

FIRSTENERGY CORP
Form 10-Q
October 29, 2015

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

FORM 10-Q
(Mark One)

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

For the quarterly period ended September 30, 2015

OR

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

For the transition period from _____ to _____

Commission File Number	Registrant; State of Incorporation; Address; and Telephone Number	I.R.S. Employer Identification No.
333-21011	FIRSTENERGY CORP. (An Ohio Corporation) 76 South Main Street Akron, OH 44308 Telephone (800)736-3402	34-1843785
000-53742	FIRSTENERGY SOLUTIONS CORP. (An Ohio Corporation) c/o FirstEnergy Corp. 76 South Main Street Akron, OH 44308 Telephone (800)736-3402	31-1560186

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

Yes No FirstEnergy Corp. and FirstEnergy Solutions Corp.

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

Yes No FirstEnergy Corp. and FirstEnergy Solutions Corp.

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

Large Accelerated Filer FirstEnergy Corp.

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Accelerated Filer N/A

Non-accelerated Filer (Do not check if a smaller reporting company) FirstEnergy Solutions Corp.

Smaller Reporting Company N/A

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

Yes No FirstEnergy Corp. and FirstEnergy Solutions Corp.

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

CLASS	OUTSTANDING AS OF SEPTEMBER 30, 2015
FirstEnergy Corp., \$0.10 par value	423,041,782
FirstEnergy Solutions Corp., no par value	7

FirstEnergy Corp. is the sole holder of FirstEnergy Solutions Corp. common stock.

This combined Form 10-Q is separately filed by FirstEnergy Corp. and FirstEnergy Solutions Corp. 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 the other registrant, except that information relating to FirstEnergy Solutions Corp. is also attributed to FirstEnergy Corp.

FirstEnergy Web Site and Other Social Media Sites and Applications

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

These SEC filings are posted on the web site as soon as reasonably practicable after they are electronically filed with the SEC. Additionally, the registrants routinely post additional important information including press releases, investor presentations and notices of upcoming events, under the "Investors" section of FirstEnergy's Internet web site and recognize FirstEnergy's Internet web site as a channel of distribution to reach public investors and as a means of disclosing material non-public information for complying with disclosure obligations under SEC Regulation FD. Investors may be notified of postings to the web site by signing up for email alerts and RSS feeds on the "Investors" page of FirstEnergy's Internet web site or through push alerts from FirstEnergy Investor Relations apps for Apple Inc.'s iPad® and iPhone® devices, which can be installed for free at the Apple® online store. FirstEnergy also uses Twitter® and Facebook® as additional channels of distribution to reach public investors and as a supplemental means of disclosing material non-public information for complying with its disclosure obligations under SEC Regulation FD. Information contained on FirstEnergy's Internet web site or its Twitter® or Facebook® site, and any corresponding applications of those sites, shall not be deemed incorporated into, or to be part of, this report.

OMISSION OF CERTAIN INFORMATION

FirstEnergy Solutions Corp. meets the conditions set forth in General Instruction H(1)(a) and (b) of Form 10-Q and is therefore filing this Form 10-Q with the reduced disclosure format specified in General Instruction H(2) to Form 10-Q.

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

- The speed and nature of increased competition in the electric utility industry, in general, and the retail sales market in particular.

- The ability to experience growth in the Regulated Distribution and Regulated Transmission segments and to successfully implement our revised sales strategy for the CES segment.

- The accomplishment of our regulatory and operational goals in connection with our transmission investment plan, including but not limited to, our pending transmission rate case, the proposed transmission asset transfer, and the effectiveness of our repositioning strategy to reflect a more regulated business profile.

- Changes in assumptions regarding economic conditions within our territories, assessment of the reliability of our transmission system, or the availability of capital or other resources supporting identified transmission investment opportunities.

- The impact of the regulatory process on the pending matters at the federal level and in the various states in which we do business including, but not limited to, matters related to rates and the ESP IV in Ohio.

- The impact of the federal regulatory process on FERC-regulated entities and transactions, in particular FERC regulation of wholesale energy and capacity markets, including PJM markets and FERC-jurisdictional wholesale transactions; FERC regulation of cost-of-service rates, including FERC Opinion No. 531's revised ROE methodology for FERC-jurisdictional wholesale generation and transmission utility service; and FERC's compliance and enforcement activity, including compliance and enforcement activity related to NERC's mandatory reliability standards.

