D) 10-64 — Amendment No. 5 dated as of October 12, 1994 to Facility Lease dated as of March 16, 1987 as amended, between, The First National Bank of Boston, as Owner Trustee, with Perry One Alpha Limited Partnership, as Owner Participant, and Ohio Edison Company, as Lessee. (1994 Form 10-K, Exhibit 10-60.)

(D) 10-65 — Letter Agreement dated as of March 19, 1987 between Ohio Edison Company, Lessee, and The First National Bank of Boston, as Owner Trustee under a Trust dated March 16, 1987 with Chase Manhattan Realty Leasing Corporation, required by Section 3(d) of the Facility Lease. (1986 Form 10-K, Exhibit 28-3.)

(D) 10-66 — Ground Lease dated as of March 16, 1987 between Ohio Edison Company, Ground Lessor, and The First National Bank of Boston, as Owner Trustee under a Trust Agreement, dated as of March 16, 1987, with the Owner Participant, Tenant. (1986 Form 10-K, Exhibit 28-4.)

(D) 10-67 — Trust Agreement dated as of March 16, 1987 between Perry One Alpha Limited Partnership, as Owner Participant, and The First National Bank of Boston. (1986 Form 10-K, Exhibit 28-5.)

(D) 10-68 — Trust Indenture, Mortgage, Security Agreement and Assignment of Facility Lease dated as of March 16, 1987 between The First National Bank of Boston, as Owner Trustee under a Trust Agreement dated as of March 16, 1987 with Perry One Alpha Limited Partnership, and Irving Trust Company, as Indenture Trustee. (1986 Form 10-K, Exhibit 28-6.)

(D) 10-69 — Supplemental Indenture No. 1 dated as of September 1, 1987 to Trust Indenture, Mortgage, Security Agreement and Assignment of Facility Lease dated as of March 16, 1987 between The First National Bank of Boston as Owner Trustee and Irving Trust Company (now The Bank of New York), as Indenture Trustee. (1991 Form 10-K, Exhibit 10-55.)

(D) 10-70 — Supplemental Indenture No. 2 dated as of November 1, 1991 to Trust Indenture, Mortgage, Security Agreement and Assignment of Facility Lease dated as of March 16, 1987 between The First National Bank of Boston, as Owner Trustee and The Bank of New York, as Indenture Trustee. (1991 Form 10-K, Exhibit 10-56.)

(D) 10-71 — Tax Indemnification Agreement dated as of March 16, 1987 between Perry One, Inc. and PARock Limited Partnership as General Partners and Ohio Edison Company, as Lessee. (1986 Form 10-K, Exhibit 28-7.)

(D) 10-72 — Amendment No. 1 dated as of November 1, 1991 to Tax Indemnification Agreement dated as of March 16, 1987 between Perry One, Inc. and Parock Limited Partnership and Ohio Edison Company. (1991 Form 10-K, Exhibit 10-58.)

(D) 10-73 — Amendment No. 2 dated as of January 12, 1993 to Tax Indemnification Agreement dated as of March 16, 1987 between Perry One, Inc. and Parock Limited Partnership and Ohio Edison Company. (1994 Form 10-K, Exhibit 10-69.)

(D) 10-74 — Amendment No. 3 dated as of October 12, 1994 to Tax Indemnification Agreement dated as of March 16, 1987 between Perry One, Inc. and Parock Limited Partnership and Ohio Edison Company. (1994 Form 10-K, Exhibit 10-70.)

(D) 10-75 — Partial Mortgage Release dated as of March 19, 1987 under the Indenture between Ohio Edison Company and Bankers Trust Company, as Trustee, dated as of the 1st day of August, 1930. (1986 Form 10-K, Exhibit 28-8.)

Exhibit
Number

(D) 10-76 — Assignment, Assumption and Further Agreement dated as of March 16, 1987 among The First National Bank of Boston, as Owner Trustee under a Trust Agreement, dated as of March 16, 1987, with Perry One Alpha Limited Partnership, The Cleveland Electric Illuminating Company, Duquesne Light Company, Ohio Edison Company, Pennsylvania Power Company and Toledo Edison Company. (1986 Form 10-K, Exhibit 28-9.)

(D) 10-77 — Additional Support Agreement dated as of March 16, 1987 between The First National Bank of Boston, as Owner Trustee under a Trust Agreement, dated as of March 16, 1987, with Perry One Alpha Limited Partnership, and Ohio Edison Company. (1986 Form 10-K, Exhibit 28-10.)

(D) 10-78 — Bill of Sale, Instrument of Transfer and Severance Agreement dated as of March 19, 1987 between Ohio Edison Company, Seller, and The First National Bank of Boston, as Owner Trustee under a Trust Agreement, dated as of March 16, 1987, with Perry One Alpha Limited Partnership. (1986 Form 10-K, Exhibit 28- 11.)

(D) 10-79 — Easement dated as of March 16, 1987 from Ohio Edison Company, Grantor, to The First National Bank of Boston, as Owner Trustee under a Trust Agreement, dated as of March 16, 1987, with Perry One Alpha Limited Partnership, Grantee. (1986 Form 10-K, File Exhibit 28-12.)

10-80 — Participation Agreement dated as of March 16, 1987 among Security Pacific Capital Leasing Corporation, as Owner Participant, the Original Loan Participants listed in Schedule 1 Hereto, as Original Loan Participants, PNPP Funding Corporation, as Funding Corporation, The First National Bank of Boston, as Owner Trustee, Irving Trust Company, as Indenture Trustee and Ohio Edison Company, as Lessee. (1986 Form 10-K, as Exhibit 28-13.)

10-81 — Amendment No. 1 dated as of September 1, 1987 to Participation Agreement dated as of March 16, 1987 among Security Pacific Capital Leasing Corporation, as Owner Participant, The Original Loan Participants Listed in Schedule 1 thereto, as Original Loan Participants, PNPP Funding Corporation, as Funding Corporation, The First National Bank of Boston, as Owner Trustee, Irving Trust Company, as Indenture Trustee and Ohio Edison Company, as Lessee. (1991 Form 10-K, Exhibit 10-65.)

10-82 — Amendment No. 4 dated as of November 1, 1991, to Participation Agreement dated as of March 16, 1987 among Security Pacific Capital Leasing Corporation, as Owner Participant, PNPP Funding Corporation, as Funding Corporation, PNPP II Funding Corporation, as New Funding Corporation, The First National Bank of Boston, as Owner Trustee, The Bank of New York, as Indenture Trustee and Ohio Edison Company, as Lessee. (1991 Form 10-K, Exhibit 10-66.)

10-83 — Amendment No. 5 dated as of November 24, 1992 to Participation Agreement dated as of March 16, 1987 as amended among Security Pacific Capital Leasing Corporation, as Owner Participant, PNPP Funding Corporation, as Funding Corporation, PNPP II Funding Corporation, as New Funding Corporation, The First National Bank of Boston, as Owner Trustee, The Bank of New York, as Indenture Trustee and Ohio Edison Company, as Lessee. (1992 Form 10-K, Exhibit 10-71.)

10-84 — Amendment No. 6 dated as of January 12, 1993 to Participation Agreement dated as of March 16, 1987 as amended among Security Pacific Capital Leasing Corporation, as Owner Participant, PNPP Funding Corporation, as Funding Corporation, PNPP II Funding Corporation, as New Funding Corporation, The First National Bank of Boston, as Owner Trustee, The Bank of New York, as Indenture Trustee and Ohio Edison Company, as Lessee. (1994 Form 10-K, Exhibit 10-80.)

10-85 — Amendment No. 7 dated as of October 12, 1994 to Participation Agreement dated as of March 16, 1987 as amended among Security Pacific Capital Leasing Corporation, as Owner Participant, PNPP Funding Corporation, as Funding Corporation, PNPP II Funding Corporation, as New Funding Corporation, The First National Bank of Boston, as Owner Trustee, The Bank of New York, as Indenture Trustee and Ohio Edison Company, as Lessee. (1994 Form 10-K, Exhibit 10-81.)

10-86 — Facility Lease dated as of March 16, 1987 between The First National Bank of Boston, as Owner Trustee, with Security Pacific Capital Leasing Corporation, Lessor, and Ohio Edison Company, as Lessee. (1986 Form 10-K, Exhibit 28-14.)

10-87 — Amendment No. 1 dated as of September 1, 1987 to Facility Lease dated as of March 16, 1987 between The First National Bank of Boston as Owner Trustee, Lessor and Ohio Edison Company, Lessee. (1991 Form 10-K, Exhibit 10-68.)

Exhibit
Number

10-88 — Amendment No. 2 dated as of November 1, 1991 to Facility Lease dated as of March 16, 1987 between The First National Bank of Boston as Owner Trustee, Lessor and Ohio Edison Company, Lessee. (1991 Form 10-K, Exhibit 10-69.)

10-89 — Amendment No. 3 dated as of November 24, 1992 to Facility Lease dated as of March 16, 1987, as amended, between, The First National Bank of Boston, as Owner Trustee, with Security Pacific Capital Leasing Corporation, as Owner Participant and Ohio Edison Company, as Lessee. (1992 Form 10-K, Exhibit 10-75.)

10-90 — Amendment No. 4 dated as of January 12, 1993 to Facility Lease dated as of March 16, 1987 as amended between, The First National Bank of Boston, as Owner Trustee, with Security Pacific Capital Leasing Corporation, as Owner Participant, and Ohio Edison Company, as Lessee. (1992 Form 10-K, Exhibit 10-76.)

10-91 — Amendment No. 5 dated as of October 12, 1994 to Facility Lease dated as of March 16, 1987 as amended between, The First National Bank of Boston, as Owner Trustee, with Security Pacific Capital Leasing Corporation, as Owner Participant, and Ohio Edison Company, as Lessee. (1994 Form 10-K, Exhibit 10-87.)

10-92 — Letter Agreement dated as of March 19, 1987 between Ohio Edison Company, as Lessee, and The First National Bank of Boston, as Owner Trustee under a Trust, dated as of March 16, 1987, with Security Pacific Capital Leasing Corporation, required by Section 3(d) of the Facility Lease. (1986 Form 10-K, Exhibit 28-15.)

10-93 — Ground Lease dated as of March 16, 1987 between Ohio Edison Company, Ground Lessor, and The First National Bank of Boston, as Owner Trustee under a Trust Agreement, dated as of March 16, 1987, with Perry One Alpha Limited Partnership, Tenant. (1986 Form 10-K, Exhibit 28-16.)

10-94 — Trust Agreement dated as of March 16, 1987 between Security Pacific Capital Leasing Corporation, as Owner Participant, and The First National Bank of Boston. (1986 Form 10-K, Exhibit 28-17.)

10-95 — Trust Indenture, Mortgage, Security Agreement and Assignment of Facility Lease dated as of March 16, 1987 between The First National Bank of Boston, as Owner Trustee under a Trust Agreement, dated as of March 16, 1987, with Security Pacific Capital Leasing Corporation, and Irving Trust Company, as Indenture Trustee. (1986 Form 10-K, Exhibit 28-18.)

10-96 — Supplemental Indenture No. 1 dated as of September 1, 1987 to Trust Indenture, Mortgage, Security Agreement and Assignment of Facility Lease dated as of March 16, 1987 between The First National Bank of Boston, as Owner Trustee and Irving Trust Company (now The Bank of New York), as Indenture Trustee. (1991 Form 10-K, Exhibit 10-74.)

10-97 — Supplemental Indenture No. 2 dated as of November 1, 1991 to Trust Indenture, Mortgage, Security Agreement and Assignment of Facility Lease dated as of March 16, 1987 between The First National Bank of Boston, as Owner Trustee and The Bank of New York, as Indenture Trustee. (1991 Form 10-K, Exhibit 10-75.)

10-98 — Tax Indemnification Agreement dated as of March 16, 1987 between Security Pacific Capital Leasing Corporation, as Owner Participant, and Ohio Edison Company, as Lessee. (1986 Form 10-K, Exhibit 28-19.)

10-99 — Amendment No. 1 dated as of November 1, 1991 to Tax Indemnification Agreement dated as of March 16, 1987 between Security Pacific Capital Leasing Corporation and Ohio Edison Company. (1991 Form 10-K, Exhibit 10-77.)

10-100 — Amendment No. 2 dated as of January 12, 1993 to Tax Indemnification Agreement dated as of March 16, 1987 between Security Pacific Capital Leasing Corporation and Ohio Edison Company. (1994 Form 10-K, Exhibit 10-96.)

10-101 — Amendment No. 3 dated as of October 12, 1994 to Tax Indemnification Agreement dated as of March 16, 1987 between Security Pacific Capital Leasing Corporation and Ohio Edison Company. (1994 Form 10-K, Exhibit 10-97.)

Exhibit
Number

10-102 — Assignment, Assumption and Further Agreement dated as of March 16, 1987 among The First National Bank of Boston, as Owner Trustee under a Trust Agreement, dated as of March 16, 1987, with Security Pacific Capital Leasing Corporation, The Cleveland Electric Illuminating Company, Duquesne Light Company, Ohio Edison Company, Pennsylvania Power Company and Toledo Edison Company. (1986 Form 10-K, Exhibit 28-20.)

10-103 — Additional Support Agreement dated as of March 16, 1987 between The First National Bank of Boston, as Owner Trustee under a Trust Agreement, dated as of March 16, 1987, with Security Pacific Capital Leasing Corporation, and Ohio Edison Company. (1986 Form 10-K, Exhibit 28-21.)

10-104 — Bill of Sale, Instrument of Transfer and Severance Agreement dated as of March 19, 1987 between Ohio Edison Company, Seller, and The First National Bank of Boston, as Owner Trustee under a Trust Agreement, dated as of March 16, 1987, with Security Pacific Capital Leasing Corporation, Buyer. (1986 Form 10-K, Exhibit 28-22.)

10-105 — Easement dated as of March 16, 1987 from Ohio Edison Company, Grantor, to The First National Bank of Boston, as Owner Trustee under a Trust Agreement, dated as of March 16, 1987, with Security Pacific Capital Leasing Corporation, Grantee. (1986 Form 10-K, Exhibit 28-23.)

10-106 — Refinancing Agreement dated as of November 1, 1991 among Perry One Alpha Limited Partnership, as Owner Participant, PNPP Funding Corporation, as Funding Corporation, PNPP II Funding Corporation, as New Funding Corporation, The First National Bank of Boston, as Owner Trustee, The Bank of New York, as Indenture Trustee, The Bank of New York, as Collateral Trust Trustee, The Bank of New York, as New Collateral Trust Trustee and Ohio Edison Company, as Lessee. (1991 Form 10-K, Exhibit 10-82.)

10-107 — Refinancing Agreement dated as of November 1, 1991 among Security Pacific Leasing Corporation, as Owner Participant, PNPP Funding Corporation, as Funding Corporation, PNPP II Funding Corporation, as New Funding Corporation, The First National Bank of Boston, as Owner Trustee, The Bank of New York, as Indenture Trustee, The Bank of New York, as Collateral Trust Trustee, The Bank of New York, as New Collateral Trust Trustee and Ohio Edison Company, as Lessee. (1991 Form 10-K, Exhibit 10-83.)

10-108 — Ohio Edison Company Master Decommissioning Trust Agreement for Perry Nuclear Power Plant Unit One, Perry Nuclear Power Plant Unit Two, Beaver Valley Power Station Unit One and Beaver Valley Power Station Unit Two dated July 1, 1993. (1993 Form 10-K, Exhibit 10-94.)

10-109 — Nuclear Fuel Lease dated as of March 31, 1989, between OES Fuel, Incorporated, as Lessor, and Ohio Edison Company, as Lessee. (1989 Form 10-K, Exhibit 10-62.)

10-110 — Receivables Purchase Agreement dated as November 28, 1989, as amended and restated as of April 23, 1993, between OES Capital, Incorporated, Corporate Asset Funding Company, Inc. and Citicorp North America, Inc. (1994 Form 10-K, Exhibit 10-106.)

10-111 — Guarantee Agreement entered into by Ohio Edison Company dated as of January 17, 1991. (1990 Form 10-K, Exhibit 10-64).

10-112 — Transfer and Assignment Agreement among Ohio Edison Company and Chemical Bank, as trustee under the OE Power Contract Trust. (1990 Form 10-K, Exhibit 10-65).

10-113 — Renunciation of Payments and Assignment among Ohio Edison Company, Monongahela Power Company, West Penn Power Company, and the Potomac Edison Company dated as of January 4, 1991. (1990 Form 10-K, Exhibit 10-66).

10-114 — Transfer and Assignment Agreement dated May 20, 1994 among Ohio Edison Company and Chemical Bank, as trustee under the OE Power Contract Trust. (1994 Form 10-K, Exhibit 10-110.)

10-115 — Renunciation of Payments and Assignment among Ohio Edison Company, Monongahela Power Company, West Penn Power Company, and the Potomac Edison Company dated as of May 20, 1994. (1994 Form 10-K, Exhibit 10-111.)

10-116 — Transfer and Assignment Agreement dated October 12, 1994 among Ohio Edison Company and Chemical Bank, as trustee under the OE Power Contract Trust. (1994 Form 10-K, Exhibit 10-112.)

Exhibit
Number

	10-117 —	Renunciation of Payments and Assignment among Ohio Edison Company, Monongahela Power Company, West Penn Power Company, and the Potomac Edison Company dated as of October 12, 1994. (1994 Form 10-K, Exhibit 10-113.)
(E)	10-118 —	Participation Agreement dated as of September 15, 1987, among Beaver Valley Two Pi Limited Partnership, as Owner Participant, the Original Loan Participants listed in Schedule 1 Thereto, as Original Loan Participants, BVPS Funding Corporation, as Funding Corporation, The First National Bank of Boston, as Owner Trustee, Irving Trust Company, as Indenture Trustee and Ohio Edison Company, as Lessee. (1987 Form 10-K, Exhibit 28-1.)
(E)	10-119 —	Amendment No. 1 dated as of February 1, 1988, to Participation Agreement dated as of September 15, 1987, among Beaver Valley Two Pi Limited Partnership, as Owner Participant, the Original Loan Participants listed in Schedule 1 Thereto, as Original Loan Participants, BVPS Funding Corporation, as Funding Corporation, The First National Bank of Boston, as Owner Trustee, Irving Trust Company, as Indenture Trustee and Ohio Edison Company, as Lessee. (1987 Form 10-K, Exhibit 28-2.)
(E)	10-120 —	Amendment No. 3 dated as of March 16, 1988 to Participation Agreement dated as of September 15, 1987, as amended, among Beaver Valley Two Pi Limited Partnership, as Owner Participant, BVPS Funding Corporation, The First National Bank of Boston, as Owner Trustee, Irving Trust Company, as Indenture Trustee and Ohio Edison Company, as Lessee. (1992 Form 10-K, Exhibit 10-99.)
(E)	10-121 —	Amendment No. 4 dated as of November 5, 1992 to Participation Agreement dated as of September 15, 1987, as amended, among Beaver Valley Two Pi Limited Partnership, as Owner Participant, BVPS Funding Corporation, BVPS II Funding Corporation, The First National Bank of Boston, as Owner Trustee, The Bank of New York, as Indenture Trustee and Ohio Edison Company, as Lessee. (1992 Form 10-K, Exhibit 10-100.)
(E)	10-122 —	Amendment No. 5 dated as of September 30, 1994 to Participation Agreement dated as of September 15, 1987, as amended, among Beaver Valley Two Pi Limited Partnership, as Owner Participant, BVPS Funding Corporation, BVPS II Funding Corporation, The First National Bank of Boston, as Owner Trustee, The Bank of New York, as Indenture Trustee and Ohio Edison Company, as Lessee. (1994 Form 10-K, Exhibit 10-118.)
(E)	10-123 —	Facility Lease dated as of September 15, 1987, between The First National Bank of Boston, as Owner Trustee, with Beaver Valley Two Pi Limited Partnership, Lessor, and Ohio Edison Company, Lessee. (1987 Form 10-K, Exhibit 28-3.)
(E)	10-124 —	Amendment No. 1 dated as of February 1, 1988, to Facility Lease dated as of September 15, 1987, between The First National Bank of Boston, as Owner Trustee, with Beaver Valley Two Pi Limited Partnership, Lessor, and Ohio Edison Company, Lessee. (1987 Form 10-K, Exhibit 28-4.)
(E)	10-125 —	Amendment No. 2 dated as of November 5, 1992 to Facility Lease dated as of September 15, 1987, as amended, between The First National Bank of Boston, as Owner Trustee, with Beaver Valley Two Pi Limited Partnership, as Owner Participant, and Ohio Edison Company, as Lessee. (1992 Form 10-K, Exhibit 10-103.)
(E)	10-126 —	Amendment No. 3 dated as of September 30, 1994 to Facility Lease dated as of September 15, 1987, as amended, between The First National Bank of Boston, as Owner Trustee, with Beaver Valley Two Pi Limited Partnership, as Owner Participant, and Ohio Edison Company, as Lessee. (1994 Form 10-K, Exhibit 10-122.)
(E)	10-127 —	Ground Lease and Easement Agreement dated as of September 15, 1987, between Ohio Edison Company, Ground Lessor, and The First National Bank of Boston, as Owner Trustee under a Trust Agreement, dated as of September 15, 1987, with Beaver Valley Two Pi Limited Partnership, Tenant. (1987 Form 10-K, Exhibit 28- 5.)
(E)	10-128 —	Trust Agreement dated as of September 15, 1987, between Beaver Valley Two Pi Limited Partnership, as Owner Participant, and The First National Bank of Boston. (1987 Form 10-K, Exhibit 28-6.)

Exhibit
Number

(E) 10-129 — Trust Indenture, Mortgage, Security Agreement and Assignment of Facility Lease dated as of September 15, 1987, between The First National Bank of Boston, as Owner Trustee under a Trust Agreement dated as of September 15, 1987, with Beaver Valley Two Pi Limited Partnership, and Irving Trust Company, as Indenture Trustee. (1987 Form 10-K, Exhibit 28-7.)

