

FIRSTENERGY CORP

FORM 10-Q (Quarterly Report)

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Industry	Electric Utilities
Sector	Utilities
Fiscal Year	12/31

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

(Mark One)

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

For the quarterly period ended June 30, 2000

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, 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

Indicate by check mark whether each of the registrants (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

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 AUGUST 4, 2000 -----
FirstEnergy Corp., \$.10 par value	228,615,241
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.

This combined Form 10-Q 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.

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 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, inability to accomplish or realize anticipated benefits of strategic goals and other similar factors.

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PART I. FINANCIAL INFORMATION

FIRSTENERGY CORP. AND SUBSIDIARIES OHIO EDISON COMPANY AND SUBSIDIARIES THE CLEVELAND ELECTRIC ILLUMINATING COMPANY AND SUBSIDIARY THE TOLEDO EDISON COMPANY AND SUBSIDIARY PENNSYLVANIA POWER COMPANY

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

1 - FINANCIAL STATEMENTS:

The principal business of FirstEnergy Corp. (FirstEnergy) is the holding, directly or indirectly, of all of the outstanding common stock of its four principal electric utility operating subsidiaries, Ohio Edison Company (OE), The Cleveland Electric Illuminating Company (CEI), The Toledo Edison Company (TE) and Pennsylvania Power Company (Penn). These utility subsidiaries are referred to throughout as "Companies." Penn is a wholly owned subsidiary of OE.

The condensed unaudited financial statements of FirstEnergy and each of the Companies reflect all normal recurring adjustments that, in the opinion of management, are necessary to fairly present results of operations for the interim periods. These statements should be read in connection with the financial statements and notes included in the combined Annual Report on Form 10-K for the year ended December 31, 1999 for FirstEnergy and the Companies. Significant intercompany transactions have been eliminated. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make periodic estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates. The reported results of operations are not indicative of results of operations for any future period. Certain prior year amounts have been reclassified to conform with the current year presentation.

Penn's results of operations for the 1999 interim periods include Penn and its wholly owned subsidiary, Penn Power Energy, Inc. (PPE). Penn's interest in PPE was transferred to FirstEnergy Services Corp. (FE Services), an affiliate, effective December 31, 1999.

The sole assets of the subsidiary trust that is the obligor on the preferred securities included in FirstEnergy's and OE's capitalization are \$123,711,350 principal amount of 9% Junior Subordinated Debentures of OE due December 31, 2025.

2 - COMMITMENTS, GUARANTEES AND CONTINGENCIES:

CAPITAL EXPENDITURES-

FirstEnergy's current forecast reflects expenditures of approximately \$3.0 billion (OE-\$766 million, CEI-\$529 million, TE-\$259 million, Penn-\$234 million and unregulated subsidiaries-\$1.212 billion) for property additions and improvements from 2000-2004, of which approximately \$670 million (OE-\$213 million, CEI-\$109 million, TE-\$99 million, Penn-\$29 million and unregulated subsidiaries-\$220 million) is applicable to 2000. Investments for additional nuclear fuel during the 2000-2004 period are estimated to be approximately \$462 million (OE-\$113 million, CEI-\$157 million, TE-\$108 million and Penn-\$84 million), of which approximately \$152 million (OE-\$33 million, CEI-\$56 million, TE-\$39 million and Penn-\$24 million) applies to 2000.

STOCK REPURCHASE PROGRAM-

On November 17, 1998, the Board of Directors authorized the repurchase of up to 15 million shares of FirstEnergy's common stock over a three-year period beginning in 1999. Repurchases are made on the open market, at prevailing prices, and are funded primarily through the use of operating cash flows. During the second quarter of 2000 and the first six months of 2000, FirstEnergy repurchased and retired 1.7 million shares (average price of \$24.29 per share) and 3.2 million shares (average price of \$22.71 per share) of its common stock, respectively. In 1999, FirstEnergy also entered into a forward contract with Credit Suisse First Boston Corporation for the purchase of 1.4 million shares of FirstEnergy's common stock at an average price of \$24.22 per share to be settled on November 3, 2000. The contract may be settled through gross physical settlement, net share settlement or net cash settlement at FirstEnergy's election.

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 capital expenditures for environmental compliance of approximately \$292 million (OE-\$144 million, CEI-\$84 million, TE-\$33 million and Penn-\$31 million), which is included in the construction estimate given under "Capital Expenditures" for 2000 through 2004.

The Companies are required to meet federally approved sulfur dioxide (SO₂) regulations. Violations of such regulations can result in shutdown of the generating unit involved and/or civil or criminal penalties of up to \$27,500 for each day the unit is in violation. The Environmental Protection Agency (EPA) has an interim enforcement policy for SO₂ 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.

The Companies are in compliance with the current SO₂ and nitrogen oxides (NO_x) reduction requirements under the Clean Air Act Amendments of 1990. SO₂ reductions are being achieved by burning lower-sulfur fuel, generating more electricity from lower-emitting plants, and/or purchasing emission allowances. NO_x reductions are being achieved through combustion controls and the generation of more electricity at lower-emitting plants. In September 1998, the EPA finalized regulations requiring additional NO_x reductions from the Companies' Ohio and Pennsylvania facilities by May 2003. The EPA's NO_x Transport Rule imposes uniform reductions of NO_x emissions across a region of twenty-two states and the District of Columbia, including Ohio and Pennsylvania, based on a conclusion that such NO_x emissions are contributing significantly to ozone pollution in the eastern United States. In March 2000, the U.S. Court of Appeals for the D.C. Circuit upheld EPA's NO_x Transport Rule except as applied to the State of Wisconsin and portions of Georgia and Missouri. By October 2000, states are to submit revised State Implementation Plans (SIP) which comply with individual state NO_x budgets established by the EPA contemplating an approximate 85% reduction in utility plant NO_x emissions from projected 2007 emissions. A proposed Federal Implementation Plan accompanied the NO_x Transport Rule and may be implemented by the EPA in states which fail to revise their SIP. In another 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. The EPA position is that the Section 126 petitions will be adequately addressed by the NO_x Transport Program, but a December 17, 1999 rulemaking established an alternative program which would require nearly identical 85% NO_x reductions at 392 utility plants, including the Companies' Ohio and Pennsylvania plants, by May 2003, in the event implementation of the NO_x Transport Rule is delayed. Additional Section 126 petitions were filed by New Jersey, Maryland, Delaware and the District of Columbia in mid-1999 and are still under evaluation by the EPA. The Companies continue to evaluate their compliance plans and other compliance options.

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. In May 1999, the U.S. Court of Appeals for the D.C. Circuit remanded both standards to the EPA, having found constitutional and other defects in the new NAAQS rules. The D.C. Circuit Court, on October 29, 1999, denied an EPA petition for rehearing. The U.S. Supreme Court, on May 22, 2000, agreed to hear appeals of both EPA and industry petitioners regarding the new NAAQS rules and a decision is expected in 2001. The cost of compliance with these regulations, if they are reinstated, may be substantial and will depend on the manner in which they are ultimately implemented, if at all, by the states in which the Companies operate affected facilities.

In September 1999, FirstEnergy received, and subsequently in October 1999, OE and Penn received, a citizen suit notification letter from the New York Attorney General's office alleging Clean Air Act violations at the W. H. Sammis Plant. In November 1999, OE and Penn received a citizen suit notification letter from the Connecticut Attorney General's office alleging Clean Air Act violations at the Sammis Plant. In November 1999 and March 2000, the EPA issued Notices of Violation (NOV) or a Compliance Order to eight utilities covering 36 power plants, including the Sammis Plant. In addition, the U.S. Department of Justice filed seven civil complaints against various investor-owned utilities, which included a complaint against OE and Penn in the U.S. District Court for the Southern District of Ohio. The NOV and complaint allege violations of the Clean Air Act based on operation and maintenance of the Sammis Plant dating back to 1984. The complaint requests permanent injunctive relief to require the installation of "best available control technology" and civil penalties of up to \$27,500 per day of violation. Although unable to predict the outcome of these proceedings, FirstEnergy believes the Sammis Plant is in full compliance with the Clean Air Act and the NOV and complaint are without merit. Penalties could be imposed if the Sammis Plant continues to operate without correcting the alleged violations and a court determines that the allegations are valid. It is anticipated at this time that the Sammis Plant will continue to operate until these proceedings are concluded.

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. On April 25, 2000, EPA announced that it will develop national standards regulating disposal of coal ash under its authority to regulate nonhazardous waste.

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 of disposal 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 liabilities of \$4.4 million and \$0.6 million, respectively, as of June 30, 2000, based on estimates of the costs of cleanup and the proportionate responsibility of other PRPs for such costs. 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.

MERGER AGREEMENT -

On August 8, 2000, FirstEnergy and GPU, Inc. (GPU), a Pennsylvania corporation, entered into an Agreement and Plan of Merger. Under the merger agreement, FirstEnergy would acquire all of the outstanding shares of GPU's common stock for approximately \$4.5 billion in cash and FirstEnergy common stock. FirstEnergy would also assume approximately \$7.4 billion of GPU's debt and preferred stock. The transaction would be accounted for by the purchase method. The combined company's principal electric utility operating companies would include OE, CEI, TE and Penn, as well as GPU's electric utility operating companies - Jersey Central Power & Light Company, Metropolitan Edison Company, and Pennsylvania Electric Company, which serve customers in Pennsylvania and New Jersey.