- The uncertainties of various cost recovery and cost allocation issues resulting from ATSI's realignment into PJM.

- Economic or weather conditions affecting future sales and margins such as a polar vortex or other significant weather events, and all associated regulatory events or actions.

- Changing energy, capacity and commodity market prices including, but not limited to, coal, natural gas and oil, and their availability and impact on margins and asset valuations.

- The continued ability of our regulated utilities to recover their costs.

- Costs being higher than anticipated and the success of our policies to control costs and to mitigate low energy, capacity and market prices.

- Other legislative and regulatory changes, and revised environmental requirements, including, but not limited to, the effects of the EPA's CPP, CCR, CSAPR and MATS programs, including our estimated costs of compliance, CWA waste water effluent limitations for power plants, and CWA 316(b) water intake regulation.

- The uncertainty of the timing and amounts of the capital expenditures that may arise in connection with any litigation, including NSR litigation, or potential regulatory initiatives or rulemakings (including that such initiatives or rulemakings could result in our decision to deactivate or idle certain generating units).

- The uncertainties associated with the deactivation of certain older regulated and competitive fossil units, including the impact on vendor commitments, and as they relate to the reliability of the transmission grid, the timing thereof.

- The impact of other future changes to the operational status or availability of our generating units and any capacity performance charges associated with unit unavailability.

- Adverse regulatory or legal decisions and outcomes with respect to our nuclear operations (including, but not limited to the revocation or non-renewal of necessary licenses, approvals or operating permits by the NRC or as a result of the incident at Japan's Fukushima Daiichi Nuclear Plant).

- Issues arising from the indications of cracking in the shield building at Davis-Besse.

• The risks and uncertainties associated with litigation, arbitration, mediation and like proceedings, including, but not limited to, any such proceedings related to vendor commitments.

• The impact of labor disruptions by our unionized workforce.

• Replacement power costs being higher than anticipated or not fully hedged.

• The ability to comply with applicable state and federal reliability standards and energy efficiency and peak demand reduction mandates.

• Changes in customers' demand for power, including, but not limited to, changes resulting from the implementation of state and federal energy efficiency and peak demand reduction mandates.

• The ability to accomplish or realize anticipated benefits from strategic and financial goals, including, but not limited to, the ability to continue to reduce costs and to successfully execute our financial plans designed to improve our credit metrics and strengthen our balance sheet through, among other actions, our previously-implemented dividend reduction, our cash flow improvement plan and our other proposed capital raising initiatives.

• Our ability to improve electric commodity margins and the impact of, among other factors, the increased cost of fuel and fuel transportation on such margins.

• Changing market conditions that could affect the measurement of certain liabilities and the value of assets held in our NDTs, pension trusts and other trust funds, and cause us and/or our subsidiaries to make additional contributions sooner, or in amounts that are larger than currently anticipated.

• The impact of changes to material accounting policies.

• The ability to access the public securities and other capital and credit markets in accordance with our financial plans, the cost of such capital and overall condition of the capital and credit markets affecting us and our subsidiaries.

Actions that may be taken by credit rating agencies that could negatively affect us and/or our subsidiaries'

- access to financing, increase the costs thereof, and increase requirements to post additional collateral to support outstanding commodity positions, LOCs and other financial guarantees.

• Changes in national and regional economic conditions affecting us, our subsidiaries and/or our major industrial and commercial customers, and other counterparties with which we do business, including fuel suppliers.

• The impact of any changes in tax laws or regulations or adverse tax audit results or rulings.

• Issues concerning the stability of domestic and foreign financial institutions and counterparties with which we do business.

• The risks associated with cyber-attacks on our electronic data centers that could compromise the information stored on our networks, including proprietary information and customer data.

• The risks and other factors discussed from time to time in our SEC filings, and other similar factors.

Dividends declared from time to time on FE's common stock during any period may in the aggregate vary from prior periods due to circumstances considered by FE's Board of Directors at the time of the actual declarations. A security rating is not a recommendation to buy or hold securities and is subject to revision or withdrawal at any time by the assigning rating agency. Each rating should be evaluated independently of any other rating.