(E) 10-130 — Supplemental Indenture No. 1 dated as of February 1, 1988 to Trust Indenture, Mortgage, Security Agreement and Assignment of Facility Lease dated as of September 15, 1987 between The First National Bank of Boston, as Owner Trustee under a Trust Agreement dated as of September 15, 1987 with Beaver Valley Two Pi Limited Partnership and Irving Trust Company, as Indenture Trustee. (1987 Form 10-K, Exhibit 28-8.)

(E) 10-131 — Tax Indemnification Agreement dated as of September 15, 1987, between Beaver Valley Two Pi Inc. and PARock Limited Partnership as General Partners and Ohio Edison Company, as Lessee. (1987 Form 10-K, Exhibit 28-9.)

(E) 10-132 — Amendment No. 1 dated as of November 5, 1992 to Tax Indemnification Agreement dated as of September 15, 1987, between Beaver Valley Two Pi Inc. and PARock Limited Partnership as General Partners and Ohio Edison Company, as Lessee. (1994 Form 10-K, Exhibit 10-128.)

(E) 10-133 — Amendment No. 2 dated as of September 30, 1994 to Tax Indemnification Agreement dated as of September 15, 1987, between Beaver Valley Two Pi Inc. and PARock Limited Partnership as General Partners and Ohio Edison Company, as Lessee. (1994 Form 10-K, Exhibit 10-129.)

(E) 10-134 — Tax Indemnification Agreement dated as of September 15, 1987, between HG Power Plant, Inc., as Limited Partner and Ohio Edison Company, as Lessee. (1987 Form 10-K, Exhibit 28-10.)

(E) 10-135 — Amendment No. 1 dated as of November 5, 1992 to Tax Indemnification Agreement dated as of September 15, 1987, between HG Power Plant, Inc., as Limited Partner and Ohio Edison Company, as Lessee. (1994 Form 10-K, Exhibit 10-131.)

(E) 10-136 — Amendment No. 2 dated as of September 30, 1994 to Tax Indemnification Agreement dated as of September 15, 1987, between HG Power Plant, Inc., as Limited Partner and Ohio Edison Company, as Lessee. (1994 Form 10-K, Exhibit 10-132.)

(E) 10-137 — Assignment, Assumption and Further Agreement dated as of September 15, 1987, among The First National Bank of Boston, as Owner Trustee under a Trust Agreement, dated as of September 15, 1987, with Beaver Valley Two Pi Limited Partnership, The Cleveland Electric Illuminating Company, Duquesne Light Company, Ohio Edison Company, Pennsylvania Power Company and Toledo Edison Company. (1987 Form 10-K, Exhibit 28-11.)

(E) 10-138 — Additional Support Agreement dated as of September 15, 1987, between The First National Bank of Boston, as Owner Trustee under a Trust Agreement, dated as of September 15, 1987, with Beaver Valley Two Pi Limited Partnership, and Ohio Edison Company. (1987 Form 10-K, Exhibit 28-12.)

(F) 10-139 — Participation Agreement dated as of September 15, 1987, among Chrysler Consortium Corporation, as Owner Participant, the Original Loan Participants listed in Schedule 1 Thereto, as Original Loan Participants, BVPS Funding Corporation, as Funding Corporation, The First National Bank of Boston, as Owner Trustee, Irving Trust Company, as Indenture Trustee and Ohio Edison Company, as Lessee. (1987 Form 10-K, Exhibit 28-13.)

(F) 10-140 — Amendment No. 1 dated as of February 1, 1988, to Participation Agreement dated as of September 15, 1987, among Chrysler Consortium Corporation, as Owner Participant, the Original Loan Participants listed in Schedule 1 Thereto, as Original Loan Participants, BVPS Funding Corporation, as Funding Corporation, The First National Bank of Boston, as Owner Trustee, Irving Trust Company, as Indenture Trustee, and Ohio Edison Company, as Lessee. (1987 Form 10-K, Exhibit 28-14.)

(F) 10-141 — Amendment No. 3 dated as of March 16, 1988 to Participation Agreement dated as of September 15, 1987, as amended, among Chrysler Consortium Corporation, as Owner Participant, BVPS Funding Corporation, The First National Bank of Boston, as Owner Trustee, Irving Trust Company, as Indenture Trustee, and Ohio Edison Company, as Lessee. (1992 Form 10-K, Exhibit 10-114.)

Exhibit
Number

(F) 10-142 — Amendment No. 4 dated as of November 5, 1992 to Participation Agreement dated as of September 15, 1987, as amended, among Chrysler Consortium Corporation, as Owner Participant, BVPS Funding Corporation, BVPS II Funding Corporation, The First National Bank of Boston, as Owner Trustee, The Bank of New York, as Indenture Trustee and Ohio Edison Company, as Lessee. (1992 Form 10-K, Exhibit 10-115.)

(F) 10-143 — Amendment No. 5 dated as of January 12, 1993 to Participation Agreement dated as of September 15, 1987, as amended, among Chrysler Consortium Corporation, as Owner Participant, BVPS Funding Corporation, BVPS II Funding Corporation, The First National Bank of Boston, as Owner Trustee, The Bank of New York, as Indenture Trustee and Ohio Edison Company, as Lessee. (1994 Form 10-K, Exhibit 10-139.)

(F) 10-144 — Amendment No. 6 dated as of September 30, 1994 to Participation Agreement dated as of September 15, 1987, as amended, among Chrysler Consortium Corporation, as Owner Participant, BVPS Funding Corporation, BVPS II Funding Corporation, The First National Bank of Boston, as Owner Trustee, The Bank of New York, as Indenture Trustee and Ohio Edison Company, as Lessee. (1994 Form 10-K, Exhibit 10-140.)

(F) 10-145 — Facility Lease dated as of September 15, 1987, between The First National Bank of Boston, as Owner Trustee, with Chrysler Consortium Corporation, Lessor, and Ohio Edison Company, as Lessee. (1987 Form 10-K, Exhibit 28-15.)

(F) 10-146 — Amendment No. 1 dated as of February 1, 1988, to Facility Lease dated as of September 15, 1987, between The First National Bank of Boston, as Owner Trustee, with Chrysler Consortium Corporation, Lessor, and Ohio Edison Company, Lessee. (1987 Form 10-K, Exhibit 28-16.)

(F) 10-147 — Amendment No. 2 dated as of November 5, 1992 to Facility Lease dated as of September 15, 1987, as amended, between The First National Bank of Boston, as Owner Trustee, with Chrysler Consortium Corporation, as Owner Participant and Ohio Edison Company, as Lessee. (1992 Form 10-K, Exhibit 118.)

(F) 10-148 — Amendment No. 3 dated as of January 12, 1993 to Facility Lease dated as of September 15, 1987, as amended, between The First National Bank of Boston, as Owner Trustee, with Chrysler Consortium Corporation, as Owner Participant, and Ohio Edison Company, as Lessee. (1992 Form 10-K, Exhibit 10-119.)

(F) 10-149 — Amendment No. 4 dated as of September 30, 1994 to Facility Lease dated as of September 15, 1987, as amended, between The First National Bank of Boston, as Owner Trustee, with Chrysler Consortium Corporation, as Owner Participant, and Ohio Edison Company, as Lessee. (1994 Form 10-K, Exhibit 10-145.)

(F) 10-150 — Ground Lease and Easement Agreement dated as of September 15, 1987, between Ohio Edison Company, Ground Lessor, and The First National Bank of Boston, as Owner Trustee under a Trust Agreement, dated as of September 15, 1987, with Chrysler Consortium Corporation, Tenant. (1987 Form 10-K, Exhibit 28-17.)

(F) 10-151 — Trust Agreement dated as of September 15, 1987, between Chrysler Consortium Corporation, as Owner Participant, and The First National Bank of Boston. (1987 Form 10-K, Exhibit 28-18.)

(F) 10-152 — Trust Indenture, Mortgage, Security Agreement and Assignment of Facility Lease dated as of September 15, 1987, between the First National Bank of Boston, as Owner Trustee under a Trust Agreement, dated as of September 15, 1987, with Chrysler Consortium Corporation and Irving Trust Company, as Indenture Trustee. (1987 Form 10-K, Exhibit 28-19.)

(F) 10-153 — Supplemental Indenture No. 1 dated as of February 1, 1988 to Trust Indenture, Mortgage, Security Agreement and Assignment of Facility Lease dated as of September 15, 1987 between The First National Bank of Boston, as Owner Trustee under a Trust Agreement dated as of September 15, 1987 with Chrysler Consortium Corporation and Irving Trust Company, as Indenture Trustee. (1987 Form 10-K, Exhibit 28-20.)

(F) 10-154 — Tax Indemnification Agreement dated as of September 15, 1987, between Chrysler Consortium Corporation, as Owner Participant, and Ohio Edison Company, as Lessee. (1987 Form 10-K, Exhibit 28-21.)

Exhibit
Number

(F) 10-155 — Amendment No. 1 dated as of November 5, 1992 to Tax Indemnification Agreement dated as of September 15, 1987, between Chrysler Consortium Corporation, as Owner Participant, and Ohio Edison Company, as Lessee. (1994 Form 10-K, Exhibit 10-151.)

(F) 10-156 — Amendment No. 2 dated as of January 12, 1993 to Tax Indemnification Agreement dated as of September 15, 1987, between Chrysler Consortium Corporation, as Owner Participant, and Ohio Edison Company, as Lessee. (1994 Form 10-K, Exhibit 10-152.)

(F) 10-157 — Amendment No. 3 dated as of September 30, 1994 to Tax Indemnification Agreement dated as of September 15, 1987, between Chrysler Consortium Corporation, as Owner Participant, and Ohio Edison Company, as Lessee. (1994 Form 10-K, Exhibit 10-153.)

(F) 10-158 — Assignment, Assumption and Further Agreement dated as of September 15, 1987, among The First National Bank of Boston, as Owner Trustee under a Trust Agreement, dated as of September 15, 1987, with Chrysler Consortium Corporation, The Cleveland Electric Illuminating Company, Duquesne Light Company, Ohio Edison Company, Pennsylvania Power Company, and Toledo Edison Company. (1987 Form 10-K, Exhibit 28-22.)

(F) 10-159 — Additional Support Agreement dated as of September 15, 1987, between The First National Bank of Boston, as Owner Trustee under a Trust Agreement, dated as of September 15, 1987, with Chrysler Consortium Corporation, and Ohio Edison Company. (1987 Form 10-K, Exhibit 28-23.)

10-160 — Operating Agreement dated March 10, 1987 with respect to Perry Unit No. 1 between the CAPCO Companies. (1987 Form 10-K, Exhibit 28-24.)

10-161 — Operating Agreement for Bruce Mansfield Units Nos. 1, 2 and 3 dated as of June 1, 1976, and executed on September 15, 1987, by and between the CAPCO Companies. (1987 Form 10-K, Exhibit 28-25.)

10-162 — Operating Agreement for W. H. Sammis Unit No. 7 dated as of September 1, 1971 by and between the CAPCO Companies. (1987 Form 10-K, Exhibit 28-26.)

10-163 — OE-APS Power Interchange Agreement dated March 18, 1987, by and among Ohio Edison Company and Pennsylvania Power Company, and Monongahela Power Company and West Penn Power Company and The Potomac Edison Company. (1987 Form 10-K, Exhibit 28-27.)

10-164 — OE-PEPCO Power Supply Agreement dated March 18, 1987, by and among Ohio Edison Company and Pennsylvania Power Company and Potomac Electric Power Company. (1987 Form 10-K, Exhibit 28-28.)

10-165 — Supplement No. 1 dated as of April 28, 1987, to the OE-PEPCO Power Supply Agreement dated March 18, 1987, by and among Ohio Edison Company, Pennsylvania Power Company, and Potomac Electric Power Company. (1987 Form 10-K, Exhibit 28-29.)

10-166 — APS-PEPCO Power Resale Agreement dated March 18, 1987, by and among Monongahela Power Company, West Penn Power Company, and The Potomac Edison Company and Potomac Electric Power Company. (1987 Form 10-K, Exhibit 28-30.)

(A) 12.1 — Consolidated fixed charge ratios.

(A) 13.1 — 1997 Annual Report to Stockholders. (Only those portions expressly incorporated by reference in this Form 10-K are to be deemed "filed" with the SEC.)

(A) 21.1 — List of Subsidiaries of the Registrant at December 31, 1997.

(A) 23.1 — Consent of Independent Public Accountants.

(A) 27.1 — Financial Data Schedule.

(A) Provided herein in electronic format as an exhibit.

Exhibit
Number

(B) Pursuant to paragraph (b)(4)(iii)(A) of Item 601 of Regulation S-K, the Company has not filed as an exhibit to this Form 10-K any instrument with respect to long-term debt if the total amount of securities authorized thereunder does not exceed 10% of the total assets of the Company and its subsidiaries on a consolidated basis, but hereby agrees to furnish to the SEC on request any such instruments.

(C) Management contract or compensatory plan contract or arrangement filed pursuant to Item 601 of Regulation S-K.

(D) Substantially similar documents have been entered into relating to three additional Owner Participants.

(E) Substantially similar documents have been entered into relating to five additional Owner Participants.

(F) Substantially similar documents have been entered into relating to two additional Owner Participants.

Note: Reports of OE on Forms 10-Q and 10-K are on file with the SEC under number 1-2578.

Pursuant to Rule 14a - 3 (10) of the Securities Exchange Act of 1934, the Company will furnish any exhibit in this Report upon the payment of the Company's expenses in furnishing such exhibit.

3. Exhibits - Penn

Exhibit
Number

3-1 — Agreement of Merger and Consolidation dated April 1, 1929, among Pennsylvania Power Company (Penn), Harmony Electric Company and Peoples Power Company (consummated May 31, 1930), copies of Letters Patent issued thereon, together with the Election Return and Treasurer's Return, relative to decrease of capital stock; Election Return authorizing change of capital stock and increase of indebtedness; Election Return authorizing change of capital stock; Election Return authorizing increase of capital stock; Election Return establishing 4.24% Preferred Stock; Certificate with respect to the establishment of the 4.64% Preferred Stock; Election Returns and Certificates of Actual Sale in connection with the purchase by Penn Power of all the property of Pine-Mercer Electric Company, Industry Borough Electric Company, Ohio Township Electric Company, and Shippingport Borough Electric Company; Certificate of Change of Location of Penn Power's principal office; Certificate of Consent authorizing increase in authorized Common Stock; Certificate of Consent with respect to the removal of limitations on the authorized amount of indebtedness of Penn Power; Election Returns and Certificates of Actual Sale in connection with the purchase by Penn Power of all the property of Borolak Public Service Company, Eastfax Public Service Company, Norango Public Service Company, Sadwick Public Service Company, Susango Public Service Company, Surrick Public Service Company, Wesango Public Service Company, and Westfax Public Service Company; Certificate of Change of Location of Penn Power's principal office; Amendment to the Charter extending the territory in which Penn Power may operate in the Borough of Shippingport, Beaver County, Pennsylvania; Certificate of Consent authorizing increase in authorized Common Stock; Certificate with respect to the establishment of the 8% Preferred Stock; Certificate accepting Business Corporation Law of Pennsylvania for government and regulation of affairs of Penn Power; Articles of Amendment incorporating certain protective provisions relating to Preferred Stock, increasing amount of authorized Preferred Stock and authorizing future increases in amounts of authorized Preferred Stock without a vote of the holders of Preferred Stock; Articles of Amendment increasing the authorized number of shares of Common Stock; Statement Affecting Class or Series of Shares with respect to the establishment of the 7.64% Preferred Stock; Articles of Amendment increasing the authorized number of shares of Common Stock; Articles of Amendment increasing the number of authorized shares of Preferred Stock; Statement Affecting Class or Series of Shares with respect to the establishment of the 8.48% Preferred Stock; Articles of Amendment authorizing sinking fund requirements for Preferred Stock; Statement Affecting Class or Series of Shares with respect to the establishment of the 11% Preferred Stock; Articles of Amendment increasing the authorized number of shares of Common Stock; Statement Affecting Class or Series of Shares with respect to the establishment of the 9.16% Preferred Stock; Articles of Amendment increasing authorized number of shares of Common Stock; Articles of Amendment increasing authorized number of shares of Preferred Stock; Statement Affecting Class or Series of Shares with respect to the establishment of the 8.24% Preferred Stock; Statement Affecting Class or Series of Shares with respect to the establishment of the 10.50% Preferred Stock; Articles of Amendment increasing authorized number of shares of Common Stock; Articles of Amendment increasing authorized number of shares of Preferred Stock; Statement

Exhibit
Number

Affecting Class or Series of Shares with respect to the establishment of the 15.00% Preferred Stock, Statement Affecting Class or Series of Shares with respect to the establishment of the 11.50% Preferred Stock; Articles of Amendment increasing authorized number of shares of Preferred Stock; Statement Affecting Class or Series of Shares with respect to the establishment of the 13.00% Preferred Stock; Statement Affecting Class or Series of Shares with respect to the establishment of the 11.50% Preferred Stock, Series B; Articles of Amendment effective April 2, 1987, adding a standard of care for, and limiting the personal liability of, officers and directors, Articles of Amendment effective April 1, 1992, setting forth corporate purposes of the Company, Statement With Respect to Shares with respect to the establishment of the 7.625% Preferred Stock and Statement with Respect to Shares with respect to the establishment of the 7.75% Preferred Stock.(Physically filed and designated respectively, as follows: in Form A-2, Registration No. 2-3889, as Exhibit A-1; in Form 1-MD for 1938, File No.2-3889, as Exhibit (a)-1; in Form 1-MD for 1945, File No. 2-3889, as Exhibit A; in Form U-1, File No. 70-2310, as Exhibit A-3 (d); in Form 8-K for March 1951, File No. 1-3491, as Exhibit B; in Form 8-K for June 1958, File No. 1-3491B, as Exhibit 1; in Form 10-K for 1959 as Exhibits 1, 2, 3 and 4; in Form 8-K for March 1960, File No. 1-3491B as Exhibit A; in Form U-1, File No. 70-3971, as Exhibit A-2; in Form U-1, File No. 70-4055, as Exhibit A-2; as Exhibits 1 through 8 in Form 8-K for January 1962, File No. 1-3491; as Exhibit A in Form 8-K for August 1963, File No. 1-3491, as Exhibits A and B in Form 8-K for September 1969, File No. 1-3491; as Exhibit B in Form 8-K for April 1971, File No. 1-3491; as Exhibit B in Form 8-K for September 1971, File No. 1-3491; in Form U-1, File No. 70-5264, as Exhibit A-2, as Exhibit A in Form 8-K for September 1972, File No. 1-3491, as Exhibit A in Form 8-K for December 1972, File No. 1-3491; as Exhibit A in Form 8-K for March 1973, File No. 1-3491; as Exhibit A in Form 8-K for December 1973, File No. 1-3491; as Exhibits A and C in Form 8-K for February 1974, File No. 1-3491; as Exhibits A and B in Form 8-K for January 1975, File No. 1-3491; as Exhibit F in Form 8-K for May 1975, File No. 1-3491, as Exhibit A in Form 8-K for April 1976, File No. 1-3491; as Exhibit G in Form 10-Q for quarter ended June 30, 1977, File No. 1-3491, as Exhibit C in Form 10-K for 1977, File No. 1-3491; as Exhibit A in Form 10-K for 1977, File No. 1-3491; as Exhibit D in Form 10-Q for quarter ended June 30, 1980, File No. 1-3491; as Exhibit (4) in Form 10-Q for quarter ended June 30, 1981, File No. 1-3491; as Exhibit 4 in Form 10-Q for quarter ended June 30, 1982, File No. 1-3491; as Exhibit 4 in Form 10-Q for quarter ended September 30, 1982, File No. 1-3491; as Exhibit 4 in Form 10-Q for quarter ended September 30, 1983, File No. 1-3491; as Exhibit 4 in Form 10-Q for quarter ended March 31, 1984, File No. 1-3491; as Exhibit 4 in Form 10-Q for quarter ended June 30, 1984, File No. 1-3491; as Exhibit 4 in Form 10-Q for quarter ended September 30, 1985, File No. 1-3491; as Exhibit 3-2 in Form 10-K for 1987 File No. 1-3491; as Exhibit 3-2 in Form 10-K for 1992 File No. 1-3491; as Exhibit 19-2 in Form 10-K for 1992 File No. 1-3491; and as Exhibit 3-2 in Form 10-K for 1993 File No. 1-3491.)

3-2 — By-Laws of Penn as amended March 25, 1992. (1992 Form 10-K, Exhibit 3-3, File No. 1-3491.)