Under the agreement, GPU shareholders would receive the equivalent of \$36.50 for each share of GPU common stock they own, payable in cash or in FirstEnergy common stock, as long as FirstEnergy's common stock price is between \$24.24 and \$29.63. Each GPU shareholder would be able to elect the form of consideration they wish to receive, subject to proration so that the aggregate consideration to all GPU shareholders will be 50 percent cash and 50 percent FirstEnergy common stock. Each GPU share converted into FirstEnergy common stock would receive not less than 1.2318 and not more than 1.5055 shares of FirstEnergy common stock, depending on the average closing price of FirstEnergy stock during the 20-day trading period ending on the sixth trading date prior to the merger closing. The stock portion of the consideration is expected to be tax-free to GPU shareholders.

The Merger has been approved by the respective Boards of Directors of the Company and GPU and is expected to close promptly after all of the conditions to the consummation of the Merger, including shareholder approval and the receipt of all necessary regulatory approvals, are fulfilled or waived. The receipt of all necessary regulatory approvals, including, the Federal Energy Regulatory Commission, the Nuclear Regulatory Commission, the Federal Communications Commission, and the Securities and Exchange Commission, are expected to take approximately one year.

3 - REGULATORY ACCOUNTING:

On July 19, 2000, the Public Utilities Commission of Ohio (PUCO) approved FirstEnergy's transition plan by adopting the agreement with major parties to the transition plan it had filed in 1999, on behalf of OE, CEI and TE under Ohio's electric utility restructuring law. Major parties to the agreement included the PUCO staff, the Ohio Consumers' Counsel, the Industrial Energy Users-Ohio, certain power marketers and others.

Major provisions of the agreement consisted of approval of the transition plan as filed, including recovery of transition costs through no later than 2006 for OE, mid-2007 for TE and 2008 for CEI, except where a longer period of recovery is provided for in the agreement. The total transition cost amounts to be recovered are as filed in the transition plan. FirstEnergy will also allow preferred access over FirstEnergy's subsidiaries to non-affiliated marketers, brokers and aggregators to 1,120 megawatts of generation capacity through 2005 at established prices for sales to the Ohio operating companies' retail customers. The base electric rates for distribution service for OE, CEI and TE under their prior respective regulatory plans will be extended from December 31, 2005 through December 31, 2007. The transition rate credits for customers under their prior regulatory plans will also be extended through the Companies' respective transition cost recovery periods.

Beginning January 1, 2001 when Ohio electric customers have the choice to select their generation suppliers under the Ohio restructuring law, the agreement provides to FirstEnergy's Ohio customers electing alternative suppliers, an additional incentive applied to the shopping credit of 45% for residential customers, 30% for commercial customers and 15% for industrial customers as reductions from their bills, when they select alternative energy providers (the credits exceed the price FirstEnergy will be offering to electricity suppliers relating to the 1,120 megawatts described on the previous page). The amount of the incentive will serve to reduce the amortization of transition costs during the market development period (January 1, 2001 through December 31, 2005) and will be recovered over the remaining transition cost recovery periods. If the customer shopping goals established in the agreement are not achieved by the end of 2005, the transition cost recovery periods could be shortened for OE, CEI and TE to reduce recovery by as much as \$500 million (OE-\$250 million, CEI-\$170 million and TE-\$80 million), but any such adjustment would be computed on a class-by-class and pro-rata basis.

The application of Statement of Financial Accounting Standards (SFAS) No. 71 "Accounting for the Effect of Certain Types of Regulation" (SFAS 71) to OE's generation business and the nonnuclear generation businesses of CEI and TE was discontinued effective with the issuance of the PUCO order. The June 30, 2000 balance sheets reflect the effect of such discontinuance with the reduction of plant investment and the corresponding recognition of regulatory assets recoverable through future regulatory cash flows for generating assets that were impaired in the amount of \$1.6 billion (\$1.2 billion, \$304 million and \$53 million for OE, CEI and TE, respectively). The Companies continue to bill and collect cost-based rates for their transmission and distribution services, which remain regulated; accordingly, it is appropriate that the Companies continue the application of SFAS 71 to those respective operations.

4 - NEW ACCOUNTING STANDARD:

In June 2000, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 138 (SFAS 138), "Accounting for Certain Derivative Instruments and Certain Hedging Activities - an amendment of FASB Statement No. 133." SFAS 138 modifies Statement No. 133 (SFAS 133) in several ways. The most significant impact of the amendment for FirstEnergy is expansion of the "normal purchases and normal sales" exception in SFAS 133 to include contracts that implicitly or explicitly permit net settlement. As a consequence, a number of contracts entered into in the normal course of business which were previously required to be accounted for as derivative instruments under SFAS 133 will now be excluded from those provisions, reducing SFAS 133's potential for volatility on earnings and other comprehensive income. The amendment also modifies certain hedging requirements of SFAS 133. FirstEnergy anticipates adopting SFAS 138 on its effective date of January 1, 2001. FirstEnergy is in the process of quantifying the impacts on its financial statements of adopting this new standard.

5 - SEGMENT INFORMATION:

FirstEnergy's primary segment is its Electric Utility Operating Companies which include four electric utilities that provide electric service in Ohio and Pennsylvania. Its other material business segment consists of the subsidiaries that operate unregulated businesses. Financial data for these business segments are as follows:

Segment Financial Information

Three Months Ended:	Electric Utilities	Unregulated Businesses	Reconciling Eliminations	Totals
(In millions)				
June 30, 2000				
External revenues	\$ 1,342	\$ 360	\$ --	\$ 1,702
Intersegment revenues	29	40	(69)	--
Total revenues	1,371	400	(69)	1,702
Depreciation and amortization	220	5	--	225
Net interest charges	128	17	(11)	134
Income taxes	99	(4)	--	95
Net income/Earnings on common stock	141	(4)	(2)	135
Total assets	17,169	2,092	(1,160)	18,101
Property additions	102	22	--	124
Acquisitions	--	--	--	--

June 30, 1999

External revenues	\$ 1,335	\$ 184	\$ --	\$ 1,519
Intersegment revenues	8	45	(53)	--
Total revenues	1,343	229	(53)	1,519
Depreciation and amortization	208	9	--	217
Net interest charges	143	16	(12)	147
Income taxes	101	--	--	101
Net income/Earnings on common stock	125	3	(3)	125
Total assets	17,393	1,924	(934)	18,383
Property additions	69	24	--	93
Acquisitions	--	--	--	--

Six Months Ended:	Electric Utilities	Unregulated Businesses	Reconciling Eliminations	Totals
(In millions)				
June 30, 2000				
External revenues	\$ 2,617	\$ 693	\$ --	\$ 3,310
Intersegment revenues	57	66	(123)	--
Total revenues	2,674	759	(123)	3,310
Depreciation and amortization	417	10	--	427
Net interest charges	259	35	(25)	269
Income taxes	196	(3)	--	193
Net income/Earnings on common stock	282	(2)	(4)	276
Total assets	17,169	2,092	(1,160)	18,101
Property additions	219	57	--	276
Acquisitions	--	--	--	--

June 30, 1999

External revenues	\$ 2,612	\$ 329	\$ --	\$ 2,941
Intersegment revenues	16	68	(84)	--
Total revenues	2,628	397	(84)	2,941
Depreciation and amortization	394	14	--	408
Net interest charges	285	32	(24)	293
Income taxes	197	(3)	--	194
Net income/Earnings on common stock	268	(2)	(4)	262
Total assets	17,393	1,924	(934)	18,383
Property additions	121	54	--	175
Acquisitions	--	9	--	9

FIRSTENERGY CORP.

CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2000	1999	2000	1999
	(In thousands, except per share amounts)			
REVENUES:				
Electric sales	\$1,281,232	\$1,288,196	\$2,487,707	\$2,497,318
Other - electric utilities	67,453	54,125	141,908	128,327
Facilities services	136,604	116,717	254,750	221,323
Trading services	90,141	17,089	137,350	28,566
Other	126,674	42,612	288,319	65,757
Total revenues	1,702,104	1,518,739	3,310,034	2,941,291
EXPENSES:				
Fuel and purchased power	213,364	204,273	392,554	408,630
Other expenses:				
Electric utilities	420,036	418,956	828,481	789,971
Facilities services	130,745	110,566	245,976	209,959
Trading services	101,676	20,460	149,592	33,264
Other	109,420	34,840	249,585	64,170
Provision for depreciation and amortization	224,794	216,700	426,878	407,913
General taxes	137,977	139,466	279,032	277,560
Total expenses	1,338,012	1,145,261	2,572,098	2,191,467
INCOME BEFORE INTEREST AND INCOME TAXES	364,092	373,478	737,936	749,824
NET INTEREST CHARGES:				
Interest expense	124,243	131,359	247,086	260,740
Allowance for borrowed funds used during construction and capitalized interest	(7,022)	(3,376)	(13,126)	(6,061)
Subsidiaries' preferred stock dividends	17,125	19,379	35,413	38,760
Net interest charges	134,346	147,362	269,373	293,439
INCOME TAXES	95,142	100,794	193,041	194,342
NET INCOME	\$ 134,604	\$ 125,322	\$ 275,522	\$ 262,043
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	223,542	227,367	224,201	228,254
BASIC AND DILUTED EARNINGS PER SHARE OF COMMON STOCK	\$.60	\$.55	\$1.23	\$1.15
DIVIDENDS DECLARED PER SHARE OF COMMON STOCK	\$.375	\$.375	\$.75	\$.75

The preceding Notes to Financial Statements as they relate to FirstEnergy Corp. are an integral part of these statements.