The foregoing review of factors should not be construed as exhaustive. New factors emerge from time to time, and it is not possible for management to predict all such factors, nor assess the impact of any such factor on FirstEnergy's business or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statements. The registrants expressly disclaim any current intention to update, except as required by law, any forward-looking statements contained herein as a result of new information, future events or otherwise.

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GLOSSARY OF TERMS

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

AE	Allegheny Energy, Inc., a Maryland utility holding company that merged with a subsidiary of FirstEnergy on February 25, 2011. As of January 1, 2014, AE merged with and into FirstEnergy Corp.
AESC	Allegheny Energy Service Corporation, a subsidiary of FirstEnergy Corp.
AE Supply	Allegheny Energy Supply Company, LLC, an unregulated generation subsidiary
AGC	Allegheny Generating Company, a generation subsidiary of AE Supply and equity method investee of MP.
ATSI	American Transmission Systems, Incorporated, formerly a direct subsidiary of FE that became a subsidiary of FET in April 2012, which owns and operates transmission facilities.
CEI	The Cleveland Electric Illuminating Company, an Ohio electric utility operating subsidiary
CES	Competitive Energy Services, a reportable operating segment of FirstEnergy
FE	FirstEnergy Corp., a public utility holding company
FELHC	FirstEnergy License Holding Company, Inc.
FENOC	FirstEnergy Nuclear Operating Company, which operates nuclear generating facilities
FES	FirstEnergy Solutions Corp., which provides energy-related products and services
FESC	FirstEnergy Service Company, which provides legal, financial and other corporate support services
FET	FirstEnergy Transmission, LLC, formerly known as Allegheny Energy Transmission, LLC which is the parent of ATSI, TrAIL and MAIT, and has a joint venture in PATH.
FEV	FirstEnergy Ventures Corp., which invests in certain unregulated enterprises and business ventures
FG	FirstEnergy Generation, LLC, a wholly owned subsidiary of FES, which owns and operates non-nuclear generating facilities
FirstEnergy	FirstEnergy Corp., together with its consolidated subsidiaries
Global Holding	Global Mining Holding Company, LLC, a joint venture between FEV, WMB Marketing Ventures, LLC and Pinesdale LLC
Global Rail	A subsidiary of Global Holding that owns coal transportation operations near Roundup, Montana
JCP&L	Jersey Central Power & Light Company, a New Jersey electric utility operating subsidiary
MAIT	Mid-Atlantic Interstate Transmission, LLC, a subsidiary of FET, formed to own and operate transmission facilities
ME	Metropolitan Edison Company, a Pennsylvania electric utility operating subsidiary
MP	Monongahela Power Company, a West Virginia electric utility operating subsidiary
NG	FirstEnergy Nuclear Generation, LLC, a subsidiary of FES, which owns nuclear generating facilities
OE	Ohio Edison Company, an Ohio electric utility operating subsidiary
Ohio Companies	CEI, OE and TE
PATH	Potomac-Appalachian Transmission Highline, LLC, a joint venture between FE and a subsidiary of AEP
PATH-Allegheny	PATH Allegheny Transmission Company, LLC
PATH-WV	PATH West Virginia Transmission Company, LLC
PE	The Potomac Edison Company, a Maryland electric utility operating subsidiary
Penn	Pennsylvania Power Company, a Pennsylvania electric utility operating subsidiary of OE
Pennsylvania Companies	ME, PN, Penn and WP

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PN	Pennsylvania Electric Company, a Pennsylvania electric utility operating subsidiary
PNBV	PNBV Capital Trust, a special purpose entity created by OE in 1996
Signal Peak	An indirect subsidiary of Global Holding that owns mining operations near Roundup, Montana
TE	The Toledo Edison Company, an Ohio electric utility operating subsidiary
TrAIL	Trans-Allegheny Interstate Line Company, a subsidiary of FET, which owns and operates transmission facilities
Utilities	OE, CEI, TE, Penn, JCP&L, ME, PN, MP, PE and WP
WP	West Penn Power Company, a Pennsylvania electric utility operating subsidiary

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

AAA	American Arbitration Association
AEP	American Electric Power Company, Inc.
AFS	Available-for-sale
AFUDC	Allowance for Funds Used During Construction
ALJ	Administrative Law Judge
AOCI	Accumulated Other Comprehensive Income
Apple®	Apple®, iPad® and iPhone® are registered trademarks of Apple Inc.