4-1* — Indenture dated as of November 1, 1945, between Penn and The First National Bank of the City of New York (now Citibank, N.A.), as Trustee, as supplemented and amended by Supplemental Indentures dated as of May 1, 1948, March 1, 1950, February 1, 1952, October 1, 1957, September 1, 1962, June 1, 1963, June 1, 1969, May 1, 1970, April 1, 1971, October 1, 1971, May 1, 1972, December 1, 1974, October 1, 1975, September 1, 1976, April 15, 1978, June 28, 1979, January 1, 1980, June 1, 1981, January 14, 1982, August 1, 1982, December 15, 1982, December 1, 1983, September 6, 1984, December 1, 1984, May 30, 1985, October 29, 1985, August 1, 1987, May 1, 1988, November 1, 1989, December 1, 1990, September 1, 1991, May 1, 1992, July 15, 1992, August 1, 1992, and May 1, 1993, July 1, 1993, August 31, 1993, September 1, 1993, September 15, 1993, October 1, 1993, November 1, 1993 and August 1, 1994. (Physically filed and designated as Exhibits 2(b) (1)-1 through 2(b) (1)-15 in Registration Statement File No. 2-60837, as Exhibits 2(b) (2), 2(b) (3), and 2 (b) (4) in Registration Statement File No. 2-68906; as Exhibit 4-2 in Form 10-K for 1981 File No. 1-3491; as Exhibit 19-1 in Form 10-K for 1982 File No. 1-3491; as Exhibit 19-1 in Form 10-K for 1983 File No. 1-3491; as Exhibit 19-1 in Form 10-K for 1984 File No. 1-3491; as Exhibit 19-1 in Form 10-K for 1985 File No. 1-3491; as Exhibit 19-1 in Form 10-K for 1987 File No. 1-3491; as Exhibit 19-1 in Form 10-K for 1988 File No. 1-3491; as Exhibit 19 in Form 10-K for 1989 File No. 1-3491; as Exhibit 19 in Form 10-K for 1990 File No. 1-3491; as Exhibit 19 in Form 10-K for 1991 File No. 1-3491; as Exhibit 19-1 in Form 10-K for 1992 File No. 1-3491; as Exhibit 4-2 in Form 10-K for 1993 File No. 1-3491; and as Exhibit 4-2 in Form 10-K for 1994 File No. 1-3491.)

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* Pursuant to paragraph (b) (4) (iii) (A) of Item 601 of Regulation S-K, the Company has not filed as an exhibit to this Form 10-K any instrument with respect to long-term debt if the total amount of securities authorized thereunder does not exceed 10% of the total assets of the Company, but hereby agrees to furnish to the Commission on request any such instruments.

Exhibit
Number

4-2 — Supplemental Indenture dated as of September 1, 1995, between Penn and Citibank, N.A., as Trustee. (1995 Form 10-K, Exhibit 4-2.)

(A)4-3 — Supplemental Indenture dated as of June 1, 1997, between Penn and Citibank, N.A., as Trustee.

10-1 — Administration Agreement between the CAPCO Group dated as of September 14, 1967. (Registration Statement of Ohio Edison Company, File No. 2-43102, Exhibit 5 (c) (2).)

10-2 — Amendment No. 1 dated January 4, 1974 to Administration Agreement between the CAPCO Group dated as of September 14, 1967. (Registration Statement No. 2-68906, Exhibit 5 (c) (3).)

10-3 — Transmission Facilities Agreement between the CAPCO Group dated as of September 14, 1967. (Registration Statement of Ohio Edison Company, File No. 2-43102, Exhibit 5 (c) (3).)

10-4 — Amendment No. 1 dated as of January 1, 1993 to Transmission Facilities Agreement between the CAPCO Group dated as of September 14, 1967. (1993 Form 10-K, Exhibit 10-4, Ohio Edison Company.)

10-5 — Agreement for the Termination or Construction of Certain Agreements effective September 1, 1980 among the CAPCO Group. (Registration Statement No. 2-68906, Exhibit 10-4.)

10-6 — Amendment dated as of December 23, 1993 to Agreement for the Termination or Construction of Certain Agreements effective September 1, 1980 among the CAPCO Group. (1993 Form 10-K, Exhibit 10-6, Ohio Edison Company.)

10-7 — CAPCO Basic Operating Agreement, as amended September 1, 1980. (Registration Statement No. 2-68906, as Exhibit 10-5.)

10-8 — Amendment No. 1 dated August 1, 1981 and Amendment No. 2 dated September 1, 1982, to CAPCO Basic Operating Agreement as amended September 1, 1980. (September 30, 1981 Form 10-Q, Exhibit 20-1, and 1982 Form 10-K, Exhibit 19-3, File No. 1-2578, of Ohio Edison Company.)

10-9 — Amendment No. 3 dated as of July 1, 1984, to CAPCO Basic Operating Agreement as amended September 1, 1980. (1985 Form 10-K, Exhibit 10-7, File No. 1-2578, of Ohio Edison Company.)

10-10 — Basic Operating Agreement between the CAPCO Companies as amended October 1, 1991. (1991 Form 10-K, Exhibit 10-8, File No. 1-2578, of Ohio Edison Company.)

10-11 — Basic Operating Agreement between the CAPCO Companies, as amended January 1, 1993. (1993 Form 10-K, Exhibit 10-11, Ohio Edison Company.)

10-12 — Memorandum of Agreement effective as of September 1, 1980, among the CAPCO Group. (1991 Form 10-K, Exhibit 19-2, Ohio Edison Company.)

10-13 — Operating Agreement for Beaver Valley Power Station Units Nos. 1 and 2 as Amended and Restated September 15, 1987, by and between the CAPCO Companies. (1987 Form 10-K, Exhibit 10-15, File No. 1-2578, of Ohio Edison Company.)

10-14 — Construction Agreement with respect to Perry Plant between the CAPCO Group dated as of July 22, 1974. (Registration Statement of Toledo Edison Company, File No. 2-52251, as Exhibit 5 (yy).)

10-15 — Participation Agreement No. 1 relating to the financing of the development of certain coal mines, dated as of October 1, 1973, among Quarto Mining Company, the CAPCO Group, Energy Properties, Inc., General Electric Credit Corporation, the Loan Participants listed in Schedules A and B thereto, Central National Bank of Cleveland, as Owner Trustee, National City Bank, as Loan Trustee, and National City Bank, as Bond Trustee. (Registration Statement of Ohio Edison Company, File No. 2-61146, Exhibit 5 (e) (1).)

10-16 — Amendment No. 1 dated as of September 15, 1978, to Participation Agreement No. 1 dated as of October 1, 1973, among Quarto Mining Company, the CAPCO Group, Energy Properties, Inc., General Electric Credit Corporation, the Loan Participants listed in Schedules A and B thereto, Central National Bank of Cleveland, as Owner Trustee, National City Bank, as Loan Trustee, and National City Bank, as Bond Trustee. (Registration Statement No. 2-68906, Exhibit 5 (e) (2).)

Exhibit
Number

10-17 — Participation Agreement No. 2 relating to the financing of the development of certain coal mines, dated as of August 1, 1974, among Quarto Mining Company, the CAPCO Group, Energy Properties, Inc., General Electric Credit Corporation, the Loan Participants listed in Schedules A and B thereto, Central National Bank of Cleveland, as Owner Trustee, National City Bank, as Loan Trustee, and National City Bank, as Bond Trustee. (Ohio Edison Company, File No. 2-53059, Exhibit 5 (h) (2).)

10-18 — Amendment No. 1 dated as of September 15, 1978, to Participation Agreement No. 2 dated as of August 1, 1974, among Quarto Mining Company, the CAPCO Group, Energy Properties, Inc., General Electric Credit Corporation, the Loan Participants listed in Schedules A and B thereto, Central National Bank of Cleveland, as Owner Trustee, National City Bank, as Loan Trustee, and National City Bank, as Bond Trustee. (Registration Statement No. 2-68906, Exhibit 5 (e) (4).)

10-19 — Participation Agreement No. 3 relating to the financing of the development of certain coal mines, dated as of September 15, 1978, among Quarto Mining Company, the CAPCO Group, Energy Properties, Inc., General Electric Credit Corporation, the Loan Participants listed in Schedules A and B thereto, Central National Bank of Cleveland, as Owner Trustee, National City Bank, as Loan Trustee, and National City Bank, as Bond Trustee. (Registration Statement No. 2-68906, Exhibit 5 (e) (5).)

10-20 — Participation Agreement No. 4 relating to the financing of the development of certain coal mines, dated as of October 31, 1980, among Quarto Mining Company, the CAPCO Group, the Loan Participants listed in Schedule A thereto and National City Bank, as Bond Trustee. (Registration Statement No. 2-68906, Exhibit 10-16.)

10-21 — Participation Agreement No. 5 dated as of May 1, 1986, among Quarto Mining Company, the CAPCO Companies, the Loan Participants listed in Schedule A thereto, and National City Bank, as Bond Trustee. (1986 Form 10-K, Exhibit 10-22, File No. 1-2578, Ohio Edison Company.)

10-22 — Participation Agreement No. 6 dated as of December 1, 1991, among Quarto Mining Company, the CAPCO Companies, the Loan Participants listed in Schedule A thereto, National City Bank, as Mortgage Bond Trustee, and National City Bank, as Refunding Bond Trustee. (1991 Form 10-K, Exhibit 10-19, File No. 1-2578, Ohio Edison Company.)

10-23 — Agreement entered into as of October 20, 1981, among the CAPCO Companies regarding the use of Quarto Coal at Mansfield Units Nos. 1, 2 and 3. (1981 Form 10-K, Exhibit 20-1, File No. 1-2578, Ohio Edison Company.)

10-24 — Restated Option Agreement dated as of May 1, 1983, by and between The North American Coal Corporation and the CAPCO Companies. (1983 Form 10-K, Exhibit 19-1, File No. 1-2578, Ohio Edison Company.)

10-25 — Trust Indenture and Mortgage dated as of October 1, 1973, between Quarto Mining Company and National City Bank, as Bond Trustee, together with Guaranty, dated as of October 1, 1973, with respect thereto by the CAPCO Group. (Registration Statement of Ohio Edison Company, File No. 2-61146, Exhibit 5 (e) (5).)

10-26 — Amendment No. 1 dated August 1, 1974, to Trust Indenture and Mortgage dated as of October 1, 1973, between Quarto Mining Company and National City Bank, as Bond Trustee, together with Amendment No. 1 dated August 1, 1974, to Guaranty dated as of October 1, 1973, with respect thereto by the CAPCO Group. (Registration Statement of Ohio Edison Company, File No. 2-53059, Exhibit 5 (h) (2).)

10-27 — Amendment No. 2 dated as of September 15, 1978, to Trust Indenture and Mortgage dated as of October 1, 1973, as amended, between Quarto Mining Company and National City Bank, as Bond Trustee, together with Amendment No. 2 dated as of September 15, 1978, to Bond Guaranty dated as of October 1, 1973, as amended, between the CAPCO Group and National City Bank, as Bond Trustee. (Registration Statement No. 2-68906, Exhibits 5 (e) (11) and 5 (e) (12).)

10-28 — Amendment No. 3 dated as of October 31, 1980, to Trust Indenture and Mortgage dated as of October 1, 1973, as amended, between Quarto Mining Company and National City Bank, as Bond Trustee. (Registration Statement No. 2-68906, Exhibit 10-16.)

Exhibit
Number

10-29 — Amendment No. 4 dated as of July 1, 1985, to Trust Indenture and Mortgage dated as of October 1, 1973, as amended, between Quarto Mining Company and National City Bank, as Bond Trustee. (1985 Form 10-K, Exhibit 10-28, File No. 1-2578, Ohio Edison Company.)

10-30 — Amendment No. 5 dated as of May 1, 1986, to Trust Indenture and Mortgage dated as of October 1, 1973, as amended, between Quarto Mining Company and National City Bank, as Bond Trustee. (1986 Form 10-K, Exhibit 10-30, File No. 1-2578, Ohio Edison Company.)

10-31 — Amendment No. 6 dated as of December 1, 1991, to Trust Indenture and Mortgage dated as of October 1, 1973, as amended, between Quarto Mining Company and National City Bank, as Bond Trustee. (1991 Form 10-K, Exhibit 10-28, File No. 1-2578, Ohio Edison Company.)

10-32 — Trust Indenture dated as of December 1, 1991, between Quarto Mining Company and National City Bank, as Bond Trustee. (1991 Form 10-K, Exhibit 10-29, File No. 1-2578, Ohio Edison Company.)

10-33 — Amendment No. 3 dated as of October 31, 1980, to the Bond Guaranty dated as of October 1, 1973, as amended, with respect to the CAPCO Group. (Registration Statement No. 2-68906, Exhibit 10-16.)

10-34 — Amendment No. 4 dated as of July 1, 1985, to the Bond Guaranty dated as of October 1, 1973, as amended, by the CAPCO Companies to National City Bank, as Bond Trustee. (1985 Form 10-K, Exhibit 10-30 , File No. 1-2578, Ohio Edison Company.)

10-35 — Amendment No. 5 dated as of May 1, 1986, to the Bond Guaranty dated as of October 1, 1973, as amended, by the CAPCO Companies to National City Bank, as Bond Trustee. (1986 Form 10-K, Exhibit 10-33, File No. 1-2578, Ohio Edison Company.)

10-36 — Amendment No. 6A dated as of December 1, 1991, to the Bond Guaranty dated as of October 1, 1973, as amended, by the CAPCO Companies to National City Bank, as Bond Trustee. (1991 Form 10-K, Exhibit 10-33, File No. 1-2578, Ohio Edison Company.)

10-37 — Amendment No. 6B dated as of December 30, 1991, to the Bond Guaranty dated as of October 1, 1973, as amended, by the CAPCO Companies to National City Bank, as Bond Trustee. (1991 Form 10-K, Exhibit 10-34, File No. 1-2578, Ohio Edison Company.)

10-38 — Bond Guaranty dated as of December 1, 1991, by the CAPCO Companies to National City Bank, as Bond Trustee. (1991 Form 10-K, Exhibit 10-35, File No. 1-2578, Ohio Edison Company.)

10-39 — Open End Mortgage dated as of October 1, 1973, between Quarto Mining Company and the CAPCO Companies and Amendment No. 1 thereto dated as of September 15, 1978. (Registration Statement No. 2-68906, Exhibit 10-23.)

10-40 — Restructuring Agreement dated as of April 1, 1985, among Quarto Mining Company, the CAPCO Companies, Energy Properties, Inc., General Electric Credit Corporation, the Loan Participants listed in schedules thereto, Central National Bank of Cleveland, as Owner Trustee, National City Bank, as Loan Trustee, and National City Bank, as Bond Trustee. (1985 Form 10-K, Exhibit 10-33, File No. 1-2578, Ohio Edison Company.)

10-41 — Unsecured Note Guaranty dated as of July 1, 1985, by the CAPCO Companies to General Electric Credit Corporation. (1985 Form 10-K, Exhibit 10-34, File No. 1-2578, Ohio Edison Company.)

10-42 — Memorandum of Understanding dated as of March 31, 1985, among the CAPCO Companies. (1985 Form 10-K, Exhibit 10-35, File No. 1-2578, Ohio Edison Company.)

(B) 10-43 — Ohio Edison System Executive Supplemental Life Insurance Plan. (1995 Form 10-K, Exhibit 10-44, File No. 1-2578, Ohio Edison Company.)

(B) 10-44 — Ohio Edison System Executive Incentive Compensation Plan. (1995 Form 10-K, Exhibit 10-45, File No. 1-2578, Ohio Edison Company.)

(B) 10-45 — Ohio Edison System Restated and Amended Executive Deferred Compensation Plan. (1995 Form 10-K, Exhibit 10-46, File No. 1-2578, Ohio Edison Company.)

Exhibit
Number

(B) 10-46 — Ohio Edison System Restated and Amended Supplemental Executive Retirement Plan. (1995 Form 10-K, Exhibit 10-47, File No. 1-2578, Ohio Edison Company.)

10-47 — Operating Agreement for Perry Unit No. 1 dated March 10, 1987, by and between the CAPCO Companies. (1987 Form 10-K, Exhibit 28-24, File No. 1-2578, Ohio Edison Company.)

10-48 — Operating Agreement for Bruce Mansfield Units Nos. 1, 2 and 3 dated as of June 1, 1976, and executed on September 15, 1987, by and between the CAPCO Companies. (1987 Form 10-K, Exhibit 28-25, File No. 1-2578, Ohio Edison Company.)

10-49 — Operating Agreement for W. H. Sammis Unit No. 7 dated as of September 1, 1971, by and between the CAPCO Companies. (1987 Form 10-K, Exhibit 28-26, File No. 1-2578, Ohio Edison Company.)

10-50 — OE-APS Power Interchange Agreement dated March 18, 1987, by and among Ohio Edison Company and Pennsylvania Power Company, and Monongahela Power Company and West Penn Power Company and The Potomac Edison Company. (1987 Form 10-K, Exhibit 28-27, File No. 1-2578, of Ohio Edison Company.)

10-51 — OE-PEPCO Power Supply Agreement dated March 18, 1987, by and among Ohio Edison Company and Pennsylvania Power Company and Potomac Electric Power Company. (1987 Form 10-K, Exhibit 28-28, File No. 1-2578, of Ohio Edison Company.)

10-52 — Supplement No. 1 dated as of April 28, 1987, to the OE-PEPCO Power Supply Agreement dated March 18, 1987, by and among Ohio Edison Company, Pennsylvania Power Company and Potomac Electric Power Company. (1987 Form 10-K, Exhibit 28-29, File No. 1-2578, of Ohio Edison Company.)

10-53 — APS-PEPCO Power Resale Agreement dated March 18, 1987, by and among Monongahela Power Company, West Penn Power Company, and The Potomac Edison Company and Potomac Electric Power Company. (1987 Form 10-K, Exhibit 28-30, File No. 1-2578, of Ohio Edison Company.)

10-54 — Pennsylvania Power Company Master Decommissioning Trust Agreement for Beaver Valley Power Station and Perry Nuclear Power Plant dated as of April 21, 1995. (Quarter ended June 30, 1995 Form 10-Q, Exhibit 10, File No. 1-3491.)

10-55 — Nuclear Fuel Lease dated as of March 31, 1989, between OES Fuel, Incorporated, as Lessor, and Pennsylvania Power Company, as Lessee. (1989 Form 10-K, Exhibit 10-39, File No. 1-3491.)

(A) 12.2 — Fixed Charge Ratios

(A) 13.4 — 1997 Annual Report to Stockholders. (Only those portions expressly incorporated by reference in this Form 10-K are to be deemed "filed" with the Securities and Exchange Commission.)

(A) 23.3 — Consent of Independent Public Accountants.

(A) 27.4 — Financial Data Schedule

(A) Provided herein in electronic format as an exhibit.

(B) Management contract or compensatory plan contract or arrangement filed pursuant to Item 601 of Regulation S-K.

Pursuant to Rule 14a - 3(10) of the Securities Exchange Act of 1934, Penn will furnish any exhibit in this Report upon the payment of Penn's expenses in furnishing such exhibit.

3. Exhibits -Common Exhibits to CEI and TE

Exhibit
Number

2(a) — Agreement and Plan of Merger between Ohio Edison and Centerior Energy dated as of September 13, 1996 (Exhibit (2)-1, Form S-4 File No. 333-21011, filed by FirstEnergy)

Exhibit Number	
2(b)	— Merger Agreement by and among Centerior Acquisition Corp., FirstEnergy and Centerior (Exhibit (2)-3, Form S-4 File No. 333-21011, filed by FirstEnergy.
4(a)	— Rights Agreement (Exhibit 4, June 25, 1996 Form 8-K, File Nos. 1-9130, 1-2323 and 1-3583).
4(b)(1)	— Form of Note Indenture between Cleveland Electric, Toledo Edison and The Chase Manhattan Bank, as Trustee dated as of June 13, 1997 (Exhibit 4(c), Form S-4 File No. 333-35931, filed by Cleveland Electric and Toledo Edison).
4(b)(2)	— Form of First Supplemental Note Indenture between Cleveland Electric, Toledo Edison and The Chase Manhattan Bank, as Trustee dated as of June 13, 1997 (Exhibit 4(d), Form S-4 File No. 333-35931, filed by Cleveland Electric and Toledo Edison).
10b(1)(a)	— CAPCO Administration Agreement dated November 1, 1971, as of September 14, 1967, among the CAPCO Group members regarding the organization and procedures for implementing the objectives of the CAPCO Group (Exhibit 5(p), Amendment No. 1, File No. 2-42230, filed by Cleveland Electric).
10b(1)(b)	— Amendment No. 1, dated January 4, 1974, to CAPCO Administration Agreement among the CAPCO Group members (Exhibit 5(c)(3), File No. 2-68906, filed by Ohio Edison).
10b(2)	— CAPCO Transmission Facilities Agreement dated November 1, 1971, as of September 14, 1967, among the CAPCO Group members regarding the installation, operation and maintenance of transmission facilities to carry out the objectives of the CAPCO Group (Exhibit 5(q), Amendment No. 1, File No. 2-42230, filed by Cleveland Electric).
10b(2)(1)	— Amendment No. 1 to CAPCO Transmission Facilities Agreement, dated December 23, 1993 and effective as of January 1, 1993, among the CAPCO Group members regarding requirements for payment of invoices at specified times, for payment of interest on non-timely paid invoices, for restricting adjustment of invoices after a four-year period, and for revising the method for computing the Investment Responsibility charge for use of a member's transmission facilities (Exhibit 10b(2)(1), 1993 Form 10-K, File Nos. 1-9130, 1-2323 and 1-3583).
10b(3)	— CAPCO Basic Operating Agreement As Amended January 1, 1993 among the CAPCO Group members regarding coordinated operation of the members' systems (Exhibit 10b(3), 1993 Form 10-K, File Nos. 1-9130, 1-2323 and 1-3583).
10b(4)	— Agreement for the Termination or Construction of Certain Agreement By and Among the CAPCO Group members, dated December 23, 1993 and effective as of September 1, 1980 (Exhibit 10b(4), 1993 Form 10-K, File Nos. 1-9130, 1-2323 and 1-3583).
10b(5)	— Construction Agreement, dated July 22, 1974, among the CAPCO Group members and relating to the Perry Nuclear Plant (Exhibit 5 (yy), File No. 2-52251, filed by Toledo Edison).
10b(6)	— Contract, dated as of December 5, 1975, among the CAPCO Group members for the construction of Beaver Valley Unit No. 2 (Exhibit 5 (g), File No. 2-52996, filed by Cleveland Electric).
10b(7)	— Amendment No. 1, dated May 1, 1977, to Contract, dated as of December 5, 1975, among the CAPCO Group members for the construction of Beaver Valley Unit No. 2 (Exhibit 5(d)(4), File No. 2-60109, filed by Ohio Edison).
10d(1)(a)	— Form of Collateral Trust Indenture among CTC Beaver Valley Funding Corporation, Cleveland Electric, Toledo Edison and Irving Trust Company, as Trustee (Exhibit 4(a), File No. 33-18755, filed by Cleveland Electric and Toledo Edison).
10d(1)(b)	— Form of Supplemental Indenture to Collateral Trust Indenture constituting Exhibit 10d(1)(a) above, including form of Secured Lease Obligation Bond (Exhibit 4(b), File No. 33-18755, filed by Cleveland Electric and Toledo Edison).
10d(1)(c)	— Form of Collateral Trust Indenture among Beaver Valley II Funding Corporation, The Cleveland Electric Illuminating Company and The Toledo Edison Company and The Bank of New York, as Trustee (Exhibit (4) (a), File No. 33-46665, filed by Cleveland Electric and Toledo Edison).