FIRSTENERGY CORP.

CONSOLIDATED BALANCE SHEETS
(Unaudited)

	June 30, 2000	December 31, 1999
	-----	-----
	(In thousands)	
ASSETS		

CURRENT ASSETS:		
Cash and cash equivalents	\$ 87,560	\$ 111,788
Receivables-		
Customers (less accumulated provisions of \$9,682,000 and \$6,719,000, respectively, for uncollectible accounts)	369,053	322,687
Other (less accumulated provisions of \$8,579,000 and \$5,359,000, respectively, for uncollectible accounts)	419,704	445,242
Materials and supplies, at average cost-		
Owned	113,482	154,834
Under consignment	121,325	99,231
Prepayments and other	228,146	167,894
	-----	-----
	1,339,270	1,301,676
	-----	-----
PROPERTY, PLANT AND EQUIPMENT:		
In service	11,788,170	14,645,131
Less--Accumulated provision for depreciation	4,757,755	5,919,170
	-----	-----
	7,030,415	8,725,961
Construction work in progress	413,893	367,380
	-----	-----
	7,444,308	9,093,341
	-----	-----
INVESTMENTS:		
Capital trust investments	1,233,368	1,281,834
Nuclear plant decommissioning trusts	574,967	543,694
Letter of credit collateralization	277,763	277,763
Other	623,121	599,443
	-----	-----
	2,709,219	2,702,734
	-----	-----
DEFERRED CHARGES:		
Regulatory assets	4,048,288	2,543,427
Goodwill	2,117,054	2,129,902
Property taxes	267,226	276,997
Other	175,914	175,970
	-----	-----
	6,608,482	5,126,296
	-----	-----
	\$18,101,279	\$18,224,047
	=====	=====

FIRSTENERGY CORP.

CONSOLIDATED BALANCE SHEETS
(Unaudited)

	June 30, 2000	December 31, 1999
	-----	-----
	(In thousands)	
CAPITALIZATION AND LIABILITIES		

CURRENT LIABILITIES:		
Currently payable long-term debt and preferred stock	\$ 643,682	\$ 762,520
Short-term borrowings	464,867	417,819
Accounts payable	357,237	360,379
Accrued taxes	439,983	409,724
Accrued interest	121,781	125,397
Other	276,111	301,572
	-----	-----
	2,303,661	2,377,411
	-----	-----
CAPITALIZATION:		
Common stockholders' equity-		
Common stock, \$.10 par value, authorized 300,000,000 shares - 229,231,141 and 232,454,287 shares outstanding, respectively	22,923	23,245
Other paid-in capital	3,651,147	3,722,375
Accumulated comprehensive income	(195)	(195)
Retained earnings	1,052,245	945,241
Unallocated employee stock ownership plan common stock - 6,296,746 and 6,778,905 shares, respectively	(117,715)	(126,776)
	-----	-----
Total common stockholders' equity	4,608,405	4,563,890
Preferred stock of consolidated subsidiaries-		
Not subject to mandatory redemption	648,395	648,395
Subject to mandatory redemption	124,356	136,246
OE obligated mandatorily redeemable preferred securities of subsidiary trust holding solely OE subordinated debentures	120,000	120,000
Long-term debt	5,965,925	6,001,264
	-----	-----
	11,467,081	11,469,795
	-----	-----
DEFERRED CREDITS:		
Accumulated deferred income taxes	2,185,061	2,231,265
Accumulated deferred investment tax credits	257,937	269,083
Other postretirement benefits	519,384	498,184
Nuclear plant decommissioning costs	589,651	562,295
Other	778,504	816,014
	-----	-----
	4,330,537	4,376,841
	-----	-----
COMMITMENTS, GUARANTEES AND CONTINGENCIES (Note 2)		
	-----	-----
	\$18,101,279	\$18,224,047
	=====	=====

The preceding Notes to Financial Statements as they relate to FirstEnergy Corp. are an integral part of these balance sheets.

FIRSTENERGY CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2000	1999	2000	1999
	(In thousands)			
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income	\$134,604	\$ 125,322	\$275,522	\$ 262,043
Adjustments to reconcile net income to net cash from operating activities-				
Provision for depreciation and amortization	224,794	216,700	426,878	407,913
Nuclear fuel and lease amortization	24,943	21,354	54,704	47,949
Other amortization, net	(3,451)	(3,789)	(6,618)	(4,254)
Deferred income taxes, net	(27,965)	(8,310)	(33,338)	(14,745)
Investment tax credits, net	(6,941)	(3,375)	(12,495)	(6,819)
Receivables	(46,929)	(142,077)	(20,828)	(160,447)
Materials and supplies	12,420	11,734	19,258	6,728
Accounts payable	15,177	37,015	(3,142)	49,173
Other	(40,559)	18,207	(85,933)	(102,130)
Net cash provided from operating activities	286,093	272,781	614,008	485,411
CASH FLOWS FROM FINANCING ACTIVITIES:				
New Financing-				
Long-term debt	241,099	181,088	258,418	193,365
Short-term borrowings net	111,040	--	47,048	--
Redemptions and Repayments-				
Common stock	40,050	31,076	74,012	75,575
Preferred stock	13,714	21,489	13,714	21,489
Long-term debt	347,469	12,206	449,524	93,008
Short-term borrowings, net	--	35,992	--	24,728
Common stock dividend payments	84,063	85,299	168,518	171,436
Net cash used for financing activities	133,157	4,974	400,302	192,871
CASH FLOWS FROM INVESTING ACTIVITIES:				
Property additions	124,397	92,971	276,077	183,676
Cash investments	(1,930)	63	(41,036)	(41,205)
Other	(14,045)	(6,148)	2,893	1,334
Net cash used for investing activities	108,422	86,886	237,934	143,805
Net increase (decrease) in cash and cash equivalents	44,514	180,921	(24,228)	148,735
Cash and cash equivalents at beginning of period	43,046	45,612	111,788	77,798
Cash and cash equivalents at end of period	\$ 87,560	\$ 226,533	\$ 87,560	\$ 226,533

The preceding Notes to Financial Statements as they relate to FirstEnergy Corp. are an integral part of these statements.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To FirstEnergy Corp.:

We have reviewed the accompanying consolidated balance sheet of FirstEnergy Corp. (an Ohio corporation) and subsidiaries as of June 30, 2000, and the related consolidated statements of income and cash flows for the three-month and six-month periods ended June 30, 2000 and 1999. These financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the financial statements referred to above for them to be in conformity with accounting principles generally accepted in the United States.

We have previously audited, in accordance with auditing standards generally accepted in the United States, the consolidated balance sheet of FirstEnergy Corp. and subsidiaries as of December 31, 1999 (not presented herein), and, in our report dated February 11, 2000, we expressed an unqualified opinion on that statement. In our opinion, the information set forth in the accompanying consolidated balance sheet as of December 31, 1999, is fairly stated, in all material respects, in relation to the balance sheet from which it has been derived.

ARTHUR ANDERSEN LLP

Cleveland, Ohio
August 11, 2000

FIRSTENERGY CORP.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
RESULTS OF OPERATIONS AND FINANCIAL CONDITION**

Results of Operations

Revenues increased \$183.4 million in the second quarter of 2000 and \$368.7 million during the six-month period ended June 30, 2000, as compared to the same periods in 1999, principally as a result of increased sales by our unregulated businesses. The sources of increases in the second quarter and first half of 2000, compared to the corresponding periods of 1999, are summarized in the following table.

Sources of Revenue Changes	Three Months	Six Months
-----	-----	-----
(In millions)		
Electric Utility Operating Companies (EUOC):		
Electric sales	\$(6.9)	\$(9.6)
Other electric utility revenues	13.3	13.6
	-----	-----
Total EUOC	6.4	4.0
Unregulated Businesses:		
Retail electric sales	43.3	94.0
FirstEnergy Trading Services, Inc. (FETS)	73.1	108.8
Other businesses	60.6	161.9
	-----	-----
Net Revenue Increase	\$183.4	\$368.7
	=====	=====

Electric Sales

EUOC sales revenues decreased \$6.9 million in the second quarter and \$9.6 million in the first six months of 2000 from the same periods in 1999. Lower kilowatt-hour prices (representing sales from traditional vertically integrated operations) offset an increase in EUOC electric generation sales in both periods. EUOC other electric revenues increased in both the second quarter and first half of 2000, compared to the same periods in 1999, primarily due to additional FirstEnergy transmission and Penn distribution revenues.