GLOSSARY OF TERMS, Continued

ARR	Auction Revenue Right
ASU	Accounting Standards Update
ASLB	Atomic Safety and Licensing Board
BGS	Basic Generation Service
BNSF	BNSF Railway Company
BRA	PJM RPM Base Residual Auction
CAA	Clean Air Act
CCB	Coal Combustion By-Product
CCR	Coal Combustion Residuals
CDWR	California Department of Water Resources
CERCLA	Comprehensive Environmental Response, Compensation, and Liability Act of 1980
CFR	Code of Federal Regulations
CO ₂	Carbon Dioxide
CONE	Cost-of-New-Entry
CPP	EPA's Clean Power Plan
CSAPR	Cross-State Air Pollution Rule
CSX	CSX Transportation, Inc.
CTA	Consolidated Tax Adjustment
CWA	Clean Water Act
DCR	Delivery Capital Recovery
DOE	United States Department of Energy
DR	Demand Response
DSIC	Distribution System Improvement Charge
DSP	Default Service Plan
EDC	Electric Distribution Company
EE&C	Energy Efficiency and Conservation
EGS	Electric Generation Supplier
ELPC	Environmental Law & Policy Center
EmPOWER Maryland	EmPower Maryland Energy Efficiency Act
ENEC	Expanded Net Energy Cost
EPA	United States Environmental Protection Agency
ERO	Electric Reliability Organization
ESP	Electric Security Plan
Facebook®	Facebook is a registered trademark of Facebook, Inc.
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
Fitch	Fitch Ratings
FMB	First Mortgage Bond
FPA	Federal Power Act
FTR	Financial Transmission Right
GAAP	Accounting Principles Generally Accepted in the United States of America
GHG	Greenhouse Gases
GWH	Gigawatt-hour
HCL	Hydrochloric Acid
ICE	IntercontinentalExchange, Inc.
IRS	Internal Revenue Service
ISO	Independent System Operator

kV	Kilovolt
KWH	Kilowatt-hour
LBR	Little Blue Run
LMP	Locational Marginal Price
LOC	Letter of Credit

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GLOSSARY OF TERMS, Continued

LSE	Load Serving Entity
LTIIPs	Long-Term Infrastructure Improvement Plans
MATS	Mercury and Air Toxics Standards
MDPSC	Maryland Public Service Commission
MISO	Midcontinent Independent System Operator, Inc.
MLP	Master Limited Partnership
mmBTU	One Million British Thermal Units
Moody's	Moody's Investors Service, Inc.
MVP	Multi-Value Project
MW	Megawatt
MWD	Megawatt-day
MWH	Megawatt-hour
NAAQS	National Ambient Air Quality Standards
NDT	Nuclear Decommissioning Trust
NERC	North American Electric Reliability Corporation
NGO	Non-Governmental Organization
Ninth Circuit	United States Court of Appeals for the Ninth Circuit
NJBPU	New Jersey Board of Public Utilities
NMB	Non-Market Based
NOV	Notice of Violation
NO _x	Nitrogen Oxide
NPDES	National Pollutant Discharge Elimination System
NPNS	Normal Purchases and Normal Sales
NRC	Nuclear Regulatory Commission
NRG	NRG Energy, Inc.
NSR	New Source Review
NUG	Non-Utility Generation
NYISO	New York Independent System Operator, Inc.
NYPSC	New York State Public Service Commission
OCA	Office of Consumer Advocate
OCC	Ohio Consumers' Counsel
OEPA	Ohio Environmental Protection Agency
OPEB	Other Post-Employment Benefits
OTTI	Other Than Temporary Impairments
OVEC	Ohio Valley Electric Corporation
PA DEP	Pennsylvania Department of Environmental Protection
PCRB	Pollution Control Revenue Bond
PJM	PJM Interconnection, L.L.C.
PJM Region	The aggregate of the zones within PJM
PJM Tariff	PJM Open Access Transmission Tariff
PM	Particulate Matter
POLR	Provider of Last Resort
POR	Purchase of Receivables
PPB	Parts Per Billion
PPUC	Pennsylvania Public Utility Commission
PSA	Power Supply Agreement
PSD	Prevention of Significant Deterioration

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PUCO	Public Utilities Commission of Ohio
PURPA	Public Utility Regulatory Policies Act of 1978
RCRA	Resource Conservation and Recovery Act
REC	Renewable Energy Credit
REIT	Real Estate Investment Trust