Exhibit
Number

10d(1)(d) — Form of Supplemental Indenture to Collateral Trust Indenture constituting Exhibit 10d(1)(c) above, including form of Secured Lease Obligation Bond (Exhibit (4) (b), File No. 33-46665, filed by Cleveland Electric and Toledo Edison).

10d(2)(a) — Form of Collateral Trust Indenture among CTC Mansfield Funding Corporation, Cleveland Electric, Toledo Edison and IBJ Schroder Bank & Trust Company, as Trustee (Exhibit 4(a), File No. 33-20128, filed by Cleveland Electric and Toledo Edison).

10d(2)(b) — Form of Supplemental Indenture to Collateral Trust Indenture constituting Exhibit 10d(2)(a) above, including forms of Secured Lease Obligation Bonds (Exhibit 4(b), File No. 33-20128, filed by Cleveland Electric and Toledo Edison).

10d(3)(a) — Form of Facility Lease dated as of September 15, 1987 between The First National Bank of Boston, as Owner Trustee under a Trust Agreement dated as of September 15, 1987 with the limited partnership Owner Participant named therein, Lessor, and Cleveland Electric and Toledo Edison, Lessees (Exhibit 4(c), File No. 33-18755, filed by Cleveland Electric and Toledo Edison).

10d(3)(b) — Form of Amendment No. 1 to Facility Lease constituting Exhibit 10d(3)(a) above (Exhibit 4(e), File No. 33-18755, filed by Cleveland Electric and Toledo Edison).

10d(4)(a) — Form of Facility Lease dated as of September 15, 1987 between The First National Bank of Boston, as Owner Trustee under a Trust Agreement dated as of September 15, 1987 with the corporate Owner Participant named therein, Lessor, and Cleveland Electric and Toledo Edison, Lessees (Exhibit 4(d), File No. 33-18755, filed by Cleveland Electric and Toledo Edison).

10d(4)(b) — Form of Amendment No. 1 to Facility Lease constituting Exhibit 10d(4)(a) above (Exhibit 4(f), File No. 33-18755, filed by Cleveland Electric and Toledo Edison).

10d(5)(a) — Form of Facility Lease dated as of September 30, 1987 between Meridian Trust Company, as Owner Trustee under a Trust Agreement dated as of September 30, 1987 with the Owner Participant named therein, Lessor, and Cleveland Electric and Toledo Edison, Lessees (Exhibit 4(c), File No. 33-20128, filed by Cleveland Electric and Toledo Edison).

10d(5)(b) — Form of Amendment No. 1 to the Facility Lease constituting Exhibit 10d(5)(a) above (Exhibit 4(f), File No. 33-20128, filed by Cleveland Electric and Toledo Edison).

10d(6)(a) — Form of Participation Agreement dated as of September 15, 1987 among the limited partnership Owner participant named therein, the Original Loan Participants listed in Schedule 1 thereto, as Original Loan Participants, CTC Beaver Valley Fund Corporation, as Funding Corporation, The First National Bank of Boston, as Owner Trustee, Irving Trust Company, as Indenture Trustee, and Cleveland Electric and Toledo Edison, as Lessees (Exhibit 28(a), File No. 33-18755, filed by Cleveland Electric and Toledo Edison).

10d(6)(b) — Form of Amendment No. 1 to Participation Agreement constituting Exhibit 10d(6) (a) above (Exhibit 28(c), File No. 33-18755, filed by Cleveland Electric and Toledo Edison).

10d(7)(a) — Form of Participation Agreement dated as of September 15, 1987 among the corporate Owner Participant named therein, the Original Loan Participants listed in Schedule 1 thereto, as Owner Loan Participants, CTC Beaver Valley Funding Corporation, as Funding Corporation, The First National Bank of Boston, as Owner Trustee, Irving Trust Company, as Indenture Trustee, and Cleveland Electric and Toledo Edison, as Lessees (Exhibit 28(b), File No. 33-18755, filed by Cleveland Electric and Toledo Edison).

10d(7)(b) — Form of Amendment No. 1 to Participation Agreement constituting Exhibit 10d(7) (a) above (Exhibit 28(d), File No. 33-18755, filed by Cleveland Electric and Toledo Edison).

10d(8)(a) — Form of Participation Agreement dated as of September 30, 1987 among the Owner Participant named therein, the Original Loan Participants listed in Schedule II thereto, as Owner Loan Participants, CTC Mansfield Funding Corporation, Meridian Trust Company, as Owner Trustee, IBJ Schroder Bank & Trust Company, as Indenture Trustee, and Cleveland Electric and Toledo Edison, as Lessees (Exhibit 28(a), File No. 33-20128, filed by Cleveland Electric and Toledo Edison).

10d(8)(b) — Form of Amendment No. 1 to the Participation Agreement constituting Exhibit 10d(8) (a) above (Exhibit 28(b), File No. 33-20128, filed by Cleveland Electric and Toledo Edison).

Exhibit
Number

10d(9) — Form of Ground Lease dated as of September 15, 1987 between Toledo Edison, Ground Lessor, and The First National Bank of Boston, as Owner Trustee under a Trust Agreement dated as of September 15, 1987 with the Owner Participant named therein, Tenant (Exhibit 28(e), File No. 33-18755, filed by Cleveland Electric and Toledo Edison).

10d(10) — Form of Site Lease dated as of September 30, 1987 between Toledo Edison, Lessor, and Meridian Trust Company, as Owner Trustee under a Trust Agreement dated as of September 30, 1987 with the Owner Participant named therein, Tenant (Exhibit 28(c), File No. 33-20128, filed by Cleveland Electric and Toledo Edison).

10d(11) — Form of Site Lease dated as of September 30, 1987 between Cleveland Electric, Lessor, and Meridian Trust Company, as Owner Trustee under a Trust Agreement dated as of September 30, 1987 with the Owner Participant named therein, Tenant (Exhibit 28(d), File No. 33-20128, filed by Cleveland Electric and Toledo Edison).

10d(12) — Form of Amendment No. 1 to the Site Leases constituting Exhibits 10d(10) and 10d(11) above (Exhibit 4 (f), File No. 33-20128, filed by Cleveland Electric and Toledo Edison).

10d(13) — Form of Assignment, Assumption and Further Agreement dated as of September 15, 1987 among The First National Bank of Boston, as Owner Trustee under a Trust Agreement dated as of September 15, 1987 with the Owner Participant named therein, Cleveland Electric, Duquesne, Ohio Edison, Pennsylvania Power and Toledo Edison (Exhibit 28(f), File No. 33-18755, filed by Cleveland Electric and Toledo Edison).

10d(14) — Form of Additional Support Agreement dated as of September 15, 1987 between The First National Bank of Boston, as Owner Trustee under a Trust Agreement dated as of September 15, 1987 with the Owner Participant named therein, and Toledo Edison (Exhibit 28(g), File No. 33-18755, filed by Cleveland Electric and Toledo Edison).

10d(15) — Form of Support Agreement dated as of September 30, 1987 between Meridian Trust Company, as Owner Trustee under a Trust Agreement dated as of September 30, 1987 with the Owner Participant named therein, Toledo Edison, Cleveland Electric, Duquesne, Ohio Edison and Pennsylvania Power (Exhibit 28(e), File No. 33-20128, filed by Cleveland Electric and Toledo Edison).

10d(16) — Form of Indenture, Bill of Sale, Instrument of Transfer and Severance Agreement dated as of September 30, 1987 between Toledo Edison, Seller, and The First National Bank of Boston, as Owner Trustee under a Trust Agreement dated as of September 15, 1987 with the Owner Participant named therein, Buyer (Exhibit 28 (h), File No. 33-18755, filed by Cleveland Electric and Toledo Edison).

10d(17) — Form of Bill of Sale, Instrument of Transfer and Severance Agreement dated as of September 30, 1987 between Toledo Edison, Seller, and Meridian Trust Company, as Owner Trustee under a Trust Agreement dated as of September 30, 1987 with the Owner Participant named therein, Buyer (Exhibit 28(f), File No. 33-20128, filed by Cleveland Electric and Toledo Edison).

10d(18) — Form of Bill of Sale, Instrument of Transfer and Severance Agreement dated as of September 30, 1987 between Cleveland Electric, Seller, and Meridian Trust Company, as Owner Trustee under a Trust Agreement dated as of September 30, 1987 with the Owner Participant named therein, Buyer (Exhibit 28(g), File No. 33-20128, filed by Cleveland Electric and Toledo Edison).

10d(19) — Forms of Refinancing Agreement, including exhibits thereto, among the Owner Participant named therein, as Owner Participant, CTC Beaver Valley Funding Corporation, as Funding Corporation, Beaver Valley II Funding Corporation, as New Funding Corporation, The Bank of New York, as Indenture Trustee, The Bank of New York, as New Collateral Trust Trustee, and The Cleveland Electric Illuminating Company and The Toledo Edison Company, as Lessees (Exhibit (28) (e) (i), File No. 33-46665, filed by Cleveland Electric and Toledo Edison).

10d(20)(a) — Form of Amendment No. 2 to Facility Lease among Citicorp Lescaman, Inc., Cleveland Electric and Toledo Edison (Exhibit 10(a), Form S-4 File No. 333-47651, filed by Cleveland Electric).

10d(20)(b) — Form of Amendment No. 3 to Facility Lease among Citicorp Lescaman, Inc., Cleveland Electric and Toledo Edison (Exhibit 10(b), Form S-4 File No. 333-47651, filed by Cleveland Electric).

Exhibit
Number

10d(21)(a) — Form of Amendment No. 2 to Facility Lease among US West Financial Services, Inc., Cleveland Electric and Toledo Edison (Exhibit 10(c), Form S-4 File No. 333-47651, filed by Cleveland Electric).

10d(21)(b) — Form of Amendment No. 3 to Facility Lease among US West Financial Services, Inc., Cleveland Electric and Toledo Edison (Exhibit 10(d), Form S-4 File No. 333-47651, filed by Cleveland Electric).

10d(22) — Form of Amendment No. 2 to Facility Lease among Midwest Power Company, Cleveland Electric and Toledo Edison (Exhibit 10(e), Form S-4 File No. 333-47651, filed by Cleveland Electric).

10e(1) — Centerior Energy Corporation Equity Compensation Plan (Exhibit 99, Form S-8, File No. 33-59635).

3. Exhibits - Cleveland Electric Illuminating (CEI)

Exhibit
Number

3a — Amended Articles of Incorporation of CEI, as amended, effective May 28, 1993 (Exhibit 3a, 1993 Form 10-K, File No. 1-2323).

3b — Regulations of CEI, dated April 29, 1981, as amended effective October 1, 1988 and April 24, 1990 (Exhibit 3b, 1990 Form 10-K, File No. 1-2323).

4b(1) — Mortgage and Deed of Trust between CEI and Guaranty Trust Company of New York (now Morgan Guaranty Trust Company of New York), as Trustee, dated July 1, 1940 (Exhibit 7(a), File No. 2-4450).

Supplemental Indentures between CEI and the Trustee, supplemental to Exhibit 4b(1), dated as follows:

4b(2) — July 1, 1940 (Exhibit 7(b), File No. 2-4450).
4b(3) — August 18, 1944 (Exhibit 4(c), File No. 2-9887).
4b(4) — December 1, 1947 (Exhibit 7(d), File No. 2-7306).
4b(5) — September 1, 1950 (Exhibit 7(c), File No. 2-8587).
4b(6) — June 1, 1951 (Exhibit 7(f), File No. 2-8994).
4b(7) — May 1, 1954 (Exhibit 4(d), File No. 2-10830).
4b(8) — March 1, 1958 (Exhibit 2(a)(4), File No. 2-13839).
4b(9) — April 1, 1959 (Exhibit 2(a)(4), File No. 2-14753).
4b(10) — December 20, 1967 (Exhibit 2(a)(4), File No. 2-30759).
4b(11) — January 15, 1969 (Exhibit 2(a)(5), File No. 2-30759).
4b(12) — November 1, 1969 (Exhibit 2(a)(4), File No. 2-35008).
4b(13) — June 1, 1970 (Exhibit 2(a)(4), File No. 2-37235).
4b(14) — November 15, 1970 (Exhibit 2(a)(4), File No. 2-38460).
4b(15) — May 1, 1974 (Exhibit 2(a)(4), File No. 2-50537).
4b(16) — April 15, 1975 (Exhibit 2(a)(4), File No. 2-52995).
4b(17) — April 16, 1975 (Exhibit 2(a)(4), File No. 2-53309).
4b(18) — May 28, 1975 (Exhibit 2(c), June 5, 1975 Form 8-A, File No. 1-2323).
4b(19) — February 1, 1976 (Exhibit 3(d)(6), 1975 Form 10-K, File No. 1-2323).
4b(20) — November 23, 1976 (Exhibit 2(a)(4), File No. 2-57375).
4b(21) — July 26, 1977 (Exhibit 2(a)(4), File No. 2-59401).
4b(22) — September 27, 1977 (Exhibit 2(a)(5), File No. 2-67221).
4b(23) — May 1, 1978 (Exhibit 2(b), June 30, 1978 Form 10-Q, File No. 1-2323).
4b(24) — September 1, 1979 (Exhibit 2(a), September 30, 1979 Form 10-Q, File No. 1-2323).
4b(25) — April 1, 1980 (Exhibit 4(a)(2), September 30, 1980 Form 10-Q, File No. 1-2323).
4b(26) — April 15, 1980 (Exhibit 4(b), September 30, 1980 Form 10-Q, File No. 1-2323).
4b(27) — May 28, 1980 (Exhibit 2(a)(4), Amendment No. 1, File No. 2-67221).
4b(28) — June 9, 1980 (Exhibit 4(d), September 30, 1980 Form 10-Q, File No. 1-2323).
4b(29) — December 1, 1980 (Exhibit 4(b) (29), 1980 Form 10-K, File No. 1-2323).
4b(30) — July 28, 1981 (Exhibit 4(a), September 30, 1981, Form 10-Q, File No. 1-2323).
4b(31) — August 1, 1981 (Exhibit 4(b), September 30, 1981, Form 10-Q, File No. 1-2323).
4b(32) — March 1, 1982 (Exhibit 4(b)(3), Amendment No. 1, File No. 2-76029).
4b(33) — July 15, 1982 (Exhibit 4(a), September 30, 1982 Form 10-Q, File No. 1-2323).
4b(34) — September 1, 1982 (Exhibit 4(a)(1), September 30, 1982 Form 10-Q, File No. 1-2323).
4b(35) — November 1, 1982 (Exhibit 4(a)(2), September 30, 1982 Form 10-Q, File No. 1-2323).
4b(36) — November 15, 1982 (Exhibit 4(b)(36), 1982 Form 10-K, File No. 1-2323).

Exhibit Number	
4b(37)	— May 24, 1983 (Exhibit 4(a), June 30, 1983 Form 10-Q, File No. 1-2323).
4b(38)	— May 1, 1984 (Exhibit 4, June 30, 1984 Form 10-Q, File No. 1-2323).
4b(39)	— May 23, 1984 (Exhibit 4, May 22, 1984 Form 8-K, File No. 1-2323).
4b(40)	— June 27, 1984 (Exhibit 4, June 11, 1984 Form 8-K, File No. 1-2323).
4b(41)	— September 4, 1984 (Exhibit 4b(41), 1984 Form 10-K, File No. 1-2323).
4b(42)	— November 14, 1984 (Exhibit 4b(42), 1984 Form 10-K, File No. 1-2323).
4b(43)	— November 15, 1984 (Exhibit 4b(43), 1984 Form 10-K, File No. 1-2323).
4b(44)	— April 15, 1985 (Exhibit 4(a), May 8, 1985 Form 8-K, File No. 1-2323).
4b(45)	— May 28, 1985 (Exhibit 4(b), May 8, 1985 Form 8-K, File No. 1-2323).
4b(46)	— August 1, 1985 (Exhibit 4, September 30, 1985 Form 10-Q, File No. 1-2323).
4b(47)	— September 1, 1985 (Exhibit 4, September 30, 1985 form 8-K, File No. 1-2323).
4b(48)	– November 1, 1985 (Exhibit 4, January 31, 1986 Form 8-K, File No. 1-2323).
4b(49)	— April 15, 19 86 (Exhibit 4, March 31, 1986 Form 10-Q, File No. 1-2323).
4b(50)	— May 14, 1986 (Exhibit 4(a), June 30, 1986 Form 10-Q, File No. 1-2323).
4b(51)	— May 15, 1986 (Exhibit 4(b), June 30, 1986 Form 10-Q, File No. 1-2323).
4b(52)	— February 25, 1987 (Exhibit 4b(52), 1986 Form 10-K, File No. 1-2323).
4b(53)	— October 15, 1987 (Exhibit 4, September 30, 1987 Form 10-Q, File No. 1-2323).
4b(54)	— February 24, 1988 (Exhibit 4b(54), 1987 Form 10-K, File No. 1-2323).
4b(55)	— September 15, 1988 (Exhibit 4b(55), 1988 Form 10-K, File No. 1-2323).
4b(56)	— May 15, 1989 (Exhibit 4(a)(2)(i), File No. 33-32724).
4b(57)	— June 13, 1989 (Exhibit 4(a)(2)(ii), File No. 33-32724).
4b(58)	— October 15, 1989 (Exhibit 4(a)(2)(iii), File No. 33-32724).
4b(59)	— January 1, 1990 (Exhibit 4b(59), 1989 Form 10-K, File No. 1-2323).
4b(60)	— June 1, 1990 (Exhibit 4(a), September 30, 1990 Form 10-Q, File No. 1-2323).
4b(61)	— August 1, 1990 (Exhibit 4(b), September 30, 1990 Form 10-Q, File No. 1-2323).
4b(62)	— May 1, 1991 (Exhibit 4(a), June 30, 1991 Form 10-Q, File No.
4b(63)	— May 1, 1992 (Exhibit 4(a)(3), File No. 33-48845).
4b(64)	— July 31, 1992 (Exhibit 4(a)(3), File No. 33-57292).
4b(65)	— January 1, 1993 (Exhibit 4b(65), 1992 Form 10-K, File No. 1-2323).
4b(66)	— February 1, 1993 (Exhibit 4b(66), 1992 Form 10-K, File No. 1-2323).
4b(67)	— May 20, 1993 (Exhibit 4(a), July 14, 1993 Form 8-K, File No. 1-2323).
4b(68)	— June 1, 1993 (Exhibit 4(b), July 14, 1993 Form 8-K, File No. 1-2323).
4b(69)	— September 15, 1994 (Exhibit 4(a), September 30, 1994 Form 10-Q, File No. 1-2323).
4b(70)	— May 1, 1995 (Exhibit 4(a), September 30, 1995 Form 10-Q, File No. 1-2323).
4b(71)	— May 2, 1995 (Exhibit 4(b), September 30, 1995 Form 10-Q, File No. 1-2323).
4b(72)	— June 1, 1995 (Exhibit 4(c), September 30, 1995 Form 10-Q, File No. 1-2323).
4b(73)	— July 15, 1995 (Exhibit 4b(73), 1995 Form 10-K, File No. 1-2323).
4b(74)	— August 1, 1995 (Exhibit 4b(74), 1995 Form 10-K, File No. 1-2323).
4b(75)	— June 15, 1997 (Exhibit 4(a), Form S-4 File No. 333-35931, filed by Cleveland Electric and Toledo Edison).
4b(76)	— October 15, 1997 (Exhibit 4(a), Form S-4 File No. 333-47651, filed by Cleveland Electric).
4c	— Open-End Subordinate Indenture of Mortgage between The Cleveland Electric Illuminating Company and Bank One, Columbus, N.A., as Trustee, Dated as of June 1, 1994 (Exhibit 4(a), August 26, 1994 Form 8-K, File No. 1-2323).
10-1	— Administration Agreement between the CAPCO Group dated as of September 14, 1967. (Registration No. 2-43102, Exhibit 5(c)(2).)
10-2	— Amendment No. 1 dated January 4, 1974 to Administration Agreement between the CAPCO Group dated as of September 14, 1967. (Registration No. 2-68906, Exhibit 5(c)(3).)
10-3	— Transmission Facilities Agreement between the CAPCO Group dated as of September 14, 1967. (Registration No. 2-43102, Exhibit 5(c)(3).)
10-4	— Amendment No. 1 dated as of January 1, 1993 to Transmission Facilities Agreement between the CAPCO Group dated as of September 14, 1967. (1993 Form 10-K, Exhibit 10-4.)
10-5	— Agreement for the Termination or Construction of Certain Agreements effective September 1, 1980 October 15, 1997 (Exhibit 4(a), Form S-4 File No. 333-47651, filed by Cleveland Electric).
10a(1)	— Form of Note Indenture between Cleveland Electric and The Chase Manhattan Bank, as Trustee dated as of October 24, 1997 (Exhibit 4(b), Form S-4 File No. 333-47651, filed by Cleveland Electric).