Total electric generation sales, including unregulated sales, increased in the second quarter and first six months of 2000, compared to the corresponding periods in 1999. In the first half of 2000, unregulated retail sales were nearly double last year's level. FirstEnergy continued to make progress in expanding its retail electric sales to target unregulated markets in the eastern portion of the U.S. Sales to wholesale customers also contributed to the increase in unregulated sales with a 16.9% increase in the second quarter and a 33.8% increase in the first six months of 2000, compared to the same periods last year.

EUOC kilowatt-hour deliveries (to customers in their franchise service areas) increased in both the second quarter and year-to-date periods from the corresponding periods in 1999. Kilowatt-hour deliveries to all customer groups -- residential, commercial and industrial -- grew in the second quarter of 2000, compared to the same quarter in 1999, as a result of continuing economic strength in the service area.

Changes in electric generation sales and kilowatt-hour deliveries in the second quarter and first half of 2000 compared to the respective periods of 1999 are summarized in the following table.

Changes in KWH Sales		

Increase (Decrease)	Three	Six
	Months	Months
	-----	-----
Electric Generation Sales:		
EUOC - Retail	2.5%	1.9%
Unregulated	63.1%	94.6%
	----	----
Total Electric Generation Sales	10.0%	11.4%
	====	====
EUOC Distribution Deliveries:		
Residential	1.6%	(1.6)%
Commercial	1.0%	1.9%
Industrial	3.3%	4.4%
	----	----
Total Distribution Deliveries	2.2%	1.9%
	====	====

Other Sales

Retail natural gas sales were the primary contributor to increases in other business revenues in the second quarter and first six months of 2000 from the same periods in 1999. Collectively, three FETS gas acquisitions, occurring late in the first and fourth quarters of 1999 -- Atlas Gas Marketing Inc., Belden Energy Services Company and Volunteer Energy LLC -- significantly expanded FETS revenues in the second quarter and year-to-date periods of 2000 compared to last year.

Operating Expenses

The \$9.1 million increase in fuel and purchased power costs in the second quarter of 2000, compared to the same quarter of 1999, resulted from a \$43.0 million increase in purchased power costs partially offset by a \$33.9 million decrease in fuel expense. Purchased power costs increased primarily due to replacement power purchased during the Davis-Besse Plant refueling outage, an unplanned 11-day outage at the Perry Plant and fossil plant maintenance outages. Despite a 4.5% increase in generation, fuel expense decreased 19.2%. Factors contributing to the overall reduced fuel expense included:

- A higher proportion of nuclear generation (i.e. lower cost fuel) due to improved nuclear availability and increased nuclear ownership from the exchange of generating assets with Duquesne Light Company (Duquesne) in December 1999;
- The expiration of an above-market coal contract; and
- More extensive use of lower cost western coal.

The above factors also contributed to a \$16.1 million decrease in fuel and purchased power costs in the first six months of 2000 from the same period of 1999. More internal generation in the first three months of 2000, compared to the same period of 1999, tempered FirstEnergy's need for purchased power in the first half of 2000.

Other expenses for the EUOC increased slightly in the second quarter of 2000 from the second quarter of last year, reflecting planned spring maintenance work at fossil units and higher nuclear expenses associated with the Duquesne asset exchange, which were partially offset by gains in 2000 from the sale of emission allowances. Other expenses for the EUOC rose in the first half of 2000, compared to the same period of 1999, as a result of nuclear outage costs and the increased nuclear ownership. Expansion of sales activity by FirstEnergy's unregulated businesses also resulted in corresponding increases in other non-EUOC operating costs of \$176.0 million in the second quarter of 2000 and \$337.8 million in the first six months of 2000 from the respective periods of 1999.

Accelerated cost recovery in connection with OE's rate reduction plan resulted in additional depreciation and amortization in the second quarter and year-to-date periods of 2000, compared to the same periods in 1999.

Accelerated cost recovery increased \$22.5 million in the second quarter and \$35.1 million in the first six months of 2000 from the corresponding periods last year.

Net Interest Charges

Interest charges continued their downward trend, decreasing \$13.0 million in the second quarter and \$24.1 million in the first six months of 2000 compared to the same periods of 1999, due to debt and preferred stock redemption and refinancing activities. During the first half of 2000, redemption and refinancing activities totaled \$130.4 million and \$253.8 million, respectively, and will result in annualized savings of \$12.1 million, of which \$10.8 million relates to activities occurring in the second quarter.

Net Income

As a result of additional revenues and reduced interest charges that were partially offset by higher other operating expenses, depreciation and amortization, and fuel and purchased power costs, net income increased to \$134.6 million in the second quarter of 2000, compared to \$125.3 million in the same period of 1999. Basic and diluted earnings per share of common stock were \$0.60 in the second quarter of 2000, compared to \$0.55 in second quarter of 1999.

In the first six months of 2000, net income increased to \$275.5 million from \$262.0 million in the first half of 1999 as a result of additional revenues, reduced interest charges and lower fuel and purchased power costs, that were partially offset by higher operating expenses and depreciation and amortization. Basic and diluted earnings per share of common stock were \$1.23 in the first six months of 2000, compared to \$1.15 for the same period in 1999.

Pending Merger

On August 8, 2000, FirstEnergy entered into an agreement to merge with GPU, Inc. (GPU), a Pennsylvania corporation, headquartered in Morristown, New Jersey. Under the merger agreement, FirstEnergy would acquire all of the outstanding shares of GPU's common stock for approximately \$4.5 billion in cash and FirstEnergy common stock. FirstEnergy would also assume approximately \$7.4 billion of GPU's debt and preferred stock. The transaction would be accounted for by the purchase method. The combined company's principal electric utility operating companies would include OE, CEI, TE and Penn, as well as GPU's electric utility operating companies - Jersey Central Power & Light Company, Metropolitan Edison Company, and Pennsylvania Electric Company, which serve customers in Pennsylvania and New Jersey.

The Merger has been approved by the respective Boards of Directors of FirstEnergy and GPU and is expected to close promptly after all of the conditions to the consummation of the Merger, including shareholder approval and the receipt of all necessary regulatory approvals, are fulfilled or waived. The receipt of all necessary regulatory approvals, including, the Federal Energy Regulatory Commission, the Nuclear Regulatory Commission, the Federal Communications Commission, and the Securities and Exchange Commission, are expected to take approximately one year.

Capital Resources and Liquidity

FirstEnergy and its subsidiaries have continuing cash needs for planned capital expenditures, maturing debt and preferred stock sinking fund requirements. During the last two quarters of 2000, capital requirements for property additions and capital leases are expected to be about \$471 million, including \$84 million for nuclear fuel. The Companies have additional cash requirements of approximately \$275.1 million to meet sinking fund requirements for preferred stock and maturing long-term debt during the second half of 2000. These cash requirements are expected to be satisfied from internal cash and/or short-term credit arrangements.

During the second quarter of 2000, FirstEnergy repurchased 1.7 million shares of its common stock at an average price of \$24.29 per share. For the first two quarters of 2000, the Company repurchased 3.2 million shares of common stock at an average price of \$22.71 per share. FirstEnergy has an equity forward purchase contract to

purchase an additional 1.4 million shares in November 2000 at an average price of \$24.22 per share (see Note 2, - "Stock Repurchase Program").

As of June 30, 2000, FirstEnergy and its subsidiaries had about \$87.6 million of cash and temporary investments and \$464.9 million of short-term indebtedness. Available borrowings included \$303.0 million from unused revolving lines of credit.

On May 31, 2000, FirstEnergy, along with 20 other leading energy companies, formed Pantellos Corporation, which will manage an open, independent Internet e-marketplace for buyers and sellers from the \$130 billion North American utility and energy supply market. When Pantellos begins operation next year, FirstEnergy expects to realize savings by using the e-market site and also to benefit from its ownership interest in the new company.

Market Risk - Commodity Prices

FirstEnergy is exposed to market risk due to fluctuations in electricity, coal, natural gas and oil prices. To manage the volatility relating to these exposures, FirstEnergy uses a variety of derivative instruments, including forward contracts, options and futures contracts. These derivatives are used principally for hedging purposes, and to a lesser extent, for trading purposes. Although FirstEnergy believes that the policies and procedures it has adopted are prudent, its financial position, results of operations or cash flow may be adversely affected by unanticipated fluctuations in the commodity prices for electricity, coal, natural gas, oil, or by the failure of contract counterparties to perform.

Environmental Matters

On May 22, 2000, the U.S. Supreme Court agreed to hear appeals of both EPA and industry petitioners regarding new National Ambient Air Quality Standard (NAAQS) rules (see Note 2, "Environmental Matters"). The appeal stems from the decision of the U.S. Court of Appeals for the D.C. Circuit to remand ozone and ultra-fine particulate matter standards to the EPA, having found constitutional and other defects in the new NAAQS rules. The D.C. Circuit Court subsequently denied an EPA petition for rehearing. A decision is expected from the U.S. Supreme Court in 2001.

Regulatory Matters

On July 19, 2000, the PUCO approved FirstEnergy's plan for transition to customer choice (see Note 3). As part of its authorization, the PUCO approved an agreement between FirstEnergy and major groups representing most of FirstEnergy's customers regarding the transition to customer choice in the selection of alternative suppliers. Major parties to the plan included the PUCO staff, the Ohio Consumers' Counsel, the Industrial Energy Users-Ohio, certain power marketers and others.