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GLOSSARY OF TERMS, Continued

RFC	ReliabilityFirst Corporation
RFP	Request for Proposal
RGGI	Regional Greenhouse Gas Initiative
ROE	Return on Equity
RPM	Reliability Pricing Model
RSS	Rich Site Summary
RTEP	Regional Transmission Expansion Plan
RTO	Regional Transmission Organization
S&P	Standard & Poor's Ratings Service
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
SB221	Amended Substitute Senate Bill No. 221
SB310	Substitute Senate Bill No. 310
SBC	Societal Benefits Charge
SEC	United States Securities and Exchange Commission
SEC Regulation FD	SEC Regulation Fair Disclosure
SERTP	Southeastern Regional Transmission Planning
Seventh Circuit	United States Court of Appeals for the Seventh Circuit
SIP	State Implementation Plan(s) Under the Clean Air Act
SO ₂	Sulfur Dioxide
SOS	Standard Offer Service
SPE	Special Purpose Entity
SREC	Solar Renewable Energy Credit
SSO	Standard Service Offer
TDS	Total Dissolved Solid
TMI-2	Three Mile Island Unit 2
TTS	Temporary Transaction Surcharge
Twitter®	Twitter is a registered trademark of Twitter, Inc.
U.S. Court of Appeals for the D.C. Circuit	United States Court of Appeals for the District of Columbia Circuit
VIE	Variable Interest Entity
VRR	Variable Resource Requirement
VSCC	Virginia State Corporation Commission
WVDEP	West Virginia Department of Environmental Protection
WVPSC	Public Service Commission of West Virginia

PART I. FINANCIAL INFORMATION

ITEM I. Financial Statements

FIRSTENERGY CORP.
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(In millions, except per share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
REVENUES:				
Electric utilities	\$2,872	\$2,554	\$8,180	\$7,542
Unregulated businesses	1,251	1,334	3,305	4,024
Total revenues*	4,123	3,888	11,485	11,566
OPERATING EXPENSES:				
Fuel	482	544	1,378	1,711
Purchased power	1,209	1,188	3,311	3,726
Other operating expenses	850	858	2,823	3,061
Provision for depreciation	328	308	969	904
Amortization of regulatory assets, net	110	35	201	27
General taxes	236	239	747	738
Total operating expenses	3,215	3,172	9,429	10,167
OPERATING INCOME	908	716	2,056	1,399
OTHER INCOME (EXPENSE):				
Loss on debt redemptions	—	—	—	(8)
Investment income (loss)	(28)	16	(14)	67
Interest expense	(285)	(275)	(846)	(802)
Capitalized financing costs	26	28	93	89
Total other expense	(287)	(231)	(767)	(654)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	621	485	1,289	745
INCOME TAXES	226	152	485	226
INCOME FROM CONTINUING OPERATIONS	395	333	804	519
Discontinued operations (net of income taxes of \$69) (Note 14)	—	—	—	86
NET INCOME	\$395	\$333	\$804	\$605
EARNINGS PER SHARE OF COMMON STOCK:				
Basic - Continuing Operations	\$0.94	\$0.79	\$1.91	\$1.24
Basic - Discontinued Operations (Note 14)	—	—	—	0.20

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Basic - Net Earnings per Basic Share	\$0.94	\$0.79	\$1.91	\$1.44
Diluted - Continuing Operations	\$0.93	\$0.79	\$1.90	\$1.24
Diluted - Discontinued Operations (Note 14)	—	—	—	0.20
Diluted - Net Earnings per Diluted Share	\$0.93	\$0.79	\$1.90	\$1.44

WEIGHTED AVERAGE NUMBER OF SHARES
OUTSTANDING:

Basic	423	420	422	419
Diluted	424	421	423	420

DIVIDENDS DECLARED PER SHARE OF COMMON STOCK	\$0.72	\$0.72	\$1.44	\$1.44
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* Includes excise tax collections of \$109 million and \$105 million in the three months ended September 30, 2015 and 2014, respectively, and \$320 million and \$321 million in the nine months ended September 30, 2015 and 2014, respectively.