Exhibit
Number

10a(2)	—	Form of Supplemental Note Indenture between Cleveland Electric and The Chase Manhattan Bank, as Trustee dated as of October 24, 1997 (Exhibit 4(c), Form S-4 File No. 333-47651, filed by Cleveland Electric).
(A)13.2	—	1997 Annual Report to Stockholders. (only those portions expressly incorporated by reference in this Form 10-K are to be deemed "filed" with the SEC.)
(A)21.2	—	List of Subsidiaries of the Registrant at December 31, 1997.
(A)23.2	—	Consent of Independent Public Accountants.
(A)27.2	—	Financial Data Schedule for the period ended December 31, 1997.
(A)	—	Provided herein in electronic format as an exhibit.

3. **Exhibits -Toledo Edison (TE)**

Exhibit
Number

3a	—	Amended Articles of Incorporation of TE, as amended effective October 2, 1992 (Exhibit 3a, 1992 Form 10-K, File No. 1-3583).
3b	—	Code of Regulations of TE dated January 28, 1987, as amended effective July 1 and October 1, 1988 and April 24, 1990 (Exhibit 3b, 1990 Form 10-K, File No. 1-3583).
4b(1)	—	Indenture, dated as of April 1, 1947, between TE and The Chase National Bank of the City of New York (now The Chase Manhattan Bank (National Association)) (Exhibit 2(b), File No. 2-26908).
		Supplemental Indentures between TE and the Trustee, Supplemental to Exhibit 4b(1), dated as follows:
4b(2)	—	September 1, 1948 (Exhibit 2(d), File No. 2-26908).
4b(3)	—	April 1, 1949 (Exhibit 2(e), File No. 2-26908).
4b(4)	—	December 1, 1950 (Exhibit 2(f), File No. 2-26908).
4b(5)	—	March 1, 1954 (Exhibit 2(g), File No. 2-26908).
4b(6)	—	February 1, 1956 (Exhibit 2(h), File No. 2-26908).
4b(7)	—	May 1, 1958 (Exhibit 5(g), File No. 2-59794).
4b(8)	—	August 1, 1967 (Exhibit 2(c), File No. 2-26908).
4b(9)	—	November 1, 1970 (Exhibit 2(c), File No. 2-38569).
4b(10)	—	August 1, 1972 (Exhibit 2(c), File No. 2-44873).
4b(11)	—	November 1, 1973 (Exhibit 2(c), File No. 2-49428).
4b(12)	—	July 1, 1974 (Exhibit 2(c), File No. 2-51429).
4b(13)	—	October 1, 1975 (Exhibit 2(c), File No. 2-54627).
4b(14)	—	June 1, 1976 (Exhibit 2(c), File No. 2-56396).
4b(15)	—	October 1, 1978 (Exhibit 2(c), File No. 2-62568).
4b(16)	—	September 1, 1979 (Exhibit 2(c), File No. 2-65350).
4b(17)	—	September 1, 1980 (Exhibit 4(s), File No. 2-69190).
4b(18)	—	October 1, 1980 (Exhibit 4(c), File No. 2-69190).
4b(19)	—	April 1, 1981 (Exhibit 4(c), File No. 2-71580).
4b(20)	—	November 1, 1981 (Exhibit 4(c), File No. 2-74485).
4b(21)	—	June 1, 1982 (Exhibit 4(c), File No. 2-77763).
4b(22)	—	September 1, 1982 (Exhibit 4(x), File No. 2-87323).
4b(23)	—	April 1, 1983 (Exhibit 4(c), March 31, 1983 Form 10-Q, File No. 1-3583).
4b(24)	—	December 1, 1983 (Exhibit 4(x), 1983 Form 10-K, File No. 1-3583).
4b(25)	—	April 1, 1984 (Exhibit 4(c), File No. 2-90059).
4b(26)	—	October 15, 1984 (Exhibit 4(z), 1984 Form 10-K, File No. 1-3583).
4b(27)	—	October 15, 1984 (Exhibit 4(aa), 1984 Form 10-K, File No. 1-3583).
4b(28)	—	August 1, 1985 (Exhibit 4(dd), File No. 33-1689).
4b(29)	—	August 1, 1985 (Exhibit 4(ee), File No. 33-1689).
4b(30)	—	December 1, 1985 (Exhibit 4(c), File No. 33-1689).
4b(31)	—	March 1, 1986 (Exhibit 4b(31), 1986 Form 10-K, File No. 1-3583).
4b(32)	—	October 15, 1987 (Exhibit 4, September 30, 1987 Form 10-Q, File No. 1-3583).

Exhibit
Number

4b(33) — September 15, 1988 (Exhibit 4b(33), 1988 Form 10-K, File No. 1-3583).
4b(34) — June 15, 1989 (Exhibit 4b(34), 1989 Form 10-K, File No. 1-3583).

(A) 13.3 — 1997 Annual Report to Stockholders. (Only those portions expressly incorporated by reference in this Form 10-K are to be deemed "filed" with the SEC.)

(A) 21.3 — List of Subsidiaries of the Registrant at December 31, 1997.

(A) 27.3 — Financial Data Schedule.

(A) Provided herein in electronic format as an exhibit.

(b) Reports on Form 8-K

FirstEnergy - The Company filed three reports on Form 8-K since the November 8, 1997 merger date. A report dated November 10, 1997 reported the merger of Ohio Edison Company and Centerior Energy Corporation to form the Company effective November 8, 1997, amendment to such Form 8-K on Form 8-K/A dated January 22, 1998, and a report dated December 1, 1997, reported a Company common stock rights agreement.

OE - OE filed two reports on Form 8-K since September 30, 1997. A report dated November 12, 1997, reported the merger of Ohio Edison Company and Centerior Energy Corporation effective November 8, 1997 and a report dated March 23, 1998, reported audited consolidated financial statements for the year ended December 31, 1997, and related matters.

CEI - CEI filed one report on Form 8-K since September 30, 1997. A report dated March 16, 1998 reported audited consolidated financial statements for the year ended December 31, 1997, and related matters.

TE - None

Penn - None

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Stockholders and Board of Directors of FirstEnergy Corp.:

We have audited, in accordance with generally accepted auditing standards, the consolidated financial statements included in FirstEnergy Corp.'s Annual Report to Stockholders incorporated by reference in this Form 10-K and have issued our report thereon dated February 13, 1998. Our audit was made for the purpose of forming an opinion on those statements taken as a whole. The schedule of consolidated valuation and qualifying accounts listed in Item 14 is the responsibility of the Company's management and is presented for the purpose of complying with the Securities and Exchange Commission's rules and is not part of the basic consolidated financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Cleveland, Ohio
February 13, 1998

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Stockholders and Board of Directors of Ohio Edison Company:

We have audited, in accordance with generally accepted auditing standards, the consolidated financial statements included in Ohio Edison Company's Annual Report to Stockholders incorporated by reference in this Form 10-K and have issued our report thereon dated February 13, 1998. Our audit was made for the purpose of forming an opinion on those statements taken as a whole. The schedule of consolidated valuation and qualifying accounts listed in Item 14 is the responsibility of the Company's management and is presented for the purpose of complying with the Securities and Exchange Commission's rules and is not part of the basic consolidated financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Cleveland, Ohio
February 13, 1998

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Stockholders and Board of Directors of The Cleveland Electric Illuminating Company:

We have audited, in accordance with generally accepted auditing standards, the consolidated financial statements included in The Cleveland Electric Illuminating Company's Annual Report to Stockholders incorporated by reference in this Form 10-K and have issued our report thereon dated February 13, 1998. Our audit was made for the purpose of forming an opinion on those statements taken as a whole. The schedule of consolidated valuation and qualifying accounts listed in Item 14 is the responsibility of the Company's management and is presented for the purpose of complying with the Securities and Exchange Commission's rules and is not part of the basic consolidated financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Cleveland, Ohio
February 13, 1998

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Stockholders and Board of Directors of The Toledo Edison Company:

We have audited, in accordance with generally accepted auditing standards, the consolidated financial statements included in The Toledo Edison Company's Annual Report to Stockholders incorporated by reference in this Form 10-K and have issued our report thereon dated February 13, 1998. Our audit was made for the purpose of forming an opinion on those statements taken as a whole. The schedule of consolidated valuation and qualifying accounts listed in Item 14 is the responsibility of the Company's management and is presented for the purpose of complying with the Securities and Exchange Commission's rules and is not part of the basic consolidated financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Cleveland, Ohio
February 13, 1998

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Stockholders and Board of Directors of Pennsylvania Power Company:

We have audited, in accordance with generally accepted auditing standards, the financial statements included in Pennsylvania Power Company's Annual Report to Stockholders incorporated by reference in this Form 10-K and have issued our report thereon dated February 13, 1998. Our audit was made for the purpose of forming an opinion on those statements taken as a whole. The schedule of valuation and qualifying accounts listed in Item 14 is the responsibility of the Company's management and is presented for the purpose of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Cleveland, Ohio
February 13, 1998

SCHEDULE II

FIRSTENERGY CORP.
CONSOLIDATED VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 1997, 1996 AND 1995

		Additions			
Description	Beginning Balance	Charged (Credited) to Income	Charged (Credited) to Other Accounts	Deductions	Ending Balance
		(In Thousands)			
Year Ended December 31, 1997:					
Accumulated provision for uncollectible accounts - customers	$2,306	$ 13,565	$2,277 (a)	$12,530 (b)	$5,618
- other	$ –	$ 941	$4,808 (c)	$ 1,723	$4,026
Year Ended December 31, 1996:					
Accumulated provision for uncollectible accounts - customers	$2,528	$ 6,949	$2,008 (a)	$9,179 (b)	$2,306
Year Ended December 31, 1995:					
Accumulated provision for uncollectible accounts - customers	$2,517	$ 5,236	$1,836 (a)	$7,061 (b)	$2,528

(a) Represents recoveries and reinstatements of accounts previously written off.
(b) Represents the write-off of accounts considered to be uncollectible.
(c) Includes the $4,026,000 effect of the FirstEnergy merger on November 8, 1997.

SCHEDULE II

OHIO EDISON COMPANY
CONSOLIDATED VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 1997, 1996 AND 1995

Description	Beginning Balance	Additions: Charged (Credited) to Income	Additions: Charged (Credited) to Other Accounts	Deductions	Ending Balance
		(In Thousands)			
Year Ended December 31, 1997:					
Accumulated provision for uncollectible accounts	$2,306	$10,979	$2,277(a)	$9,944(b)	$5,618
Year Ended December 31, 1996:					
Accumulated provision for uncollectible accounts	$2,528	$ 6,949	$2,008(a)	$9,179(b)	$2,306
Year Ended December 31, 1995:					
Accumulated provision for uncollectible accounts	$2,517	$ 5,236	$1,836(a)	$7,061(b)	$2,528

(a) Represents recoveries and reinstatements of accounts previously written off.
(b) Represents the write-off of accounts considered to be uncollectible.

SCHEDULE II

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY
CONSOLIDATED VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 1997, 1996 AND 1995

Description	Beginning Balance	Additions: Charged (Credited) to Income	Additions: Charged (Credited) to Other Accounts	Deductions	Ending Balance
		(In Thousands)			
Year Ended December 31, 1997:					
Accumulated provision for uncollectible accounts:					
Nov. 8 - Dec. 31, 1997	$ 1,226	$ 2,331	$ 216(a)	$ 2,547(b)	$1,226
Jan. 1 - Nov. 7, 1997	$ 58	$ 12,853	$1,366(a)	$13,051 (b)	$1,226
Year Ended December 31, 1996:					
Accumulated provision for uncollectible accounts	$ 2,326	$ 14,872	$1,353(a)	$18,493(b)(c)	$ 58
Year Ended December 31, 1995:					
Accumulated provision for uncollectible accounts	$ 2,129	$ 12,665	$2,585(a)	$15,053(b)	$2,326

(a) Represents recoveries and reinstatements of accounts previously written off.
(b) Represents the write-off of accounts considered to be uncollectible.
(c) Sale of retail customer accounts receivable net of Accumulated Provision for Uncollectible Accounts.

SCHEDULE II

THE TOLEDO EDISON COMPANY.
CONSOLIDATED VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 1997, 1996 AND 1995

Description	Beginning Balance	Additions: Charged (Credited) to Income	Additions: Charged (Credited) to Other Accounts	Deductions	Ending Balance
	(In Thousands)				
Year Ended December 31, 1997:					
Accumulated provision for uncollectible accounts:					
Nov. 8 - Dec. 31, 1997	$ 2,800	$ 1,196	$ 566 (a)	$ 1,762 (b)	$2,800
Jan. 1 - Nov. 7, 1997	$ 100	$ 9,367	$1,797 (a)	$ 8,464 (b)	$2,800
Year Ended December 31, 1996:					
Accumulated provision for uncollectible accounts	$1,046	$ 6,223	$1,879(a)	$9,048(b)(c)	$ 100
Year Ended December 31, 1995:					
Accumulated provision for uncollectible accounts	$1,390	$ 5,342	$1,282(a)	$6,968(b)	$1,046

(a) Represents recoveries and reinstatements of accounts previously written off.
(b) Represents the write-off of accounts considered to be uncollectible.
(c) Sale of retail customer accounts receivable net of Accumulated Provision for Uncollectible Accounts.

SCHEDULE II

PENNSYLVANIA POWER COMPANY
VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 1997, 1996 AND 1995

Description	Beginning Balance	Additions: Charged to Income	Additions: Charged to Other Accounts	Deductions	Ending Balance
			(In Thousands)		
Year Ended December 31, 1997:					
Accumulated provision for uncollectible accounts	$ 569	$ 4,409	$ 397 (a)	$ 1,766 (b)	$ 3,609
Year Ended December 31, 1996:					
Accumulated provision for uncollectible accounts	$ 563	$ 1,308	$ 362 (a)	$ 1,664 (b)	$ 569
Year Ended December 31, 1995:					
Accumulated provision for uncollectible accounts	$ 515	$ 1,140	$ 344(a)	$ 1,436 (b)	$ 563

(a) Represents recoveries and reinstatements of accounts previously written off.
(b) Represents the write-off of accounts considered to be uncollectible.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FIRSTENERGY CORP.

BY /s/ W. R. Holland
W. R. Holland
Chairman of the Board
and Chief Executive Officer

Date: March 17, 1998

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated:

/s/ W. R. Holland
W. R. Holland
Chairman of the Board
and Chief Executive Officer
and Director (Principal Executive Officer)

/s/ H. P. Burg
H. P. Burg
President and Chief Financial Officer
and Director (Principal Financial Officer)

/s/ Harvey L. Wagner
Harvey L. Wagner
Controller (Principal Accounting Officer)

/s/ Glenn H. Meadows
Glenn H. Meadows
Director

Robert M. Carter
Director

/s/ Paul J. Powers
Paul J. Powers
Director

/s/ Carol A. Cartwright
Carol A. Cartwright
Director

/s/ Charles W. Rainger
Charles W. Rainger
Director

/s/ William F. Conway
William F. Conway
Director

/s/ Robert C. Savage
Robert C. Savage
Director

/s/ Robert L. Loughhead
Robert L. Loughhead
Director

/s/ George M. Smart
George M. Smart
Director

/s/ Russell W. Maier
Russell W. Maier
Director

/s/ Jesse T. Williams, Sr.
Jesse T. Williams, Sr.
Director

Date: March 17, 1998

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

OHIO EDISON COMPANY

BY /s/ H. P. Burg
H. P. Burg
President

Date: March 17, 1998

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated:

/s/ H. P. Burg
H. P. Burg
President and Director
(Principal Executive Officer)

/s/ R. H. Marsh
R. H. Marsh
Vice President
(Principal Financial Officer)

/s/ Harvey L. Wagner
Harvey L. Wagner
Controller
(Principal Accounting Officer)

/s/ W. R. Holland
W. R. Holland
Director

/s/ Anthony J. Alexander
Anthony J. Alexander
Director

Date: March 17, 1998

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE CLEVELAND ELECTRIC
ILLUMINATING COMPANY

BY /s/ H. P. Burg
H. P. Burg
President

Date: March 17, 1998

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated:

/s/ H. P. Burg
H P. Burg
President and Director
(Principal Executive Officer)

/s/ R. H. Marsh
R. H. Marsh
Vice President
(Principal Financial Officer)

/s/ Harvey L. Wagner
Harvey L. Wagner
Controller
(Principal Accounting Officer)

/s/ W. R. Holland
W. R. Holland
Director

/s/ Anthony J. Alexander
Anthony J. Alexander
Director

Date: March 17, 1998

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE TOLEDO EDISON COMPANY

BY /s/ H. P. Burg
H. P. Burg
President

Date: March 17, 1998

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated:

/s/ H. P. Burg
H. P. Burg
President and Director
(Principal Executive Officer)

/s/ R. H. Marsh
R. H. Marsh
Vice President
(Principal Financial Officer)

/s/ Harvey L. Wagner
Harvey L. Wagner
Controller
(Principal Accounting Officer)

/s/ W. R. Holland
W. R. Holland
Director

/s/ Anthony J. Alexander
Anthony J. Alexander
Director

Date: March 17, 1998

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PENNSYLVANIA POWER COMPANY

BY /s/ Willard R. Holland
Willard R. Holland
Chairman of the Board and
Chief Executive Officer

Date: March 25, 1998

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated:

/s/ Willard R. Holland
Willard R. Holland
Chairman of the Board and Chief Executive Officer (Principal Executive Officer and Principal Financial Officer)

/s/ Robert P. Wushinske
Robert P. Wushinske
Vice President and Treasurer
(Principal Accounting Officer)

/s/ H. P. Burg
H. P. Burg
Director

/s/ Jack E. Reed
Jack E. Reed
Director

/s/ R. Joseph Hrach
R. Joseph Hrach
Director

Richard L. Werner
Director

Joseph J. Nowak
Director

Date: March 25, 1998

OHIO EDISON COMPANY
CONSOLIDATED RATIO OF EARNINGS TO FIXED CHARGES

	Year Ended December 31,				
	1993	1994	1995	1996	1997
	(Dollars in Thousands)				
EARNINGS AS DEFINED IN REGULATION S-K:					
Income before extraordinary items	$ 24,523	$303,531	$317,241	$315,170	$293,194
Interest and other charges, before reduction for amounts capitalized	285,169	283,849	273,719	255,572	250,920
Provision for income taxes	32,431	188,886	199,307	201,295	187,805
Interest element of rentals charged to income (a)	104,700	108,463	111,534	114,093	117,409
Earnings as defined	$446,823	$884,729	$901,801	$886,130	$849,328
FIXED CHARGES AS DEFINED IN REGULATION S-K:					
Interest on long-term debt	$262,861	$259,554	$243,570	$211,935	$204,285
Other interest expense	16,445	18,931	22,944	28,211	31,209
Subsidiaries' preferred stock dividend requirements	5,863	5,364	7,205	15,426	15,426
Adjustment to subsidiaries' preferred stock dividends to state on a pre-income tax basis	7,659	3,294	2,956	2,910	2,918
Interest element of rentals charged to income (a)	104,700	108,463	111,534	114,093	117,409
Fixed charges as defined	$397,528	$395,606	$388,209	$372,575	$371,247
CONSOLIDATED RATIO OF EARNINGS TO FIXED CHARGES (b)	1.12	2.24	2.32	2.38	2.29

(a) Includes the interest element of rentals where determinable plus 1/3 of rental expense where no readily defined interest element can be determined.

(b) These ratios exclude fixed charges applicable to the guarantee of the debt of a coal supplier aggregating $8,565,000, $7,424,000, $6,315,000, $5,093,000 and $3,828,000 for each of the five years ended December 31, 1997, respectively.

OHIO EDISON COMPANY
CONSOLIDATED RATIO OF EARNINGS TO FIXED CHARGES PLUS PREFERRED AND PREFERENCE STOCK DIVIDEND REQUIREMENTS (PRE-INCOME TAX BASIS)

	Year Ended December 31,				
	1993	1994	1995	1996	1997
	(Dollars in Thousands)				
EARNINGS AS DEFINED IN REGULATION S-K:					
Income before extraordinary items	$ 24,523	$303,531	$317,241	$315,170	$293,194
Interest and other charges, before reduction for amounts capitalized	285,169	283,849	273,719	255,572	250,920
Provision for income taxes	32,431	188,886	199,307	201,295	187,805
Interest element of rentals charged to income (a)	104,700	108,463	111,534	114,093	117,409
Earnings as defined	$446,823	$884,729	$901,801	$886,130	$849,328
FIXED CHARGES AS DEFINED IN REGULATION S-K PLUS PREFERRED AND PREFERENCE STOCK DIVIDEND REQUIREMENTS (PRE-INCOME TAX BASIS):					
Interest on long-term debt	$262,861	$259,554	$243,570	$211,935	$204,285
Other interest expense	16,445	18,931	22,944	28,211	31,209
Preferred and preference stock dividend requirements	29,570	27,043	29,699	27,923	27,817
Adjustment to preferred and preference stock dividends to state on a pre-income tax basis	38,265	16,444	16,745	10,542	10,503
Interest element of rentals charged to income (a)	104,700	108,463	111,534	114,093	117,409
Fixed charges as defined plus preferred and preference stock dividend requirements (pre-income tax basis)	$451,841	$430,435	$424,492	$392,704	$391,223
CONSOLIDATED RATIO OF EARNINGS TO FIXED CHARGES PLUS PREFERRED AND PREFERENCE STOCK DIVIDEND REQUIREMENTS (PRE-INCOME TAX BASIS) (b)	0.99 (c)	2.06	2.12	2.26	$2.17

(a) Includes the interest element of rentals where determinable plus 1/3 of rental expense where no readily defined interest element can be determined.
(b) These ratios exclude fixed charges applicable to the guarantee of the debt of a coal supplier aggregating $8,565,000, $7,424,000, $6,315,000, $5,093,000 and $3,828,000 for each of the five years ended December 31, 1997, respectively.
(c) Earnings as defined were deficient in 1993 by $5,018,000 to cover fixed charges plus preferred stock dividend requirements (pre-income tax basis).