Major provisions of the approved transition plan include:

- The opportunity to recover transition costs as filed - through 2006 for OE, through mid-2007 for TE, and through 2008 for CEI;
- A commitment to sell 1,120 megawatts of FirstEnergy's generating capacity to marketers, brokers and aggregators at set prices for sales to retail customers in its Ohio operating companies' service areas;
- A 5% reduction in the generation portion of residential customer bills, saving those customers between 2% to 3% on a typical monthly bill;
- Additional incentives applied to shopping credits for residential, commercial and industrial customers of 45%, 30% and 15%, respectively, as reductions from their bills, when they select alternative energy providers (the credits exceed the price FirstEnergy will be offering to electricity suppliers relating to the 1,120 megawatts described above);

- A continuation of OE's, CEI's and TE's programs that maintain current rates for distribution services through December 31, 2007; and

- FirstEnergy assumes the risk of not recovering up to \$500 million of transition revenue if the rate of customers switching their service from OE, CEI and TE has not reached an average of 20% over any twelve month period ending between January 1, 2001 and December 31, 2005.

The application of SFAS 71 was discontinued for OE's generation business and the nonnuclear generation businesses of CEI and TE effective with the issuance of the PUCO order. The balance sheets as of June 30, 2000 reflect the effect of such discontinuance with \$1.6 billion of impaired plant investment recognized as regulatory assets to be recovered as transition costs. The Companies continue to bill and collect cost-based rates for their transmission and distribution services, which remain subject to cost-based regulation; accordingly, it is appropriate that the Companies continue the application of SFAS 71 to those respective operations.

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OHIO EDISON COMPANY
 CONSOLIDATED STATEMENTS OF INCOME
 (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2000	1999	2000	1999
	(In thousands)			
OPERATING REVENUES	\$667,256	\$646,729	\$1,311,621	\$1,279,847
OPERATING EXPENSES AND TAXES:				
Fuel and purchased power	106,800	109,443	202,378	221,465
Nuclear operating costs	73,042	76,879	184,661	149,315
Other operating costs	98,145	117,773	195,739	218,056
Total operation and maintenance expenses	277,987	304,095	582,778	588,836
Provision for depreciation and amortization	136,783	125,151	250,734	228,555
General taxes	58,008	61,562	117,461	123,822
Income taxes	60,362	41,904	106,983	89,667
Total operating expenses and taxes	533,140	532,712	1,057,956	1,030,880
OPERATING INCOME	134,116	114,017	253,665	248,967
OTHER INCOME	11,481	13,080	23,804	22,398
INCOME BEFORE NET INTEREST CHARGES	145,597	127,097	277,469	271,365
NET INTEREST CHARGES:				
Interest on long-term debt	42,056	46,222	84,595	91,305
Allowance for borrowed funds used during construction and capitalized interest	(1,508)	(885)	(4,067)	(1,982)
Other interest expense	7,589	9,164	15,060	17,783
Subsidiaries' preferred stock dividend requirements	3,626	3,856	7,252	7,713
Net interest charges	51,763	58,357	102,840	114,819
NET INCOME	93,834	68,740	174,629	156,546
PREFERRED STOCK DIVIDEND REQUIREMENTS	2,808	2,913	5,616	5,826
EARNINGS ON COMMON STOCK	\$ 91,026	\$ 65,827	\$ 169,013	\$ 150,720

The preceding Notes to Financial Statements as they relate to Ohio Edison Company are an integral part of these statements.

OHIO EDISON COMPANY
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	June 30, 2000	December 31, 1999
ASSETS	(In thousands)	

UTILITY PLANT:		
In service	\$5,621,302	\$8,118,783
Less--Accumulated provision for depreciation	2,557,546	3,713,781
	-----	-----
	3,063,756	4,405,002
	-----	-----
Construction work in progress-		
Electric plant	216,623	205,671
Nuclear fuel	3,008	10,059
	-----	-----
	219,631	215,730
	-----	-----
	3,283,387	4,620,732
	-----	-----
OTHER PROPERTY AND INVESTMENTS:		
PNBV Capital Trust	461,694	469,124
Nuclear plant decommissioning trusts	253,862	236,903
Letter of credit collateralization	277,763	277,763
Other.	436,900	425,872
	-----	-----
	1,430,219	1,409,662
	-----	-----
CURRENT ASSETS:		
Cash and cash equivalents	67,176	87,175
Receivables-		
Customers (less accumulated provisions of \$6,522,000 and \$6,452,000, respectively, for uncollectible accounts)	296,639	278,484
Associated companies	251,377	221,653
Other (less accumulated provisions of \$1,000,000 for uncollectible accounts at both dates)	27,016	36,281
Notes receivable from associated companies	24,234	--
Materials and supplies, at average cost-		
Owned	53,299	69,119
Under consignment	61,139	55,278
Prepayments and other	101,253	73,682
	-----	-----
	882,133	821,672
	-----	-----
DEFERRED CHARGES:		
Regulatory assets	2,789,795	1,618,319
Property taxes	99,290	100,906
Unamortized sale and leaseback costs	82,601	85,100
Other	38,170	44,355
	-----	-----
	3,009,856	1,848,680
	-----	-----
	\$8,605,595	\$8,700,746
	=====	=====

OHIO EDISON COMPANY
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	June 30, 2000	December 31, 1999
	-----	-----
	(In thousands)	
CAPITALIZATION AND LIABILITIES -----		
CAPITALIZATION:		
Common stockholder's equity-		
Common stock, \$9 par value, authorized 175,000,000 shares - 100 shares outstanding	\$ 1	\$ 1
Other paid-in capital	2,098,728	2,098,728
Retained earnings	585,563	525,731
	-----	-----
Total common stockholder's equity	2,684,292	2,624,460
Preferred stock-		
Not subject to mandatory redemption	160,965	160,965
Subject to mandatory redemption	5,000	5,000
Preferred stock of consolidated subsidiary-		
Not subject to mandatory redemption	39,105	39,105
Subject to mandatory redemption	15,000	15,000
OE obligated mandatorily redeemable preferred securities of subsidiary trust holding solely OE subordinated debentures	120,000	120,000
Long-term debt	2,177,472	2,175,812
	-----	-----
	5,201,834	5,140,342
	-----	-----
CURRENT LIABILITIES:		
Currently payable long-term debt and preferred stock	304,208	422,838
Short-term borrowings-		
Associated companies	--	35,583
Other	308,745	322,713
Accounts payable-		
Associated companies	128,336	50,883
Other	58,490	63,219
Accrued taxes	226,856	207,362
Accrued interest	34,005	37,572
Other	73,437	94,967
	-----	-----
	1,134,077	1,235,137
	-----	-----
DEFERRED CREDITS:		
Accumulated deferred income taxes	1,402,911	1,468,478
Accumulated deferred investment tax credits	135,112	143,336
Nuclear plant decommissioning costs	253,011	239,695
Other postretirement benefits	153,961	148,421
Other	324,689	325,337
	-----	-----
	2,269,684	2,325,267
	-----	-----
COMMITMENTS, GUARANTEES AND CONTINGENCIES (Note 2)		
	-----	-----
	\$8,605,595	\$8,700,746
	=====	=====

The preceding Notes to Financial Statements as they relate to Ohio Edison Company are an integral part of these balance sheets.

OHIO EDISON COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2000	1999	2000	1999
	(In thousands)			
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income	\$ 93,834	\$ 68,740	\$174,629	\$156,546
Adjustments to reconcile net income to net cash from operating activities-				
Provision for depreciation and amortization	136,783	125,151	250,734	228,555
Nuclear fuel and lease amortization	12,595	9,483	25,697	20,160
Deferred income taxes, net	(21,730)	(18,745)	(37,688)	(30,755)
Investment tax credits, net	(5,480)	(1,907)	(9,573)	(3,884)
Receivables	(45,669)	30,463	(38,614)	(4,907)
Materials and supplies	6,217	(3,507)	9,959	(2,765)
Accounts payable	19,364	25,552	72,724	37,970
Other	(51,448)	(24,362)	(13,619)	(30,893)
Net cash provided from operating activities	144,466	210,868	434,249	370,027
CASH FLOWS FROM FINANCING ACTIVITIES:				
New Financing-				
Long-term debt	174,934	190,680	192,252	158,515
Short-term borrowings, net	1,388	74,594	--	89,820
Redemptions and Repayments-				
Preferred stock	--	6,085	--	6,085
Long-term debt	245,366	10,558	316,399	19,140
Short-term borrowings, net	--	--	49,551	--
Dividend Payments-				
Common stock	50,200	251,865	109,200	333,603
Preferred stock	2,789	3,057	5,597	5,826
Net cash used for financing activities	122,033	6,291	288,495	116,319
CASH FLOWS FROM INVESTING ACTIVITIES:				
Property additions	45,064	40,749	133,185	94,787
Loans to associated companies	--	--	24,234	--
Loan payments from associated companies	(76,479)	--	--	--
Other	(4,721)	(5,969)	8,334	7,798
Net cash used for (provided from) investing activities	(36,136)	34,780	165,753	102,585
Net increase (decrease) in cash and cash equivalents	58,569	169,797	(19,999)	151,123
Cash and cash equivalents at beginning of period	8,607	14,539	87,175	33,213
Cash and cash equivalents at end of period	\$ 67,176	\$184,336	\$ 67,176	\$184,336

The preceding Notes to Financial Statements as they relate to Ohio Edison Company are an integral part of these statements.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Ohio Edison Company:

We have reviewed the accompanying consolidated balance sheet of Ohio Edison Company (an Ohio corporation and wholly owned subsidiary of FirstEnergy Corp.) and subsidiaries as of June 30, 2000, and the related consolidated statements of income and cash flows for the three-month and six-month periods ended June 30, 2000 and 1999. These financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the financial statements referred to above for them to be in conformity with accounting principles generally accepted in the United States.