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

FIRSTENERGY CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
NET INCOME	\$395	\$333	\$804	\$605
OTHER COMPREHENSIVE INCOME (LOSS):				
Pension and OPEB prior service costs	(31	) (42	) (94	) (126
Amortized losses (gains) on derivative hedges	2	—	4	(1
Change in unrealized gains on available-for-sale securities	(11	) (11	) (21	) 40
Other comprehensive loss	(40	) (53	) (111	) (87
Income tax benefits on other comprehensive loss	(15	) (21	) (42	) (35
Other comprehensive loss, net of tax	(25	) (32	) (69	) (52
COMPREHENSIVE INCOME	\$370	\$301	\$735	\$553

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

FIRSTENERGY CORP.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions, except share amounts)	September 30, 2015	December 31, 2014
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$86	\$85
Receivables-		
Customers, net of allowance for uncollectible accounts of \$64 in 2015 and \$59 in 2014	1,592	1,554
Other, net of allowance for uncollectible accounts of \$5 in 2015 and 2014	180	225
Materials and supplies	738	817
Prepaid taxes	148	128
Derivatives	156	159
Accumulated deferred income taxes	639	518
Collateral	123	230
Other	171	160
	3,833	3,876
PROPERTY, PLANT AND EQUIPMENT:		
In service	49,200	47,484
Less — Accumulated provision for depreciation	14,917	14,150
	34,283	33,334
Construction work in progress	2,327	2,449
	36,610	35,783
INVESTMENTS:		
Nuclear plant decommissioning trusts	2,279	2,341
Other	875	881
	3,154	3,222
DEFERRED CHARGES AND OTHER ASSETS:		
Goodwill	6,418	6,418
Regulatory assets	1,430	1,411
Other	1,218	1,456
	9,066	9,285
	\$52,663	\$52,166
LIABILITIES AND CAPITALIZATION		
CURRENT LIABILITIES:		
Currently payable long-term debt	\$1,148	\$804
Short-term borrowings	1,933	1,799
Accounts payable	994	1,279
Accrued taxes	508	490
Accrued compensation and benefits	345	329
Derivatives	124	167
Other	824	693
	5,876	5,561
CAPITALIZATION:		
Common stockholders' equity-		
	42	42

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Common stock, \$0.10 par value, authorized 490,000,000 shares - 423,041,782 and 421,102,570 shares outstanding as of September 30, 2015 and December 31, 2014, respectively

Other paid-in capital	9,926	9,847
Accumulated other comprehensive income	177	246
Retained earnings	2,482	2,285
Total common stockholders' equity	12,627	12,420
Noncontrolling interest	1	2
Total equity	12,628	12,422
Long-term debt and other long-term obligations	19,093	19,176
	31,721	31,598
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes	7,581	7,057
Retirement benefits	3,861	3,932
Asset retirement obligations	1,429	1,387
Deferred gain on sale and leaseback transaction	799	824
Adverse power contract liability	205	217
Other	1,191	1,590
	15,066	15,007
COMMITMENTS, GUARANTEES AND CONTINGENCIES (Note 11)		
	\$52,663	\$52,166

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

FIRSTENERGY CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Nine Months Ended September 30,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$804	\$605
Adjustments to reconcile net income to net cash from operating activities-		
Income from discontinued operations (Note 14)	—	(86)
Provision for depreciation	969	904
Amortization of regulatory assets, net	201	27
Nuclear fuel amortization	166	160
Amortization of debt related costs	31	40
Deferred purchased power and other costs	(73)	(89)
Deferred income taxes and investment tax credits, net	428	327
Investment impairments	70	10
Deferred costs on sale leaseback transaction, net	37	37
Amortization of customer intangibles and deferred advertising costs	16	50
Retirement benefits	(18)	(60)
Pension trust contributions	(143)	—
Commodity derivative transactions, net (Note 9)	(64)	60
Loss on debt redemptions	—	8
Lease payments on sale and leaseback transaction	(102)	(100)
Impairment of long lived assets	31	—
Changes in current assets and liabilities-		
Receivables	7	90
Materials and supplies	32	(19)
Prepayments and other current assets	(43)	42
Accounts payable	(285)	(47)
Accrued taxes	(68)	(145)
Accrued interest	37	66
Accrued compensation and benefits	16	(74)
Other current liabilities	26	3
Cash collateral, net	59	(71)
Other	183	(1)
Net cash provided from operating activities	2,317	1,737
CASH FLOWS FROM FINANCING ACTIVITIES:		
New Financing-		
Long-term debt	1,084	3,778
Short-term borrowings, net	134	—
Redemptions and Repayments-		
Long-term debt	(781)	(1,062)
Short-term borrowings, net	—	(1,783)
Common stock dividend payments	(455)	(452)
Other	(11)	(37)
Net cash (used for) provided from financing activities	(29)	444