PENNSYLVANIA POWER COMPANY
RATIO OF EARNINGS TO FIXED CHARGES

	Year Ended December 31,				
	1993	1994	1995	1996	1997
	(Dollars in Thousands)				
EARNINGS AS DEFINED IN REGULATION S-K:					
Income before extraordinary items	$ 15,664	$ 31,260	$ 38,930	$ 40,587	$31,472
Interest before reduction for amounts capitalized	35,262	34,947	31,350	27,889	22,438
Provision for income taxes	12,865	24,333	32,591	33,421	26,658
Interest element of rentals charged to income (a)	1,662	1,652	1,865	1,868	1,750
Earnings as defined	$65,453	$92,192	$104,736	$103,765	$82,318
FIXED CHARGES AS DEFINED IN REGULATION S-K:					
Interest on long-term debt	$ 33,208	$ 32,130	$ 28,937	$ 25,715	$20,458
Interest on nuclear fuel obligations	401	519	407	219	276
Other interest expense	1,653	2,298	2,006	1,955	1,704
Interest element of rentals charged to income (a)	1,662	1,652	1,865	1,868	1,750
Fixed charges as defined	$36,924	$36,599	$ 33,215	$ 29,757	$24,188
CONSOLIDATED RATIO OF EARNINGS TO FIXED CHARGES (b)	1.77	2.52	3.15	3.49	3.40

(a) Includes the interest element of rentals where determinable plus 1/3 of rental expense where no readily defined interest element can be determined.

(b) These ratios exclude fixed charges applicable to the guarantee of the debt of a coal supplier aggregating $1,078,000, $935,000, $795,000, $642,000 and $483,00 for each of the five years ended December 31, 1997, respectively.

PENNSYLVANIA POWER COMPANY
RATIO OF EARNINGS TO FIXED CHARGES PLUS PREFERRED
STOCK DIVIDEND REQUIREMENTS (PRE-INCOME TAX BASIS)

	Year Ended December 31,				
	1993	1994	1995	1996	1997
	(Dollars in Thousands)				
EARNINGS AS DEFINED IN REGULATION S-K:					
Income before extraordinary items	$ 15,664	$ 31,260	$ 38,930	$ 40,587	$ 31,472
Interest before reduction for amounts capitalized	35,262	34,947	31,350	27,889	22,438
Provision for income taxes	12,865	24,333	32,591	33,421	26,658
Interest element of rentals charged to income (a)	1,662	1,652	1,865	1,868	1,750
Earnings as defined	$ 65,453	$ 92,192	$104,736	$103,765	$ 82,318
FIXED CHARGES AS DEFINED IN REGULATION S-K PLUS STOCK DIVIDEND REQUIREMENTS (PRE-INCOME TAX BASIS):					
Interest on long-term debt	$ 33,208	$ 32,130	$ 28,937	$ 25,715	$ 20,458
Interest on nuclear fuel obligations	401	519	407	219	276
Other interest expense	1,653	2,298	2,006	1,955	1,704
Preferred stock dividend requirements	5,863	5,364	4,775	4,626	4,626
Adjustment to preferred stock dividends to state on a pre-income tax basis	4,757	4 121	3,939	3,751	3,859
Interest element of rentals charged to income (a)	1,662	1,652	1,865	1,868	1,750
Fixed charges as defined plus preferred stock dividend requirements (pre-income tax basis)	$ 47,544	$ 46,084	$ 41,929	$ 38,134	$ 32,673
RATIO OF EARNINGS TO FIXED CHARGES PLUS PREFERRED AND PREFERENCE STOCK DIVIDEND REQUIREMENTS (PRE-INCOME TAX BASIS) (b)	1.38	2.00	2.50	2.72	$2.52

(a) Includes the interest element of rentals where determinable plus 1/3 of rental expense where no readily defined interest element can be determined.
(b) These ratios exclude fixed charges applicable to the guarantee of the debt of a coal supplier aggregating $1,078,000, $935,000, $795,000, $642,000 and $483,000 for each of the five years ended December 31, 1997, respectively.

EXHIBIT 23

FIRSTENERGY CORP.

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our reports included or incorporated by reference in this Form 10-K, into FirstEnergy Corp.'s previously filed Registration Statements, File No. 333-48587 and No. 333-48651.

ARTHUR ANDERSEN LLP

Cleveland, Ohio
March 30, 1998

EXHIBIT 23.1

OHIO EDISON COMPANY

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our reports included or incorporated by reference in this Form 10-K, into Ohio Edison Company's previously filed Registration Statements, File No. 33-49135, No. 33-49259, No. 33-49413, No. 33-51139, No. 333-01489 and No. 333-05277.

ARTHUR ANDERSEN LLP

Cleveland, Ohio
March 30, 1998

EXHIBIT 23.2

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our reports included or incorporated by reference in this Form 10-K, into The Cleveland Electric Illuminating Company's previously filed Registration Statements, File No. 33-55513 and No. 333-47651.

ARTHUR ANDERSEN LLP

Cleveland, Ohio
March 30, 1998

EXHIBIT 23.3

PENNSYLVANIA POWER COMPANY

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our reports included or incorporated by reference in this Form 10-K, into Pennsylvania Power Company's previously filed Registration Statements, File No. 33-47372, No. 33-62450 and No. 33-65156.

ARTHUR ANDERSEN LLP

Cleveland, Ohio
March 30, 1998

FirstEnergy Corp.
Major Insurance Coverages in Effect as of June 1, 1998
(All Applicable to FirstEnergy Services)

Kind of Insurance	Insurance Company(ies)	Policy Limits
Primary Liability	Energy Insurance (Bermuda)	$1,000,000
Excess General Liability	AEGIS, EIM	110,000,000
Excess Workers' Compensation	AEGIS, EIM	110,000,000
Fiduciary Liability	Travelers, EIM	100,000,000
Crime & Securities Forgery	USF&G	25,000,000
Consolidated Property Fire, Extended Coverage, EAAC, DIC, Auto Comprehensive PD, EDP, MEDIA	Reliance Insurance, Ind. Co. of North America, Starr Tech, Zurich, Allianz Insurance, Commonwealth Ins, Energy Insurance (Bermuda)	500,000,000 200,000,000
Boiler and Machinery	Protection Mutual	135,000,000
Directors and Officers Liability	AEGIS, EIM	75,000,000

COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P. O. BOX 3265, HARRISBURG PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE
Deputy Prothonotary
717-787-8009
A-110078

June 19, 1998

KATHY KOLICH
EXECUTIVE DIRECTOR RETAIL POWER TRANSACTIONS
FIRSTENERGY SERVICES CORP
6200 OAKTREE BOULEVARD
INDEPENDENCE OH 44131

Dear Ms. Kolich:

The Application and $350.00 filing fee of FirstEnergy Services Corp., received in this Office on June 10, 1998, for approval to supply Electricity or Electric Generation Services as a Broker/Marketer and Aggregator engaged in the business of supplying electricity is hereby acknowledged.

Pursuant to the Commission's Final Order, entered February 13, 1997, at M-00960890F0004, Notice of filing of this Application must be published in newspapers of general circulation covering each county in which you intend to provide service.

You have requested state-wide authority. Attached is a list of the six newspapers in which you must publish in order to meet the publication requirement.

Please note that this Application will not be considered complete until the original proof of publication is filed with this Office.

Very truly yours,

James J. McNulty

James J. McNulty
Secretary

JJM:was

DOCKETED
JUN 19 1998

DOCUMENT
FOLDER

LICENSING OF ELECTRIC GENERATION SUPPLIERS

NEWSPAPER PUBLICATION FOR STATE-WIDE AUTHORITY

Philadelphia Inquirer

Pittsburgh Post Gazette

Harrisburg Patriot News

Scranton Times

Erie Morning News

Williamsport Sun Gazette

COMMONWEALTH OF PENNSYLVANIA

DATE: June 19, 1998

SUBJECT: A-110078

TO: Bureau of Fixed Utility Services

FROM: James J. McNulty, Secretary J.J.

Attached is a copy of the Application of FirstEnergy Services Corp., for a license to supply Electricity or Electric Generation Services as a Broker/Marketer and Aggregator engaged in the business of supplying electricity.

This matter is assigned to your Bureau for appropriate action.

Attachment

cc: Law Bureau

was

DOCKETED
JUN 19 1998

DOCUMENT
FOLDER

FirstEnergy

76 South Main St
Akron, Ohio 44308
330-384-5151

ORIGINAL

SRB

Direct Dial: 330/761-4207
Fax: 330/384-3875

June 24, 1998

DOCUMENT FOLDER

RECEIVED
JUN 24 1998
PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

via Airborne Express

Mr. James McNulty
Secretary
Pennsylvania Public Utility Commission
P. O. Box 3265
Harrisburg, PA 17105-3265

Re: FirstEnergy Services Corp.
Docket A-110078

Dear Mr. McNulty:

On June 10, 1998, FirstEnergy Services Corp. filed an Application for an Electric Generator Supply License at Docket A-110078. The Application did not include certain information which was not available at the time of filing. This letter provides that information and also provides the Certification of Publication as required by 52 Pa. Code §54.35.

The Applicant's corporate box number is 2023-363. Its sales and use tax number is 80-918234 Attached hereto is a Certification of Publication as required by 52 Pa. Code §54.33(a)(9). The provision of this Certification and the information described above, completes the Commission's requirements for this Application.

Please contact me if you have any question.

Very truly yours,

Stephen L. Feld
Attorney

sf
enclosures

cc. Robert Bennett
Manager - Energy
Bureau of Fixed Utility Services
PA PUC

[28167]

50

ORIGINAL

RECEIVED

JUN 24 1998

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

CERTIFICATION OF NOTICE OF PUBLICATION

Application of FirstEnergy Services Corp. For Electric Supplier License	)))	Docket A-110078

I, Stephen L. Feld, being duly sworn or affirmed, certify that notices of publication of the above-captioned Application appeared in the following newspapers on the dates indicated:

Philadelphia Inquirer	June 19, 1998
Harrisburg Patriot	June 19, 1998
Erie Daily Times	June 19, 1998
Pittsburgh Post-Gazette	June 24, 1998
Williamsport Sun Gazette	June 18, 1998
Scranton Times	June 18, 1998

DOCKETED

JUN 29 1998

Attached to this Certification are photostatic copies of each notice.

DOCUMENT FOLDER

Stephen L. Feld

STATE OF OHIO)
) ss.
COUNTY OF SUMMIT)

Personally appeared before me Stephen L. Feld, who, being first duly sworn, deposes and says that he is an Attorney of FirstEnergy Corp., and that the statements contained in the foregoing Certification are true as he verily believes.

Sworn to before me and subscribed in my presence this 24th day of June, 1998.

Kathleen Anne Grant
Notary Public

[28168]

KATHLEEN ANNE GRANT
Notary Public, State of Ohio
Resident of Summit County
My Commission Expires Jan. 3, 1999

Legal Notices | Legal Notices | Legal Notices | Legal Notices | Proposals and Bids

CITY COUNCIL NOTICE

Of a Bill and Resolutions reported from Committees of the Council of the City of Philadelphia on June 18, 1998

980280.... Resolution appointing Walter D Alessio to the Board of Directors of the Center City District

980281.... Resolution appointing Nancy Gold to the Board of Directors of the Center City District

980282.... Resolution appointing William Boone to the Board of Directors of the Center City District.

980283.... Resolution appointing John Sullivan to the Board of Directors of the Center City District

980284.... Resolution appointing Ahmeenah Young to the Board of Directors of the Center City District

980285.... Resolution appointing Edward J. Vasconcellos Jr. to the Board of Directors of the Center City District

980286.... Resolution appointing Charles Pizzi to the Board of Directors of the Center City District

980471.... Resolution appointing Theodore Burden to the Board of Directors of the Hospitals and Higher Education Facilities Authority of Philadelphia

980472.... Resolution appointing Maurice C. Clifford to the Board of Directors of the Hospitals and Higher Education Facilities Authority of Philadelphia

980473.... Resolution appointing Manuel N. Stamatakis to the Board of Directors of the Hospitals and Higher Education Facilities Authority of Philadelphia

980474.... Resolution appointing Mark A. Turnbull to the Board of Directors of the Hospitals and Higher Education Facilities Authority of Philadelphia

980475.... Resolution appointing Robert W. Bogle to the Board of Directors of the Hospitals and Higher Education Facilities Authority of Philadelphia

980476.... Resolution appointing Jerald S. Batoff to the Board of Directors of the Philadelphia Municipal Authority

980477.... Resolution appointing Frank Montique, Jr. to the Board of Directors of the Philadelphia Municipal Authority

980478.... Resolution appointing Kemel Dawkins to the Board of Directors of the Philadelphia Municipal Authority

980479.... Resolution appointing Naomi Street to the Board of Directors of the Philadelphia Municipal Authority

980480.... Resolution appointing Ellis Wachs to the Board of Directors of the Philadelphia Municipal Authority

980481.... Resolution appointing Richard Voith to the Board of Directors of the Southeastern Pennsylvania Transportation Authority

980482.... Resolution appointing Jettie Newkirk to the Board of Directors of the Southeastern Pennsylvania Transportation Authority

980483.... Resolution appointing Bill Funk to the Board of Directors of the South Street/Headhouse District of Philadelphia

980484.... Resolution appointing Michael M. Boyle to the Board of Directors of the South Street/Headhouse District of Philadelphia

980485.... Resolution appointing Marvin Finkelstein to the Board of Directors of the South Street/Headhouse District of Philadelphia

980486.... Resolution appointing Jeanne Fiorelli to the Board of Directors of the South Street/Headhouse District of Philadelphia

980487.... Resolution appointing Johanna Hambrose to the Board of Directors of the South Street/Headhouse District of Philadelphia

980488.... Resolution appointing Bernice Hamo to the Board of Directors of the South Street/Headhouse District of Philadelphia

980491.... Resolution appointing Nicholas Morrone to the Board of Directors of the South Street/Headhouse District of Philadelphia

980427.... Resolution approving the action of the Boards of the Philadelphia Industrial Development Corporation and the Philadelphia Authority for Industrial Development to sell Parcel F-11 in the Eastwick Urban Renewal Area - Stage "A" industrial containing approximately two acres of Piazza Management or its nominees.

980457.... An Ordinance authorizing the striking from City Plan No. 244 and abandoning of a certain right-of-way for drainage purposes from Homes street to Eastburn Avenue under certain terms and conditions

Marie B. Hauser
Chief Clerk

In re: Case No.
PENN HEALTH CORPORATION, SA 89-01583-RA
a Pennsylvania corporation
Debtor. Chapter 11

NOTICE REGARDING PROCEDURE FOR CHANGE OF ADDRESS AND SERVICE OF PLEADINGS TO CREDITORS OF PENN HEALTH CORPORATION ("Penn Health") AND PARTIES IN INTEREST

THIS NOTICE IS being given pursuant to an order of the Honorable Robert W. Alberts dated June 11, 1998, United States Bankruptcy Judge for the Central District of California, Santa Ana division, in connection with Penn Health's bankruptcy case, bearing case number SA 89-01583-RA, pending before the above captioned court, formerly jointly administered under the caption "In re Family Health Service, Inc., et. al, case number SA 89-01549-JW.

PLEASE TAKE NOTICE THAT creditors and parties in interest who desire to change their address for purposes of service of any notice, pleading, or document, including without limitation, objections to creditors' claims and for mailing of any plan distribution by Penn Health, that is required or permitted to be served or made in connection with its bankruptcy case ("Documents"), shall file a change of address form with the clerk of the Court and serve a copy of the form on Penn Health's counsel on or before July 20, 1998, at the following addresses:

For Filing: United States Bankruptcy Court
34 Civic Center Plaza, Room 506
Santa Ana, CA 92701

For Service: Jay R. Davis
Maxicare Health Plans Inc.
1149 South Broadway Street
Suite 945
Los Angeles, CA 90071

If you file a change of address form as specified herein Penn Health will serve all Documents required or permitted to be served on you at the address identified on the form, until such time as you file and serve a subsequent change of address form.

PLEASE TAKE FURTHER NOTICE THAT in the absence of a properly filed and served change of address form, Penn Health will serve all Documents required or permitted to be served on you at the address set forth in your proof of claim or request for special notice previously filed with the Court, or at the last known address contained in Penn Health's records if you have not filed a proof of claim or request for special notice.

NOTICE

FirstEnergy Applies to Provide Energy Services Throughout Pennsylvania
Docket No. A-110078

On June 10, 1998, FirstEnergy Services Corp., based in Independence, Ohio, applied to the Pennsylvania Public Utility Commission (PaPUC) for a license to offer energy sales and services throughout the Commonwealth under the name of FirstEnergy.

Approval of the license application will enable FirstEnergy Services to act as an Electric Generation Supplier for electricity in the state. Starting January 1, 1999, FirstEnergy Services plans to: 1) operate as a generator and supplier of electric power, 2) supply electricity through broker, marketer, and aggregator services to customers, and 3) provide other energy services.

For details about FirstEnergy Services or its license application, please contact Kathy J. Kolich, Executive Director, Retail Power Transactions, FirstEnergy Services Corp., 6200 Oaktree Blvd., Independence, OH 44131, (216) 447-3624.

Protests on the technical or financial fitness of the applicant may be filed within 15 days of the publication of this notice with the Office of the Prothonotary, Public Utilities Commission, P.O. Box 3265, Harrisburg, PA 17105-3265. Be sure to include the docket number A-110078. Also, send a copy of your protest to FirstEnergy Services at the above address.

NOTICE OF PROPOSED BANK MERGER

Notice is hereby given that First Union National Bank, 301 College Street, Charlotte, North Carolina 28288, has made application to the Federal Deposit Insurance Corporation, Washington, D.C. 20429, for its written consent to merge with Mentor Trust Company, Virginia, 901 East Byrd Street, Richmond, Virginia 23219 and Mentor Trust Company, Two Logan Square, Philadelphia, Pennsylvania 19103.

This notice is published pursuant to Section 18(c) of the Federal Deposit Insurance Act.

Any person wishing to comment on this application may file his or her comments, in writing, with the Regional Director of the Federal Deposit Insurance Corporation at its Regional Office located at Suite 1600, One Atlantic Center, 1201 West Peachtree Street, N.E., Atlanta, Georgia 30309-3449, before processing of the application has been completed. Processing will be completed no earlier than the 30th day following the first required publication. The period may be extended by the Regional Director for good cause. The nonconfidential portion of the application file is available for inspection within one day following the request for such file. It may be inspected in the Corporation's Regional Office during regular business hours. Photocopies of information in the nonconfidential portion of the application file will be made available upon request. A schedule of charges for such copies can be obtained from the Regional Office.

Proposals and Bids | Proposals and Bids

Procurement Dept. City of Philadelphia. Sealed bids will be received and read publicly in Rm. 170A, 1st Floor Municipal Services Building, 1401 J.F.K. Blvd., on Wednesday, July 8, 1998, until 2:30 PM for the Capital Program Office Proposal(s) listed below. No bids will be accepted unless a Questionnaire and Financial Statement for Qualifying Bidders with all questions fully answered, is filed with Anthony DiJulio of the Capital Program Office in Room 1080, Municipal Services Building, 15th & JFK Boulevard, Phila., PA 19102 on or before Friday, June 26, 1998. Plans, specifications and Questionnaire and Financial Statement for Qualifying Bidders may be obtained in Room 170B, Municipal Services Building, 15th & JFK Boulevard. A non-refundable charge of $25.00 is required for each set of specifications for Bid No(s). 4522ELEC. (Check or Money Orders only made payable to the City of Philadelphia)

Bid #4522ELEC
Upgrade of Electrical Service & Distribution Systems
92nd Police District
Lincoln Ave. & Gypsy Lane
Police Academy Canine Complex
8501 State Road
Estimate: $50,000 to $100,000

These bids require compliance with Minority Business Enterprise Council regulations

LOUIS APPLEBAUM
PROCUREMENT COMMISSIONER

THE SCHOOL DISTRICT OF PHILADELPHIA

Sealed proposals will be received by the Board of Education at the John F. Kennedy Center, 734 Schuylkill Ave., Philadelphia, Pennsylvania 19146, 2nd Floor, Department of Design and Construction Services until 2:00 P.M., on Tuesday, July 21, 1998. Non-refundable fee for each set of bid documents is as scheduled.

B-9 of 1998-99 - General Service Contract, Relocation and Repairs for Classroom Trailers, Various Locations, $50.00; B-10(c) of 1998-99 - Electrical Service Contract, Trailer Relocation, Various Locations, $75.00; B-12 of 1998-99 - Electrical Contract, Elevator Testing, Various Locations, $25.00;

B-24(c) of 1998-99 - General Contract, Roof Replacement, Olney Elementary School, Tabor Rd. & Water St., $125.00

A mandatory pre-bid meeting will be held on July 8, 1998 at 9:30 A.M. at the project site.

B-25(c) of 1998-99 - General Contract, Roof Replacement, Prince Hall School, Gratz St. & Godfrey Ave., $150.00.

A mandatory pre-bid meeting will be held on July 9, 1998 at 11:30 A.M. at the project site.