We have previously audited, in accordance with auditing standards generally accepted in the United States, the consolidated balance sheet of Ohio Edison Company and subsidiaries as of December 31, 1999 (not presented herein), and, in our report dated February 11, 2000, we expressed an unqualified opinion on that statement. In our opinion, the information set forth in the accompanying consolidated balance sheet as of December 31, 1999, is fairly stated, in all material respects, in relation to the balance sheet from which it has been derived.

ARTHUR ANDERSEN LLP

Cleveland, Ohio
August 11, 2000

OHIO EDISON COMPANY

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Results of Operations

Operating revenues increased \$20.5 million in the second quarter and \$31.8 million during the six-month period ended June 30, 2000, compared to the same periods in 1999. Higher second quarter and year-to-date operating revenues resulted from increased kilowatt-hour sales, which were partially offset by lower unit prices. Residential and industrial customers combined to increase total retail kilowatt-hour sales in the second quarter of 2000, while sales to commercial customers decreased, compared to the same period last year. Industrial customers were the only customer group contributing to the increase in total retail kilowatt-hour sales in the first half of 2000 compared to the first half of 1999. Industrial kilowatt-hour sales in both periods benefited from a rebound in demand for domestic steel, as the area economy continued to support expanding industrial sales. Additional available internal generation and continuing demand for wholesale power combined to increase kilowatt-hour sales significantly to the wholesale market in both the second quarter and first six months of 2000, compared to the previous year. Retail and wholesale demand combined to increase total kilowatt-hour sales by 15.4% in the second quarter and 11.1% in the first half of 2000 from the corresponding periods in 1999.

Changes in kilowatt-hour sales by customer class for the second quarter and first six months of 2000, compared to 1999, are summarized in the following table:

Changes in KWH Sales ----- Increase (Decrease)	Three Months -----	Six Months -----
Residential	1.6%	(0.4)%
Commercial	(2.6)%	(2.1)%
Industrial	3.1%	5.0%
	----	----
Total Retail	1.0%	1.2%
Wholesale	83.1%	58.7%
	----	----
Total Sales	15.4%	11.1%
	====	====

Operating Expenses and Taxes

Total operating expenses and taxes were nearly unchanged in the second quarter and increased \$27.1 million in the first half of 2000 from the corresponding periods in 1999. Lower operation and maintenance expenses and general taxes were substantially offset by higher depreciation and amortization and income taxes in the second quarter of 2000, compared to the second quarter of 1999. In the first six months of 2000, the increase in operating expenses and taxes from the same period in 1999 resulted from higher nuclear expense, depreciation and amortization and income taxes, offset by reductions in fuel and purchased power costs, other operating expenses and general taxes.

Lower fuel and purchased power costs in both the second quarter and first half of 2000, compared to the same periods of 1999, occurred due to reduced fuel expense -- down \$7.5 million and \$23.3 million, respectively. Two factors contributed to the lower fuel expense, which occurred despite a 19.6% second quarter increase in generation and a 13.6% increase in generation over the first half of 2000, compared to the prior year. These factors included a higher proportion of nuclear generation (i.e., lower cost fuel) due to increased nuclear generation ownership and improved nuclear availability, and the expiration of an above-market coal contract. The increased nuclear generation ownership resulted from the exchange of generating assets with Duquesne in December 1999.

Nuclear operating costs decreased slightly in the second quarter despite the increased nuclear generation ownership due to less nuclear refueling outage work being done at OE nuclear units in the second quarter of 2000, compared to the second quarter of last year. However, in the first six months of 2000, nuclear operating expenses

increased \$35.3 million from the same period in 1999 primarily due to the refueling outage related costs at Beaver Valley Unit 1 and increased ownership of the Beaver Valley Plant following the asset exchange. Other operating costs decreased by \$19.6 million in the second quarter and \$22.3 million in the first half of 2000 from the corresponding periods last year. Approximately one-half of the reductions resulted from gains on the sales of emission allowances. In addition, the transfer of ownership in PPE from Penn, a wholly owned subsidiary, to FE Services, an affiliated company, and reduced customer program expenses contributed to the lower other operating costs in the second quarter and first half of 2000.

Accelerated cost recovery in connection with OE's rate plan resulted in an \$11.6 million increase in depreciation and amortization in the second quarter and a \$22.2 million increase in the first six months of 2000 from the corresponding periods of the previous year. Accelerated recovery of nuclear and regulatory assets under the OE rate plan and Penn's restructuring plan totaled \$86.8 million in the second quarter and \$144.0 million in the first half of 2000, compared to \$64.3 million and \$108.9 million in the corresponding periods of last year. General taxes decreased in both the second quarter and year-to-date periods of 2000, compared to 1999, primarily due to a tax settlement and reduced gross receipts taxes.

Net Interest Charges

Net interest charges declined in the second quarter and first six months of 2000 compared to the same periods last year due to debt redemption and refinancing activities. Interest on short-term debt also declined in both periods as a result of reduced borrowings. During the first half of 2000, redemption and refinancing activities totaled \$86.1 million and \$186.5 million, respectively, and will result in annualized savings of \$6.6 million, of which \$6.4 million relates to activities occurring in the second quarter.

Capital Resources and Liquidity

OE and Penn (OE companies) have continuing cash requirements for planned capital expenditures, maturing debt and preferred stock sinking fund requirements. During the last two quarters of 2000, capital requirements for property additions and leases are expected to be about \$165 million, including \$31 million for nuclear fuel. The OE companies will need additional cash of approximately \$34.9 million (excluding an OE revolving credit agreement) to meet sinking fund payments for preferred stock and maturing long-term debt during the remainder of 2000. These cash requirements are expected to be satisfied from internal cash and/or short-term credit arrangements.

As of June 30, 2000, the OE companies had about \$91.4 million of cash and temporary investments and \$308.7 million of short-term indebtedness. In addition, the OE companies' available borrowing capability included \$103.0 million from unused revolving lines of credit and up to \$2.0 million from a bank facility on a short-term basis at the bank's discretion. As of June 30, 2000, OE had the capability to issue up to \$1.2 billion of additional first mortgage bonds on the basis of property additions and retired bonds.

Environmental Matters

On May 22, 2000, the U.S. Supreme Court agreed to hear appeals of both EPA and industry petitioners regarding new NAAQS rules (see Note 2, "Environmental Matters"). The appeal stems from the decision of the U.S. Court of Appeals for the D.C. Circuit to remand ozone and ultra-fine particulate matter standards to the EPA, having found constitutional and other defects in the new NAAQS rules. The D.C. Circuit Court subsequently denied an EPA petition for rehearing. A decision is expected from the U.S. Supreme Court in 2001.

Regulatory Matters

On July 19, 2000, the PUCO approved FirstEnergy's plan for transition to customer choice (see Note 3) on OE's behalf as well as for its other Ohio electric utility operating companies - CEI and TE. As part of its authorization, the PUCO approved the settlement agreement between FirstEnergy and major groups representing most of the parties in FirstEnergy's transition cost proceeding before the PUCO. Major parties to the approved settlement included the PUCO staff, the Ohio Consumers' Counsel, the Industrial Energy Users-Ohio, certain power marketers and others.

Major provisions of the approved transition plan include:

- The opportunity to recover transition costs as filed through 2006 for OE;
- A commitment to sell 1,120 megawatts of FirstEnergy's generating capacity to marketers, brokers and aggregators at set prices for sales to retail customers in its Ohio operating companies' service areas;
- A 5% reduction in the generation portion of residential customer bills, saving those customers between 2% to 3% on a typical monthly bill;
- Additional incentives applied to shopping credits for residential, commercial and industrial customers of 45%, 30% and 15%, respectively, as reductions from their bills, when they select alternative energy providers (the credits exceed the price FirstEnergy will be offering to electricity suppliers relating to the 1,120 megawatts described above);
- Maintaining current rates for OE's customers for distribution services through December 31, 2007; and
- OE assumes the risk of not recovering up to \$250 million of transition revenue if the rate of customers switching their service from OE has not reached an average of 20% over any twelve month period ending between January 1, 2001 and December 31, 2005.

The application of SFAS 71 was discontinued for OE's generation business effective with the issuance of the PUCO order. The balance sheet as of June 30, 2000, reflects the effect of such discontinuance with \$1.2 billion of impaired plant investment recognized as regulatory assets to be recovered as transition costs. OE continues to bill and collect cost-based rates for its transmission and distribution services, which remain subject to cost-based regulation; accordingly, it is appropriate that OE continues the application of SFAS 71 to its transmission and distribution operations.