CASH FLOWS FROM INVESTING ACTIVITIES:

Property additions	(2,025	)	(2,473)
Nuclear fuel	(101	)	(98)
Proceeds from asset sales	20		394	
Sales of investment securities held in trusts	1,126		1,511	
Purchases of investment securities held in trusts	(1,213	)	(1,593)
Cash investments	19		42	
Asset removal costs	(111	)	(80)
Other	(2	)	7	
Net cash used for investing activities	(2,287	)	(2,290)
Net change in cash and cash equivalents	1		(109)
Cash and cash equivalents at beginning of period	85		218	
Cash and cash equivalents at end of period	\$86		\$109	

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

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

(In millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
REVENUES:				
Electric sales to non-affiliates	\$1,157	\$1,315	\$3,146	\$3,989
Electric sales to affiliates	135	164	547	689
Other	46	42	141	124
Total revenues	1,338	1,521	3,834	4,802
OPERATING EXPENSES:				
Fuel	245	270	666	923
Purchased power from affiliates	103	64	250	203
Purchased power from non-affiliates	401	627	1,336	2,274
Other operating expenses	246	356	1,012	1,276
Provision for depreciation	79	83	240	236
General taxes	24	31	78	99
Total operating expenses	1,098	1,431	3,582	5,011
OPERATING INCOME (LOSS)	240	90	252	(209)
OTHER INCOME (EXPENSE):				
Loss on debt redemptions	—	(1)	—	(6)
Investment income (loss)	(21)	13	(7)	57
Miscellaneous income	1	1	5	5
Interest expense — affiliates	(2)	(1)	(6)	(5)
Interest expense — other	(36)	(37)	(110)	(110)
Capitalized interest	8	7	26	27
Total other expense	(50)	(18)	(92)	(32)
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES (BENEFITS)	190	72	160	(241)
INCOME TAXES (BENEFITS)	70	28	64	(95)
INCOME (LOSS) FROM CONTINUING OPERATIONS	120	44	96	(146)
Discontinued operations (net of income taxes of \$70) (Note 14)	—	—	—	116
NET INCOME (LOSS)	\$120	\$44	\$96	\$(30)
STATEMENTS OF COMPREHENSIVE INCOME (LOSS)				
NET INCOME (LOSS)	\$120	\$44	\$96	\$(30)

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OTHER COMPREHENSIVE INCOME (LOSS):

Pension and OPEB prior service costs	(4)	(4)	(12)	(14)
Amortized gains on derivative hedges	—		(2	)	(2	)	(7)
Change in unrealized gain on available-for-sale securities	(11	)	(9	)	(20	)	35)
Other comprehensive income (loss)	(15	)	(15	)	(34	)	14)
Income taxes (benefits) on other comprehensive income (loss)	(6	)	(6	)	(13	)	5)
Other comprehensive income (loss), net of tax	(9	)	(9	)	(21	)	9)
 COMPREHENSIVE INCOME (LOSS)	 \$111		 \$35		 \$75		 \$(21)

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

FIRSTENERGY SOLUTIONS CORP.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions, except share amounts)	September 30, 2015	December 31, 2014
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$2	\$2
Receivables-		
Customers, net of allowance for uncollectible accounts of \$14 in 2015 and \$18 in 2014	303	415
Affiliated companies	510	525
Other, net of allowance for uncollectible accounts of \$3 in 2015 and 2014	78	107
Materials and supplies	446	492
Derivatives	147	147
Collateral	122	229
Prepayments and other	138	95
	1,746	2,012
PROPERTY, PLANT AND EQUIPMENT:		
In service	14,003	13,596
Less — Accumulated provision for depreciation	5,519	5,208
	8,484	8,388
Construction work in progress	925	1,010
	9,409	9,398
INVESTMENTS:		
Nuclear plant decommissioning trusts	1,323	1,365
Other	10	10
	1,333	1,375
DEFERRED CHARGES AND OTHER ASSETS:		
Customer intangibles	65	