B-38(c) of 1998-99 - General Contract, Toilet Room Renovations, Masterman School, 17th & Spring Garden Sts., $150.00. B-39(c) of 1998-99 - Mechanical Contract, Toilet Room Renovations, Masterman School, 17th & Spring Garden Sts., $125.00. B-40(c) of 1998-99 - Electrical Contract, Toilet Room Renovations, Masterman School, 17th & Spring Garden Sts., $50.00; B-68(c) of

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Proposals and Bids

Notice is hereby given that Sealed Bids will be accepted by the Philadelphia Housing Authority for Solicitation Number P-001805 - Purchase of Paint for Norris and Hillcreek Apts. and Solicitation Number P-001807 - Purchase of Painting Supplies for Norris and Hillcreek Apts., no later than 11:00 A.M. on Monday, July 13, 1998, at 2012 Chestnut St., Phila., PA 19103. Copies of the solicitations may be picked up commencing Friday, June 12, 1998, at 2012 Chestnut St., Phila., PA 19103, ATTN. Contracts Department, between the hours of 10:00 A.M. and 12:00 noon. Fax (215) 884-4092 for the solicitation to be mailed or for any other query relative to the solicitation. PHA encourages minority, woman owned and Section 3 businesses to submit bids and participate in joint ventures.

CARL R. GREENE
EXECUTIVE DIRECTOR

PENNSYLVANIA TURNPIKE COMMISSION
Harrisburg, Pennsylvania
June 8, 1998

NOTICE TO BIDDERS
SEALED BID FOR

1. 9 EA One Ton Extended Cargo Vans
   Bid Open Date: 7-1-98 at 11:30 AM, local time.
2. 3 EA 4X4 One Ton Stake body Utility Vehicles
   Bid Open Date: 7-2-98 at 11:00 AM, local time.

Bids will be received by the Purchasing Manager not later than the time indicated above. Bid proposal Forms and Conditions may be obtained, free of charge, by communicating with the Bid Clerk, Purchasing Dept., 717-939-9551 Ext. 2830

PENNSYLVANIA TURNPIKE COMMISSION
URSA S. HANFORD
Secretary/Treasurer

SCHOOL DISTRICT OF PHILADELPHIA

Sealed bids will be received by the Board of Education, 734 Schuylkill Avenue, Phila., PA 19146, 1st floor, until 10:00 a.m. Tuesday, June 23, 1998 for the following.

Information as to bid blanks, etc. may be obtained at the above address or call 875-3837.

S98-64595 - Serv.-Cleaning Oil Storage Tanks; T98-64620 - Blanket Purch. Agr.-Bay Networks; S98-64664 - Blanket Purch. Agr.-Fire & Burglar Alarm Systems; S98-64690 - Reqmts.-Milk Coolers; S98-64721 - Auditorium Chair Seats

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SCHOOL DISTRICT OF PHILADELPHIA

Sealed bids will be received by the Board of Education, 734 Schuylkill Avenue, Phila., PA 19146, 1st floor, until 10:00 a.m. Tuesday, June 30, 1998 for the following:

Information as to bid blanks, etc. may be obtained at the above address or call 875-3837.

RFP-43 - Travel Services; S98-64700 - Reqmts.-Ice Machine; S98-64704 - Serv.-Dumpsters; S98-64705 - Serv.-Window Shades; S98-64706 - Serv.-Locker Repair; S98-64707 - Blanket Purch. Agr.-Thermostats; S98-64778 - Science Tables

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SCHOOL DISTRICT OF PHILADELPHIA

Sealed bids will be received by the Board of Education, 734 Schuylkill Avenue, Phila., PA 19146, 1st floor, until 10:00 a.m. Tuesday, July 7, 1998 for the following:

Information as to bid blanks, etc. may be obtained at the above address or call 875-3837.

S98-64641 - Agricultural Feed & Bedding; S98-64773 - Reqmts.-Locks, S98-64777 - Reqmts.-Clocks

YOUR RIGHT TO KNOW

and be informed of the functions of your government are embodied in legal notices. In that self-[illegible]ernment charges all citizens to be [illegible]ed, this newspaper urges every c[illegible] to read and study these notices. We strongly advise those citizens, seeking further information, to exercise their right of access to public records and public meetings.

LEGAL NOTICE DEADLINES

Daily Editions
Monday - Saturday 12 Noon

Sunday Edition, Metro East & West
Wednesday 12 Noon

All Notices must be received 2 working days prior to Requested Publication Date

Lengthier Notices may require additional notification.

For Additional Information
Regarding Placement for Legal Ads
Contact: Rosalyn Holton
(717) 255-8444
FAX - (717) 232-9307

Articles of Incorporation

LEGAL NOTICE

NOTICE IS HEREBY GIVEN that Articles of Incorporation were filed with the Department of State at Harrisburg, Pennsylvania on February 12, 1998, incorporating FCL INC. as a business corporation under the provisions of the Business Corporation Law of 1988.

Frederick S. Wolfson, Esquire
REILLY, WOLFSON, SHEFFEY, SCHRUM & LUNDBERG
1601 Cornwall Road
Lebanon, PA 17042

NOTICE

NOTICE IS HEREBY GIVEN that Articles of Incorporation were filed June 4, 1998 with the Corporation Bureau of the Commonwealth of Pennsylvania, Department of State at Harrisburg, Pennsylvania for purposes of obtaining a Certificate of Incorporation for a domestic business corporation pursuant to the provisions of the domestic business corporation Law of 1988 (P.L. 1444, No. 177).

The name of the corporation is: P & D Excavating, Inc.

The purpose for which the corporation has been organized is to engage in any lawful activity or business for which corporations may be incorporated and-or organized.

Dean E Dum, Public Accountant
2929 Gettysburg Road, Suite 1
Camp Hill, PA 17011

Certificate of Authority

NOTICE is hereby given that on May 19, 1998, an Application for Certificate of Authority was filed wit the Department of State for VIRCOM TECHNOLOGIES GROUP, INC. a corporation organized under the provisions of the State of Nevada for the purpose of engaging in all lawful business for which corporations may be incorporated under said Act.

The registered office in the State of Pennsylvania is located at c/o United Corporate Services, Inc., 3631 North Front Street, Harrisburg, Pennsylvania 17110.

The Character and nature of the business it proposes to do within Pennsylvania is: the sale of computer hardware, software and services.

NOTICE is hereby given that on May 19, 1998, an Application for Certificate of Authority was filed with the Department of State for CABLECO, INC. a corporation organized under the provisions of the State of Nevada for the purpose of engaging in all lawful business for which corporations may be incorporated under said Act.

Its registered office in the State of Pennsylvania is located at c/o United Corporate Services, Inc., 3631 North Front Street, Harrisburg, Pennsylvania 17110.

The Character and nature of the business it proposes to do within Pennsylvania is: the sale of computer hardware, software and services.

Notice is hereby given that an application was filed with the Department of State of the Commonwealth of Pennsylvania, at Harrisburg, Pa. by Senior Flexonics Inc. a foreign corporation, formed under the laws of the State County of Delaware where its principal office is located at No. 1013 Centre Road of Wilmington, DE 19805, for a Certificate of Authority to do business within the Commonwealth of Pennsylvania under the provisions of the Business Corporation Law of the Commonwealth of Pennsylvania approved December 21, 1988, Act 177.

The proposed registered office of the said corporation in the Commonwealth of Pennsylvania will be located at c/o Corporation Service Company, Dauphin County.

NOTICE

PRIMEX LEASING CORPORATION, a foreign business corporation incorporated under the laws of DELAWARE, where its principal office is located at Corporation Service Company, 1013 Centre Road, Wilmington, Delaware 19805 has applied for a certificate of authority in Pennsylvania, where its registered office is located at c/o Corporation Service Company. The registered office of the corporation shall be deemed for venue and official publication purposes to be located in Dauphin County.

es to make immediate payment and those having claims to present the same without delay to
JAMES W. DOLP
39 North Main Street
Red Lion, PA 17356
Or To
GREGORY S. CHELAP, ESQUIRE
Skarlatos & Zonarich
204 State Street
Harrisburg, PA 17101

Fictitious Names Notice

Notice is hereby given pursuant to the provisions of the act of Sections 311 of the Act of 1982-295 (54 Pa. C.S. 301) and its amendments, on the filing in the office of the Secretary of the Commonwealth at Harrisburg, Pennsylvania, on the Certificate of Registration of Fictitious Name of KC Information and Recovery. The name, style or designation under which said business is being or will be, carried on or conduct is KC Information and Recovery, and the location of its principal place of business is 1525 Cambridge Court, Palmyra, PA 17078. The name and address of the only person owning or interested in the said business is Kevin N ckotcus, 1525 Cambridge Court, Palmyra, PA 17078. The character of the business to be carried on or conducted is: Judicial Judgment Recovery and providing public information searches.

Meeting Notices

COMMONWEALTH OF PENNSYLVANIA
OFFICE OF ATTORNEY GENERAL
Coroners' Education Board

The Pennsylvania Coroners' Education Board will meet on Monday, June 22, 1998, at 1:00 p.m. to 3:00 p.m. in the Office of Attorney General, 16th Floor, Strawberry Square, Harrisburg, PA 17120.

Andrea McKenna
Senior Deputy Attorney General

The meeting of the Millersburg Area School District Board of Education scheduled for Monday, June 22, 1998, has been rescheduled to Monday, June 29, 1998 at 7:00 p.m. in the Board Room.

The Pennsylvania Commission on Sentencing will hold a work session on Tuesday, June 23rd beginning at 7:30 p.m. located at the Harrisburg Hilton and Towers. The regularly scheduled quarterly Commission Meet ng will be held on Wednesday, June 24 beginning at 9:00 a.m. also at the Harrisburg Hilton and Towers, One North Second Street.

Miscellaneous Notices

NOTICE

FirstEnergy Applies to Provide Energy Services Throughout Pennsylvania
Docket No. A-110078

On June 10, 1998, FirstEnergy Services Corp., based in Independence, Ohio applied to the Pennsylvania Public Utility Commission (PaPUC) for a license to offer energy sales ad services throughout the Commonwealth under the name of FirstEnergy. Approval of the licensee application will enable FirstEnergy Services to act as an Electric Generation Supplier for electricity in the state. Starting January 1, 1999, FirstEnergy Services plans to: 1) operate as a generator and supplier of electric power; 2) supply electricity through broker, marketer, and aggregator services to customers; and 3) provide other energy services.

For details about FirstEnergy Services or its license application, please contact Kathy J. Kolich, Executive Director, Retail Power Transactions, FirstEnergy Services Corp., 6200 Oaktree Blvd., Independence, OH. 44131, (216) 447-3624.

Protests on the technical or financial fitness of the applicant may be filed within 15 days of the publication of this notice with the Office of the Prothonotary, Public Utilities Commission P.O. Bx 3265, Harrisburg, PA, 17105-3265. Be sure to include the docket number A-110078. Also, send a copy of your protest to FirstEnergy Services at the above address.

PUBLIC NOTICE

Public notice is hereby given that a Sewage Facilities Planning Module package shall be filed with Lower Paxton Township. The project proposes development of the "Paxton Towne Centre", a commercial/retail shopping center, located south of Jonestown Road (S.R. 0022) behind and adjacent to the existing Builders Square home improvement store. The subject property is approximately 106 acres and located entirely with Lower Paxton Township, Dauphin County, PA.

The side will be served by an existing public sewage system owned by the Lower Paxton Township Authority. The flow will be conveyed to the Harrisburg Advanced Wastewater Treatment Facility via sanitary sewer lines owned by Lower Paxton Township Authority, Susquehanna Township Authority and the Harrisburg Authority. Flow is estimated at 70,000 gallons per day.

All interested parties may file written comments in favor of, or in protest to, the application. Comments should be addressed to Lower Paxton Township to the attention of William R. Weaver, Suite 200, 75 South Houcks Road, Harrisburg, PA 17109. The land development plan can be reviewed at the Lower Paxton Township offices. All comments to be considered must be received by Lower Paxton Township no later than 30 days after the date of publication of this notice.

ing duly called and held on June 15, 1998, finally adopted a resolution (the "Resolution"), the caption and summary of which is as follows:

"A RESOLUTION

OF THE BOARD OF SCHOOL DIRECTORS OF THIS SCHOOL DISTRICT INCURRING NONELECTORAL DEBT TO BE EVIDENCED BY A SERIES OF GENERAL OBLIGATION NOTES IN THE AGGREGATE PRINCIPAL AMOUNT OF NINE MILLION NINE HUNDRED NINETY-FIVE THOUSAND DOLLARS ($9,995,000), FOR THE FOLLOWING PURPOSES: (A) TO PROVIDE FUNDS TO PAY COSTS OF A CAPITAL PROJECT THAT INCLUDES PLANNING, DESIGNING, ACQUIRING, CONSTRUCTING, EQUIPPING AND FURNISHING ALTERATIONS, ADDITIONS AND IMPROVEMENTS TO THE ELEMENTARY, MIDDLE AND SENIOR HIGH SCHOOL FACILITIES OF THIS SCHOOL DISTRICT; (B) CAPITALIZING INTEREST DUE ON SAID GENERAL OBLIGATION NOTES, AND (C) TO PAY THE COSTS AND EXPENSES RELATED TO THE ISSUANCE OF SAID GENERAL OBLIGATION NOTES; SETTING FORTH THE ESTIMATED USEFUL LIFE OF SAID CAPITAL PROJECT; ACCEPTING A CERTAIN PROPOSAL FOR PURCHASE OF SUCH GENERAL OBLIGATION NOTES, AT PRIVATE SALE BY NEGOTIATION; SETTING FORTH THE TERMS AND SUBSTANTIAL FORM OF SUCH GENERAL OBLIGATION NOTES AND AUTHORIZING EXECUTION AND AUTHENTICATION THEREOF; PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THIS SCHOOL DISTRICT IN SUPPORT OF SUCH GENERAL OBLIGATION NOTES; APPOINTING A PAYING AGENT AND A SINKING FUND DEPOSITARY; SETTING FORTH CERTAIN COVENANTS AND REPRESENTATIONS RELATING TO THE FEDERAL INCOME TAX STATUS OF THE INTEREST TO BE PAID ON SAID GENERAL OBLIGATION NOTES; AUTHORIZING APPROPRIATE OFFICERS OF THIS SCHOOL DISTRICT TO TAKE CERTAIN ACTIONS AND TO EXECUTE CERTAIN DOCUMENTS IN CONNECTION WITH ISSUANCE OF SAID GENERAL OBLIGATION NOTES; AND REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES INSOFAR AS THE SAME SHALL BE INCONSISTENT HEREWITH.".

Notice is also given that the Resolution was amended during final passage to incorporate the purchase price for the General Obligation Notes, Series of 1998 (the "Notes"), to incorporate the principal maturity schedule applicable to the Notes and the interest rate applicable to the Notes stated to mature on a specified date, all as set forth in the proposal for purchase of the Notes that was received and accepted by the School District at private sale by negotiation.

Notice is further given that: (1) the proposal for the purchase of the Notes that was received and accepted at private sale by negotiation provided for a purchase price of $9,935,030 (99.40% of principal amount), less original issue discount of $6,996.50, plus accrued interest, if any, from the date thereof to the date of delivery thereof, and (2) the interest rate applicable to the Notes is 4.125%.

The final form of the Resolution, as adopted, may be inspected by any citizen, at the office of the Secretary of the Board of School Directors of the School District, located at 1725 Schoolhouse Road, Duncannon, Pennsylvania, on any regular business day, between the hours of 8:00 a.m. and 3:00 p.m., prevailing time.

This Notice is given in accordance with requirements of and in compliance with Section 8003 of the Pennsylvania Local Government Unit Debt Act.

SUSQUENITA SCHOOL DISTRICT
Perry County, Pennsylvania
By: Mrs. Donna Lee Clendenin
Secretary of the Board
of School Directors

Proposals & Bids

ADVERTISEMENT
BOROUGH OF SHIREMANSTOWN,
CUMBERLAND COUNTY, PENNSYLVANIA

Sealed bids will be received by the Borough Council of the Borough of Shiremanstown, Cumberland County, Pennsylvania at the Borough Building located at 1 Park Lane until 8:00 P.M. Eastern Daylight Savings Time on July 20, 1998 and shall be opened shortly thereafter and publicly read for the installation of curbing and sidewalk at various locations along Front Street and the reconstruction/resurfacing of Front Street from Railroad Avenue to a point approximately 260 feet east of Locust Street. All work is located within the Borough of Shiremanstown and all work shown in these Contact Documents shall be in conformance with applicable PennDOT Specifications, Form 408, for Materials and Workmanship.

Specifications and Contract Documents for bidding may be obtained form the Borough Engineer, Williams Swanick, P.E. at the office of Hartman & Associates, Inc., 2101 Orchard Road, Camp Hill, Pennsylvania 17011. The non-refundable fee for these documents is $20.00, checks should be made payable to Hartman & Associates.

Each bid shall be sealed, properly marked and addressed to:

Shiremanstown Borough Council
One Park Lane
Shiremanstown, PA 17011

or delivered, not later than 8:00 P.M. on the above mentioned date to the Borough Building. No Bids may be withdrawn for at least twenty (20) days

PATRIOT NEWS 6-19-98

far Washington donors that their money "will go to good use."

It will help get him re-elected in November, he declared — not bothering to say what every man and woman in the room already knew: Bush may have good use for their money again in 2000.

His one-day fund-raising blitz Thursday was an impressive display of family connections and high expectations. He raised more than $1 million from a Who's Who of Washington' lobbying, lawmaking and consulting powers — probably an unprecedented showing so early in a presidential election cycle.

If the son for George Bush decides to run in 2000, nobody wants to be remembered as somebody who ignored him in 1998.

"Sure, there are some who are here because of the potential he has for other opportunities," acknowledged Andrew Card, who was transportation secretary during the Bush administration.

The younger Bush, who almost swaggers with confidence, tried his best to be coy. But he conceded that he cannot stop speculation about his White House aspirations as long as he refused to close the door on a presidential bid.

"I'm going to stay focused" on running for governor, he told more than 500 Republican heavyweights at a cocktail fund-raiser just two blocks from the White House. "I'm going to work hard, and the money you've contributed will go to good use."

"I'll tell you this: Nobody is going to out-campaign this guy," Bush said, pointing his thumb at himself.

AP PHOTO

Texas Gov. George W. Bush waves as he and his wife Laura leave a hotel in Washington Thursday after attending a fund-raiser that raked in more than $1 million.

"The problem is when I leave the state, it starts causing speculation. People start speculating on my behalf. I'm going to put some rumors to rest. I am not, I repeat, I am not a candidate ..." Bush said, pausing with a wry smile before finishing his thought:

"... for Viagra."

As the laughter died down, he added, "Not now. Maybe in 2004."

Bush leads all potential GOP candidates in most presidential polls, although closer examination of the data reveals that voters know little about him. Pollsters suggest he his benefiting from the Bush family name and a desire by many GOP voters to find a new and exciting candidate outside Washington.

His first-term record on tax cuts, juvenile justice and tort reform made Bush a wildly popular governor. He leads his Democratic opponent in polling by more than 50 percentage points.

Bush told donors Thursday night that literacy would be his No. 1 priority "so long as I am governor."

The cocktail reception came with a $500 price tag. Tickets for the $5,000-a-head dinner was so great that the event, initially planned for a private residence, was moved to a second hotel.

His father's former aides showed up in droves, including spokesman Marlin Fitzwater.

NOTICE

FirstEnergy Applies to Provide Energy Services Throughout Pennsylvania

Docket No. A-110078

On June 10, 1998, FirstEnergy Services Corp., based in Independence, Ohio, applied to the Pennsylvania Public Utility Commission (PaPUC) for a license to offer energy sales and services throughout the Commonwealth under the name of FirstEnergy. Approval of the license application will enable FirstEnergy Services to act as an Electric Generation Supplier for electricity in the state. Starting January 1, 1999, FirstEnergy Services plans to: 1) operate as a generator and supplier of electric power; 2) supply electricity through broker, marketer, and aggregator services to customers; and 3) provide other energy services. For details about FirstEnergy Services or its license application, please contact Kathy J. Kolich, Executive Director, Retail Power Transactions, FirstEnergy Services Corp., 6200 Oaktree Blvd., Independence, OH 44131, (216) 447-3624.

Protests on the technical or financial fitness of the applicant may be filed within 15 days of the publication of this notice with the Office of the Prothonotary, Public Utilities Commission, P.O. Box 3265, Harrisburg, PA 17105-3265. Be sure to include the docket number A-110078. Also, send a copy of your protest to FirstEnergy Services at the above address.