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY

CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2000	1999	2000	1999
	(In thousands)			
OPERATING REVENUES	\$470,635	\$476,851	\$894,292	\$900,794
OPERATING EXPENSES AND TAXES:				
Fuel and purchased power	107,682	100,554	196,660	191,584
Nuclear operating costs	49,007	40,305	78,438	69,821
Other operating costs	92,803	92,360	175,020	177,277
Total operation and maintenance expenses	249,492	233,219	450,118	438,682
Provision for depreciation and amortization	57,511	58,311	115,525	115,998
General taxes	54,020	54,629	110,924	108,642
Income taxes	22,670	29,163	44,000	49,318
Total operating expenses and taxes	383,693	375,322	720,567	712,640
OPERATING INCOME	86,942	101,529	173,725	188,154
OTHER INCOME	2,857	3,864	6,285	5,217
INCOME BEFORE NET INTEREST CHARGES	89,799	105,393	180,010	193,371
NET INTEREST CHARGES:				
Interest on long-term debt	51,659	53,812	102,843	107,565
Allowance for borrowed funds used during construction	(560)	(517)	(1,072)	(733)
Other interest expense (credit)	(554)	(517)	275	(996)
Net interest charges	50,545	52,778	102,046	105,836
NET INCOME	39,254	52,615	77,964	87,535
PREFERRED STOCK DIVIDEND REQUIREMENTS	6,615	8,541	14,405	17,082
EARNINGS ON COMMON STOCK	\$ 32,639	\$ 44,074	\$ 63,559	\$ 70,453

The preceding Notes to Financial Statements as they relate to The Cleveland Electric Illuminating Company are an integral part of these statements.

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY

CONSOLIDATED BALANCE SHEETS
(Unaudited)

	June 30, 2000	December 31, 1999
	-----	-----
	(In thousands)	
ASSETS		

UTILITY PLANT:		
In service	\$4,147,571	\$4,479,098
Less--Accumulated provision for depreciation	1,498,947	1,498,798
	-----	-----
	2,648,624	2,980,300
	-----	-----
Construction work in progress--		
Electric plant	55,807	55,002
Nuclear fuel	1,932	408
	-----	-----
	57,739	55,410
	-----	-----
	2,706,363	3,035,710
	-----	-----
OTHER PROPERTY AND INVESTMENTS:		
Shippingport Capital Trust	491,838	517,256
Nuclear plant decommissioning trusts	191,279	183,291
Other	19,878	20,708
	-----	-----
	702,995	721,255
	-----	-----
CURRENT ASSETS:		
Cash and cash equivalents	178	376
Receivables--		
Customers (less accumulated provision of \$2,500,000 for uncollectible accounts at June 30, 2000)	15,149	17,010
Associated companies	11,594	18,318
Other (less accumulated provisions of \$1,000,000 for uncollectible accounts at both dates)	137,252	171,274
Notes receivable from associated companies	27,700	--
Materials and supplies, at average cost--		
Owned	29,212	39,294
Under consignment	36,909	23,721
Prepayments and other	77,798	56,447
	-----	-----
	335,792	326,440
	-----	-----
DEFERRED CHARGES:		
Regulatory assets	831,361	539,824
Goodwill	1,427,984	1,440,283
Property taxes	124,488	132,643
Other	9,623	12,606
	-----	-----
	2,393,456	2,125,356
	-----	-----
	\$6,138,606	\$6,208,761
	=====	=====

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY

CONSOLIDATED BALANCE SHEETS
(Unaudited)

	June 30, 2000	December 31, 1999
	-----	-----
	(In thousands)	
CAPITALIZATION AND LIABILITIES		

CAPITALIZATION:		
Common stockholder's equity-		
Common stock, without par value, authorized 105,000,000 shares - 79,590,689 shares outstanding	\$ 931,962	\$ 931,962
Retained earnings	68,213	34,654
	-----	-----
Total common stockholder's equity	1,000,175	966,616
Preferred stock-		
Not subject to mandatory redemption	238,325	238,325
Subject to mandatory redemption	104,356	116,246
Long-term debt	2,669,003	2,682,795
	-----	-----
	4,011,859	4,003,982
	-----	-----
CURRENT LIABILITIES:		
Currently payable long-term debt and preferred stock	250,026	240,684
Accounts payable-		
Associated companies	95,535	85,950
Other	48,920	50,570
Notes payable to associated companies	13,812	103,471
Accrued taxes	210,745	177,006
Accrued interest	60,772	60,740
Other	62,761	83,292
	-----	-----
	742,571	801,713
	-----	-----
DEFERRED CREDITS:		
Accumulated deferred income taxes	571,080	567,478
Accumulated deferred investment tax credits	85,035	86,999
Nuclear plant decommissioning costs	200,472	192,484
Pensions and other postretirement benefits	218,378	220,731
Other	309,211	335,374
	-----	-----
	1,384,176	1,403,066
	-----	-----
COMMITMENTS, GUARANTEES AND		
CONTINGENCIES (Note 2)		
	-----	-----
	\$6,138,606	\$6,208,761
	=====	=====

The preceding Notes to Financial Statements as they relate to The Cleveland Electric Illuminating Company are an integral part of these balance sheets.

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2000	1999	2000	1999
(In thousands)				
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income	\$ 39,254	\$ 52,615	\$ 77,964	\$ 87,535
Adjustments to reconcile net income to net cash from operating activities-				
Provision for depreciation and amortization	57,511	58,311	115,525	115,998
Nuclear fuel and lease amortization	7,590	6,665	17,616	15,971
Other amortization	(3,451)	(3,789)	(6,618)	(4,254)
Deferred income taxes, net	(6,697)	5,136	(2,612)	8,876
Investment tax credits, net	(982)	(987)	(1,964)	(1,974)
Receivables	(500)	(90,588)	42,607	(105,781)
Materials and supplies	507	11,005	(3,106)	9,092
Accounts payable	55,016	16,220	7,935	33,467
Other	16,493	19,411	(25,286)	(50,722)
Net cash provided from operating activities	164,741	73,999	222,061	108,208
CASH FLOWS FROM FINANCING ACTIVITIES:				
Redemptions and Repayments-				
Preferred stock	13,714	13,714	13,714	13,714
Long-term debt	8,603	6,346	18,740	24,014
Short-term borrowings, net	97,652	12,883	89,659	24,728
Dividend Payments-				
Common stock	20,000	75,811	30,000	82,974
Preferred stock	7,789	8,541	15,579	17,082
Net cash used for financing activities	147,758	117,295	167,692	162,512
CASH FLOWS FROM INVESTING ACTIVITIES:				
Property additions	30,025	20,204	44,475	30,299
Loans to associated companies	--	--	27,700	--
Loan payments from associated companies	(5,120)	(59,077)	--	(53,509)
Capital trust investments	(1,294)	--	(25,418)	(25,898)
Other	(894)	6,135	7,810	10,456
Net cash used for (provided from) investing activities	22,717	(32,738)	54,567	(38,652)
Net decrease in cash and cash equivalents	5,734	10,558	198	15,652
Cash and cash equivalents at beginning of period	5,912	14,432	376	19,526
Cash and cash equivalents at end of period	\$ 178	\$ 3,874	\$ 178	\$ 3,874

The preceding Notes to Financial Statements as they relate to The Cleveland Electric Illuminating Company are an integral part of these statements.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To The Cleveland Electric Illuminating Company:

We have reviewed the accompanying consolidated balance sheet of The Cleveland Electric Illuminating Company (an Ohio corporation and wholly owned subsidiary of FirstEnergy Corp.) and subsidiary as of June 30, 2000, and the related consolidated statements of income and cash flows for the three-month and six-month periods ended June 30, 2000 and 1999. These financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the financial statements referred to above for them to be in conformity with accounting principles generally accepted in the United States.

We have previously audited, in accordance with auditing standards generally accepted in the United States, the consolidated balance sheet of The Cleveland Electric Illuminating Company and subsidiary as of December 31, 1999 (not presented herein), and, in our report dated February 11, 2000, we expressed an unqualified opinion on that statement. In our opinion, the information set forth in the accompanying consolidated balance sheet as of December 31, 1999, is fairly stated, in all material respects, in relation to the balance sheet from which it has been derived.

ARTHUR ANDERSEN LLP

Cleveland, Ohio
August 11, 2000

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Results of Operations

Operating revenues decreased \$6.2 million in the second quarter and \$6.5 million during the six-month period ended June 30, 2000, compared to the same periods in 1999. Other electric revenues were down in the second quarter of 2000 due to steam sales and joint ownership billings to Duquesne no longer being made due to the asset exchange. However, electric sales revenue increased in the second quarter and year-to-date periods of 2000 from the prior year due to higher kilowatt-hour sales, which were substantially offset by lower unit prices. Total kilowatt-hour sales increased 5.3% in the second quarter of 2000 and 10.7% in the year-to-date period, compared to the same periods last year as a result of higher sales to wholesale customers. Although available internal generation was lower in the second quarter of 2000 than the same period in 1999, sales to wholesale customers increased due to continued demand for power in the wholesale market. For the year-to-date period of 2000, sales to wholesale customers increased substantially, compared to the first six months of 1999, due to additional internal generation and strong wholesale demand. Total retail sales decreased 0.6% in the second quarter of 2000 and increased slightly in the year-to-date period of 2000, compared to the same periods last year. Kilowatt-hour sales to commercial and industrial customers decreased in the second quarter, which more than offset an increase in residential sales. In the first six months of 2000, sales to commercial and industrial customers were higher, compared to the corresponding periods of 1999, but were substantially offset by lower kilowatt-hour sales to residential customers.