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ERIE DAILY TIMES 6/19/98

412 Personals | 412 Personals

411 Dating Services | 411 Dating Services

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	Ean Tall Auto Sales	[illegible]	[illegible]	PA	[illegible]	[illegible]	[illegible]
05-13-98	Patricia McAleer	1982	Dodge SW	PA	[illegible]	[illegible]	[illegible]
05-21-98	Barron Smith	1976	Dodge Truck	PA	[illegible]	[illegible]	[illegible]
05-17-98	Sharon Werner	1984	Ford	PA	[illegible]	[illegible]	[illegible]
05-42-98	Mary Hudson	1982	Ford	PA	[illegible]	[illegible]	[illegible]
05-11-98	Gerald Mills	1982	Ford	PA	[illegible]	[illegible]	[illegible]
05-18-98	John Lowry	1991	Ford	PA	[illegible]	[illegible]	[illegible]
05-03-98	Octavia Germany	1983	Ford	PA	[illegible]	[illegible]	[illegible]
05-03-98	Heather Carre	1986	Ford SW	PA	[illegible]	[illegible]	[illegible]
05-12-98	Joann Sermone	1982	Lincoln	PA	[illegible]	[illegible]	[illegible]
05-12-98	Mark Lewis	1982	Mercury	PA	[illegible]	[illegible]	[illegible]
05-01-98	Plaza Ford & [illegible]	1984	Mercury	PA	None	[illegible]	[illegible]
05-05-98	Oscar Ellis	1984	Oldsmobile	PA	[illegible]	[illegible]	[illegible]
05-01-98	Edward [illegible]	[illegible]	Oldsmobile	PA	[illegible]	[illegible]	[illegible]
05-[illegible]-98	Shawn Mitchell	1984	Oldsmobile	PA	None	[illegible]	[illegible]
05-06-98	Keith Whitlow	1984	Oldsmobile	PA	None	[illegible]	[illegible]
05-08-98	John Friedrich	1981	[illegible]	PA	[illegible]	[illegible]	[illegible]
05-[illegible]-98	Grace Kelly	1987	Plymouth	PA	[illegible]	[illegible]	[illegible]
05-05-98	Augustin Hiles	1981	Plymouth	PA	None	[illegible]	[illegible]
05-06-98	[illegible]	1985	Plymouth	PA	[illegible]	[illegible]	[illegible]
05-27-98	Stefan Sumner-Gates	1992	Pontiac	PA	[illegible]	[illegible]	[illegible]
05-03-98	Tyrone Johnson	[illegible]	Pontiac	PA	[illegible]	[illegible]	[illegible]
05-03-98	Erica Major	1978	Pontiac	PA	None	[illegible]	[illegible]
05-10-98	James McKnick Jr.	1981	Pontiac	PA	[illegible]	[illegible]	[illegible]
04-13-98	Georgeas Davis		Honda AC	PA	[illegible]	[illegible]	[illegible]

The seller reserves the right to reject any and all bids. This sale is to satisfy the lein of City of Pittsburgh for towing and impounding together with all costs of proceedings. The seller does not guarantee the titles in the above vehicles. All further proceedings to perfect or secure the titles to the above vehicles shall be at purchasers expense. Three Rivers Auction Co. AU2719-L

Jaqueline Morrow, City Solicitor
Yvonne S. Schlosberg, Assistant City Solicitor

TERMS OF SALE ——— CASH MINIMUM ——— $50.00
PUBLIC AUCTION HIGHEST BIDDER

City Bank in connection with the alternate credit facility.

The full text of the Ordinance may be examined by any citizen between the hours of 9:00 a.m. and 4:00 p.m., prevailing local time, on regular business days at the Office of the Chief Clerk of the County Courthouse, Grant Street, Pittsburgh, Pennsylvania.

GLENN M. CANNON,
Chief Clerk
County of Allegheny

PUBLIC notice is hereby given that on June 28, 1998 at 12 noon at ABC EZ Storage, 1109 Arlington Ave., Pittsburgh, PA 15203, property placed in storage by the following persons will be sold to satisfy ABC EZ Storage delinquent liens.

Bev Cloonan, 79; Connie DeVore, 83; Ron Kennedy, 110; Joseph Pagnonelli, 87; Kenneth Robinson, 3.

SPECIAL COMMITTEE MEETING

The West Allegheny School Board of Directors Policy & Programs Committee will meet on Wednesday, July 1, 1998 at 6:30 P.M. in the

NOTICE

FirstEnergy Applies to Provide Energy Services Throughout Pennsylvania

Docket No. A-110078

On June 10, 1998, FirstEnergy Services Corp., based in Independence, Ohio, applied to the Pennsylvania Public Utility Commission (PaPUC) for a license to offer energy sales and services throughout the Commonwealth under the name of FirstEnergy.

Approval of the license application will enable FirstEnergy Services to act as an Electric Generation Supplier for electricity in the state. Starting January 1, 1999, FirstEnergy Services plans to: 1) operate as a generator and supplier of electric power; 2) supply electricity through broker, marketer, and aggregator services to customers; and 3) provide other energy services.

For details about FirstEnergy Services or its license application, please contact Kathy J. Kolich, Executive Director, Retail Power Transactions, FirstEnergy Services Corp., 6200 Oaktree Blvd., Independence, OH, 44131, (216) 447-3624.

Protests on the technical or financial fitness of the applicant may be filed within 15 days of the publication of this notice with the Office of the Prothonotary, Public Utilities Commission, P.O. Box 3265, Harrisburg, PA, 17105-3265. Be sure to include the docket number A-110078. Also, send a copy of your protest to FirstEnergy Services at the above address.

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LEGAL NOTICES

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PROOF O

The Scr

(Under Act No. 5

COMMONWEALTH OF
COUNTY OF LACKAW

SHARON S

being duly sworn accord

She is AN ACCOUNT
for The Scranton Times,
that the said Scranton Ti
said City, and that the pr
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Affiant further deposes an
that neither the affiant n
notice or advertisement, an
of publication are true.

Sworn and subscribed

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Notary Public.

My Commission Expires

Notarial Seal
Notary Public
Scranton, Lackawanna County
My Commission Expires Sept. 23, 1999

TO THE SCRANTON TIMES

For publishing attached notice on above stated dates, $

Publishers Record for Advertising Costs:

THE SCRANTON TIMES, a newspaper of general circulation, hereby acknowledges receipt of the costs as above and certifies that the same have been duly paid.

THE SCRANTON TIMES,

________________, 19____. Per ________________

SUPPLEMENTAL INFORMATION
Docket A-110078
FirstEnergy Services Corp.

1 Predecessor
Applicant, FirstEnergy Services Corp., has no predecessor company.

12. FERC Filing
Applicant will be obtaining its electricity from FERC-approved power marketers or others duly authorized to sell electricity to it. Applicant itself is not required to be an approved power marketer.

19. Customer Complaint Contracts
(a) The name, address, telephone number and FAX number of two persons responsible for addressing customer complaints are:

Janice Napadano
FirstEnergy Services Corp.
6200 Oak Tree Boulevard
Independence, OH 44131
216/447-3624
Fax: 216/447-2562

William O. Stout
FirstEnergy Services Corp.
1400 New Butler Road
Suite 100
New Castle, PA 16101
724/657-2731
Fax: 724/657-2732

(b) Attached are copies of the Residential and Small Commercial Disclosure Statements that were provided to the Bureau of Consumer Services on June 25, 1998.

(c) Attached is a revised Affidavit incorporating the language of this section.

20. Attached is a revised License Bond incorporating a one year term of bond and a provision that claims should be made within 60 days of the expiration of the bond.

24. (b)(i) The resumes of Applicant's officers are attached.

(b)(ii) Applicant's custodian of its accounting records is:

Harvey L. Wagner, Controller
FirstEnergy Corp.
76 South Main Street
Akron, OH 44308
330/384-5296
Fax: 330/384-5299

25 The revised Affidavit incorporating the language of section 19(c) also includes language for this item.

[28246]

FirstEnergy ServicesCorp.
Residential Disclosure Statement

This is an agreement for electric generation service, between FirstEnergy ServicesCorp. and *customer's name and full address.*

BACKGROUND

- We at FirstEnergy Services Corp. are licensed by the Pennsylvania Public Utility Commission (PaPUC) to offer and supply electric generation services in Pennsylvania. Our PaPUC license number is ________________.
- We set the generation prices and charges that you pay. The Public Utility Commission regulates distribution prices and services. The Federal Energy Regulatory Commission regulates transmission prices and services.
- If you ask us, we can bill you directly for our service
- Right of Recision - You may cancel this agreement at any time before midnight of the third business day after receiving this disclosure.

DEFINITIONS

- Generation Charge - Charge for production of electricity from a power plant.
- Transmission Charge - Charge for moving high voltage electricity from a generation facility to the distribution lines of an electric distribution company.
- Nonbasic Charges - *Define each nonbasic service being offered.*

TERMS OF SERVICE

1. **(a) Basic Service Prices**

   You will pay *EGS rate* per kWh for electric generation service.

   (b) Nonbasic Service Prices
2. **Length of Agreement**

   This Agreement shall become effective on the scheduled meter reading date of (Month, Day, Year) set by your Electric Distribution Company. This Agreement will be in effect each month until canceled by either you or FirstEnergy ServicesCorp. Inc.
3. **Special Terms and Conditions**
4. **Special Services**
5. **Penalties, Fees and Exceptions**

   You will pay for the electricity from FirstEnergy ServicesCorp. on or before the due date shown on the bill. You understand that you will also have to pay the Electric Distribution Company for its services in delivering the electricity to you. If you do not pay the full amount that you owe FirstEnergy ServicesCorp. you will be charged interest of (________) per month and FirstEnergy ServicesCorp. may terminate this Agreement after giving you 10-days' notice. You will still be responsible to pay FirstEnergy ServicesCorp. for any electricity used before this agreement is canceled as well as all interest.

6. **Cancellation Provisions**

You may cancel this Agreement for any reason, but you must notify FirstEnergy ServicesCorp. least 30 days before the date the Electric Distribution Company reads your meter. If we cancel this Agreement, FirstEnergy ServicesCorp. will notify you at least 30-days before the date which we will no longer supply you with electricity.

7. **Renewal Provision**

This Agreement renews itself each month unless you or FirstEnergy ServicesCorp. cancels or terminates it in the ways described in this agreement.

8. **Agreement Expiration/Change in Terms**

If we propose to change our terms of service, we will send you a written notice on three monthly bills or separate mailings before the effective date of the changes. We will explain your options in these three advance notices.

9. **Dispute Procedures**

Contact us with any questions concerning our terms of service. You may call the PUC if you are not satisfied after discussing your terms with us.

10. **Contact Information**

FirstEnergy Services Corp.
6200 Oaktree Boulevard
Independence, OH 44131
1-800 XXX-XXXX
Internet Address

Electric Distribution Company Name
Provider of Last Resort Name
Address
Phone Number

Public Utility Commission (PUC)
Address
Electric Competition Hotline Number
1-888-782-3228

Universal Service Program Name
Phone Number

FirstEnergy ServicesCorp.
Small Commercial Disclosure Statement

This is an agreement for electric generation service, between FirstEnergy ServicesCorp. and *customer's name and full address.*

BACKGROUND

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    6200 Oaktree Boulevard
    Independence, OH 44131
    1-800-XXX-XXXX
    Internet Address

    Electric Distribution Company Name
    Provider of Last Resort Name
    Address
    Phone Number

    Public Utility Commission (PUC)
    Address
    Electric Competition Hotline Number
    1-888-782-3228

    Universal Service Program Name
    Phone Number

AFFIDAVIT

State of Ohio)
) ss.
County of Cuyahoga)

Douglas S. Elliott, Affiant, being duly sworn according to law, deposes and says that:

He is the vice-president of FirstEnergy Services Corp., the Applicant herein, acknowledges that FirstEnergy Services Corp., may have obligations pursuant to this Application consistent with the Public Utility Code of the Commonwealth of Pennsylvania. Title 66 of the Pennsylvania Consolidated Statues; or with other applicable statutes or regulations including Emergency Orders which may be issued verbally or in writing during any emergency situations that may unexpectedly develop from time to time in the course of doing business in Pennsylvania.

That FirstEnergy Services Corp., the Applicant herein, asserts that it possesses the requisite technical, managerial, and financial fitness to render electric service within the Commonwealth of Pennsylvania and that the Applicant will abide by all applicable federal and state laws and regulations and by the decisions of the Pennsylvania Public Utility Commission.

That FirstEnergy Services Corp., the Applicant herein, certifies to the Commission that it is subject to, will pay and in the past has paid, the full amount of taxes imposed by Articles II and XI of the Act of March 4, 1971 (P.L. 6, No. 2), know as the Tax Reform Act of 1971 and any tax imposed by Chapter 28 of Title 66. The Applicant acknowledges that failure to pay such taxes or otherwise comply with the taxation requirements of Chapter 28, shall be cause for the Commission to revoke the license of the Applicant. The Applicant acknowledges that it shall provide to the Commission its jurisdictional Gross Receipts and power sales for ultimate consumption, for the previous year or as otherwise required by the Commission and is subject to Title 66, Section 506.

That as provided by Section 2810 (C)(6)(IV), Applicant, by filing of this application waives confidentiality with respect to its state tax information in the possession of the Department of Revenue, regardless of the source of the information, in order for the Department of Revenue to provide that information to the Pennsylvania Public Utility Commission.

That FirstEnergy Services Corp., the Applicant herein, acknowledges that it has a statutory obligation to conform with 66 PA.C.S. Section 506, 2807(C), 2807 (D)(2) 2809(B) and the standards and billing practices of 52 PA. Code Chapter 56. That the Applicant agrees to provide all consumer education materials and information in a timely manner as requested by the Bureau of Public Liaison or other Commission bureaus. Materials *and information requested may be analyzed by the Commission or designee to meet obligations under applicable sections of the law.*

That the Applicant will adhere to the reliability protocols of the North American Electric Reliability Council and, as appropriate, the East Central Reliability Council and MidAtlantic Area Council and that Applicant will comply with applicable reliability regulations of the Commission and the operational requirements of the control areas within which the Applicant provides retail service.

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

Signature of Affiant

Sworn and subscribed before me this 1st *day of* July *, 1998.*

Dorothy A. Bratanov
Signature of official administering oath

My commission expires DOROTHY A. BRATANOV
Notary Public, State Of Ohio
~~Resident of Summit County~~
My Commission Expires Feb. 24, 2003

[28249]

Willard R. Holland

Willard R. Holland is chairman of the board and chief executive officer of FirstEnergy Corp., Akron, Ohio, and of Pennsylvania Power Company, New Castle, Pennsylvania.

Mr. Holland, a native of Springfield, Tennessee, and a U.S. Army veteran, was graduated from the Rose-Hulman Institute of Technology with bachelor of science and master of science degrees in electrical engineering. He also received an honorary doctor of engineering degree from Rose-Hulman. He completed the Columbia Graduate School of Business management course, "Managing the Enterprise."

He began his career with Detroit Edison Company in 1966 as an associate engineer, and served in a variety of executive positions with responsibility for power plant and division operations, marketing, nuclear start-up and testing, power supply planning, engineering and construction. He was senior vice president of energy marketing and distribution with Detroit Edison before joining Ohio Edison Company in September 1991 as president and chief operating officer. In March 1993 he also became chief executive officer of Ohio Edison and chairman of the board of Pennsylvania Power. He was elected chairman of Ohio Edison in November 1996 and to his current position in November 1997.

Mr. Holland is chairman of Akron Tomorrow, and serves on the boards of trustees of the Akron Art Museum, the Akron Roundtable, the Children's Hospital Medical Center of Akron, Cleveland Tomorrow, Leadership Akron, and the Ohio Business Roundtable. He is also a member of the boards of directors of the Edison Electric Institute, the Association of Edison Illuminating Companies, the Nuclear Energy Institute, the Greater Cleveland Growth Association, and A. Schulman, Inc. In addition, he serves on the board of managers of Rose-Hulman Institute of Technology and the board of governors of the Firestone Country Club. He is a registered professional engineer in Ohio and Michigan.

Mr. Holland and his wife, Jean, live in Akron. They have two children.

4/3/98

H. PETER BURG

Mr. Burg is president and chief operating officer for FirstEnergy Corp. Prior to the merger of Ohio Edison Company and Centerior Energy Corporation, he was president, chief operating officer and chief financial officer of Ohio Edison Company. Mr. Burg is a member of the Board of Directors of FirstEnergy Corp. and its various subsidiaries. He served as interim president of the Pennsylvania Power Company August 1994 through May 1995. Mr. Burg is a native of Akron and a graduate of The University of Akron (B.S. in Business Administration and M.B.A.). He also attended the Program for Management Development at the Harvard Graduate School of Business.

His career at Ohio Edison began in 1968 as a financial analyst trainee, with subsequent positions including those of associate financial analyst, economic analyst and director of financial studies. He was elected treasurer in 1974, vice president in 1985, senior vice president in 1989 and president in November 1996.

Mr. Burg also serves as a member of the board of Energy Insurance Mutual (EIM), KeyBank (Akron District), and the Summit County Chapter of the American Red Cross. He is a past president of The University of Akron Alumni Association and is a former member of the Board of the Akron Child Guidance Center. He is also a member of the Finance Committee of the Edison Electric Institute.

He lives in Stow, Ohio with his wife Eileen. They have three children.

May 5, 1998

ANTHONY J. ALEXANDER
Executive Vice President and General Counsel
FirstEnergy Corp.
76 South Main Street
Akron, OH 44308
Phone: 330-384-5793
Fax: 330-384-5669

Anthony J. Alexander graduated from The University of Akron in 1972 with a bachelor of science degree in accounting. That same year he joined Ohio Edison's Tax Department. In 1975, he received a law degree from The University of Akron. He became an attorney in Edison's Legal Department in 1976, was named senior attorney in 1984, and promoted to associate general counsel in 1987. He was elected vice president and general counsel in 1989, senior vice president and general counsel in 1991 and executive vice president and general counsel in 1996. In 1986, he attended the Harvard School of Business, Program for Management Development.

Mr. Alexander is a member of the Ohio State Bar Association and the Akron Bar Association. He serves on the legal committee of the Edison Electric Institute. He is also a member of the board of trustees of Akron General Health System, Health Network of Ohio, NEOUCOM Medical Education Foundation, Ohio Chamber of Commerce, Ohio Electric Utility Institute and Ohio Public Expenditure Council.

Mr. Alexander, a native of Akron, resides in Green with his wife, Becky, and four sons.

10730

Douglas S. Elliott

Douglas S. Elliott is Vice President of Sales, Marketing and Energy Services of FirstEnergy Services Corp., a wholly-owned subsidiary of FirstEnergy Corp.

Mr. Elliott heads up the **sales** activities for regional operations, sales of products and services, as well as unregulated kilowatt-hour sales in Pennsylvania, **marketing** activities which develops strategy, products, and services, along with research and competitive intelligence and determines which customer segments to target, and **energy services** activities which handles the delivery of certain products and services, offers technical sales support, coordinates activities with Roth Bros., Inc., and RPC Mechanical, Inc., and is also responsible for aggregation activities

Previous Positions: Regional Manager - Eastern, Ohio Edison Company
1996 - August 1997

Youngstown Division Manager, Ohio Edison Company
1993 - 1996

Manager, Customer Accounts, Ohio Edison Company
1989 - 1993

Superintendent, Customer Account Services, Ohio Edison Company
1984 - 1989

Superintendent, Accounting, Credit & Collections, Penn Power Company
1981 - 1984

Various Accounting Positions, Penn Power Company
1977 - 1981

Education: B.S., Business Administration, 1976, Clarion University

Professional Affiliations/Titles:

Edison Electric Institute, *Senior Middle Management Program*, March 1993
Penn State University's *Emerging Executive Program*, June-July 1988
Past Member of AGA/EEI, Customer Services Committee
Member of EEI Marketing Committee
Member of EPRI Customer Systems Group

NANCY C. ASHCOM
1990 Fox Trace Trail
Cuyahoga Falls, OH 44223
Phone: 330/926-1445 (Home)
330/384-5504 (Business)
330/384-3866 (Fax)

Career:

1997 -	Corporate Secretary - FirstEnergy Corp. (merger of Ohio Edison Company and Centerior Energy Corporation)
1994 - 1997	Corporate Secretary - Ohio Edison Company
1994	Special Assignment - Ohio Edison Company Performance Initiatives Tracking and Measurement
1989 - 1994	Assistant Corporate Secretary - Ohio Edison Company
1987 - 1989	Rate Analyst - Ohio Edison Company
1983 - 1987	Budget Analyst - Ohio Edison Company

Education:

1983 - University of Akron, M.B.A. (emphasis accounting)
1976 - Mount Union College, B.A. - Business Administration

Ohio Edison Company Committees:

Ohio Edison/University of Akron Alumni Committee
Art Advisory Committee

Professional Affiliations:

American Society of Corporate Secretaries (Ohio Chapter)

Affiliations:

Board of Trustees: International Institute, Vice President
Stark County Humane Society, Executive Committee
Akron Civic Theatre, Secretary
Alumni Council, Mount Union College
NEC World Series of Golf Security Committee
Mount Union College Annual Fund
Former Vice President, Board of Directors, Ohio Edison Family Credit Union

Ted F. Struck, II

Joined Ohio Edison Company in 1971 as an Associate Economic Analyst. Promoted to Economic Analyst, Director of Statistics and Analysis, and Director, Corporate Planning. Elected Assistant Treasurer in February, 1986 and Assistant Treasurer & Assistant Secretary in November, 1994. Elected Treasurer of FirstEnergy in November, 1997.

Education

- Master of Business Administration (Finance), University of Michigan, 1967

- Bachelor of Science (Economics), Denison University, 1965

Military Service

- United States Air Force, 1967-1971 - Attained rank of Captain

Activities/Memberships

- Executive Committee and Treasurer - Greater Akron Touchdown Club

Other

- Wife Kathy, daughter Tricia (26), and son Jamie (24)

TFS
1/27/98

FirstEnergy

76 South Main St
Akron, Ohio 44308

330-384-5151

Direct Dial: 330/761-4207
Fax: 330/384-3875

ORIGINAL

July 1, 1998

via Airborne Express

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JUL 1 1998

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Mr. James McNulty
Secretary
Pennsylvania Public Utility Commission
P. O. Box 3265
Harrisburg, PA 17105-3265

Re: Docket A-110078
Application of FirstEnergy Services Corp.

Dear Secretary McNulty:

Enclosed is supplemental information to the Application FirstEnergy Services Corp. for an Electric Generator Supply License. This information is filed pursuant to the request of the Bureau of Fixed Utility Service (FUS). The original license application was formatted on the basis of the new licensing regulations approved by the Commission in Docket No. L-0097029 on April 23, 1998. In reviewing the application, FUS asked that we supplement our filing with certain information required under the interim licensing order issued February 13, 1997 in Docket No M-00960890 F0004.

The attached Supplemental Information uses the numbering from the interim license application form to describe the attachments. This should aid FUS and others in reviewing the information.

Please contact me if you have any questions or need further information.

Very truly yours,

Stephen L. Feld
Attorney

sl
enclosures

cc: Ed Rodrock)
Bureau of Fixed Utility Service) - w/enclosures (via airborne)
Pennsylvania Public Utility Commission)

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FOLDER

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