Changes in kilowatt-hour sales by customer class for the second quarter and first six months of 2000, compared to 1999, are summarized in the following table:

Changes in KWH Sales ----- Increase (Decrease)	Three	Six
	Months	Months
	-----	-----
Residential	1.1%	(4.0)%
Commercial	(1.0)%	1.2%
Industrial	(1.2)%	2.0%
	----	-----
Total Retail	(0.6)%	0.2%
Wholesale	52.8%	148.5%
	----	-----
Total Sales	5.3%	10.7%
	====	=====

Operating Expenses and Taxes

Total operating expenses and taxes increased \$8.4 million in the second quarter and \$7.9 million in the year-to-date period from the corresponding periods in 1999. The increases resulted primarily from higher fuel and purchased power costs and nuclear operating costs. Fuel and purchased power costs increased \$7.1 million in the second quarter and \$5.1 million in the first six months of 2000, compared to the same periods last year. Refueling and maintenance outages in the second quarter of 2000 reduced available internal generation and contributed to a \$27.1 million increase in purchased power costs, compared to the second quarter of 1999. Partially offsetting the higher purchased power costs was a \$20.0 million reduction in fuel expense which resulted from less internal generation, as well as the following factors:

- A higher proportion of nuclear generation (i.e., lower cost fuel);
- The expiration of an above-market coal contract; and
- More extensive use of lower cost western coal.

In the year-to-date period of 2000, purchased power costs increased \$28.9 million, compared to the same period of 1999, with an offsetting \$23.8 million reduction in fuel expense, which occurred despite a 4.1% increase in generation. Fuel expense benefited from the same fuel supply factors discussed above. Nuclear operating costs increased in the second quarter and first six months of 2000 from the corresponding periods in 1999 due to a refueling outage at the Davis-Besse Plant. Other operating costs were lower in the first six months of 2000, compared to the first half of 1999, partially due to a larger nuclear insurance refund. Higher general taxes in the first six months of 2000, compared to the same period last year, resulted from additional payroll taxes related to nuclear outage work.

Net Interest Charges and Preferred Stock Dividend Requirements

Net interest charges declined in the second quarter and first six months of 2000 from the same periods last year due to debt redemption and refinancing activities. During the second quarter of 2000, CEI redeemed \$13.7 million of preferred stock, which will result in annualized savings of \$1.3 million.

Capital Resources and Liquidity

CEI has continuing cash needs for planned capital expenditures, maturing debt and preferred stock sinking fund requirements. During the last two quarters of 2000, capital requirements for property additions and capital leases are expected to be about \$98 million, including \$34 million for nuclear fuel. CEI will need additional cash of approximately \$194.8 million to meet sinking fund payments for preferred stock and maturing long-term debt during the remainder of 2000. These cash requirements are expected to be satisfied from internal cash and/or short-term credit arrangements.

As of June 30, 2000, CEI had approximately \$27.9 million of cash and temporary investments and \$13.8 million of short-term indebtedness to associated companies. Under its first mortgage indenture, as of June 30, 2000, CEI had the capability to issue up to \$628 million of additional first mortgage bonds on the basis of property additions and retired bonds.

Environmental Matters

On May 22, 2000, the U.S. Supreme Court agreed to hear appeals of both EPA and industry petitioners regarding new NAAQS rules (see Note 2, "Environmental Matters"). The appeal stems from the decision of the U.S. Court of Appeals for the D.C. Circuit to remand ozone and ultra-fine particulate matter standards to the EPA, having found constitutional and other defects in the new NAAQS rules. The D.C. Circuit Court subsequently denied an EPA petition for rehearing. A decision is expected from the U.S. Supreme Court in 2001.

Regulatory Matters

On July 19, 2000, the PUCO approved FirstEnergy's plan for transition to customer choice (see Note 3) on CEI's behalf, as well as for its other Ohio electric utility operating companies - OE and TE. As part of its authorization, the PUCO approved the settlement agreement between FirstEnergy and major groups representing most of the parties in FirstEnergy's transition cost proceeding before the PUCO. Major parties to the approved settlement included the PUCO staff, the Ohio Consumers' Counsel, the Industrial Energy Users-Ohio, certain power marketers and others.

Major provisions of the approved transition plan include:

- The opportunity to recover transition costs as filed through 2008 for CEI;
- A commitment to sell 1,120 megawatts of FirstEnergy's generating capacity to marketers, brokers and aggregators at set prices for sales to retail customers in its Ohio operating companies' service areas;
- A 5% reduction in the generation portion of residential customer bills, saving those customers between 2% to 3% on a typical monthly bill;

- Additional incentives applied to shopping credits for residential, commercial and industrial customers of 45%, 30% and 15%, respectively, as reductions from their bills, when they select alternative energy providers (the credits exceed the price FirstEnergy will be offering to electricity suppliers relating to the 1,120 megawatts described on the previous page);

- Maintaining current rates for CEI's customers for distribution services through December 31, 2007; and

- CEI assumes the risk of not recovering up to \$170 million of transition revenue if the rate of customers switching their service from CEI has not reached an average of 20% over any twelve month period ending between January 1, 2001 and December 31, 2005.

The application of SFAS 71 was discontinued for the nonnuclear generation business of CEI effective with the issuance of the PUCO order. The balance sheet as of June 30, 2000, reflects the effect of such discontinuance with \$304 million of impaired plant investment recognized as regulatory assets to be recovered as transition costs. CEI continues to bill and collect cost-based rates for its transmission and distribution services, which remain subject to cost-based regulation; accordingly, it is appropriate that CEI continues the application of SFAS 71 to its transmission and distribution operations.

THE TOLEDO EDISON COMPANY
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2000	1999	2000	1999

	(In thousands)			
OPERATING REVENUES	\$235,379	\$235,184	\$452,770	\$459,446

OPERATING EXPENSES AND TAXES:				
Fuel and purchased power	49,665	42,444	82,798	78,846
Nuclear operating costs	52,721	49,232	90,918	91,126
Other operating costs	40,816	43,796	78,029	77,310

Total operation and maintenance expenses	143,202	135,472	251,745	247,282
Provision for depreciation and amortization	26,382	26,153	52,562	51,896
General taxes	21,576	22,734	45,000	43,832
Income taxes	10,652	11,302	25,970	28,209

Total operating expenses and taxes	201,812	195,661	375,277	371,219

OPERATING INCOME	33,567	39,523	77,493	88,227

OTHER INCOME	2,196	3,245	4,885	6,167

INCOME BEFORE NET INTEREST CHARGES	35,763	42,768	82,378	94,394

NET INTEREST CHARGES:				
Interest on long-term debt	18,628	21,117	37,769	42,158
Allowance for borrowed funds used during construction	(2,931)	(404)	(4,145)	(606)
Other interest expense (credit)	(464)	(1,153)	(1,296)	(2,514)

Net interest charges	15,233	19,560	32,328	39,038

NET INCOME	20,530	23,208	50,050	55,356

PREFERRED STOCK DIVIDEND REQUIREMENTS	4,075	4,069	8,139	8,139

EARNINGS ON COMMON STOCK	\$ 16,455	\$ 19,139	\$ 41,911	\$ 47,217
	=====	=====	=====	=====

The preceding Notes to Financial Statements as they relate to The Toledo Edison Company are an integral part of these statements.

THE TOLEDO EDISON COMPANY
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	June 30, 2000	December 31, 1999
	-----	-----
ASSETS	(In thousands)	

UTILITY PLANT:		
In service	\$1,721,900	\$1,776,534
Less--Accumulated provision for depreciation	661,968	670,866
	-----	-----
	1,059,932	1,105,668
	-----	-----
Construction work in progress-		
Electric plant	133,734	95,854
Nuclear fuel	1,230	386
	-----	-----
	134,964	96,240
	-----	-----
	1,194,896	1,201,908
	-----	-----
OTHER PROPERTY AND INVESTMENTS:		
Shippingport Capital Trust	279,836	295,454
Nuclear plant decommissioning trusts	129,826	123,500
Other.	3,854	4,678
	-----	-----
	413,516	423,632
	-----	-----
CURRENT ASSETS:		
Cash and cash equivalents	301	312
Receivables-		
Customers (less accumulated provision of \$300,000 for uncollectible accounts at June 30, 2000)	8,271	12,965
Associated companies	12,473	40,998
Other	6,681	9,827
Notes receivable from associated companies	13,812	7,863
Materials and supplies, at average cost-		
Owned	17,032	23,243
Under consignment	23,277	20,232
Prepayments and other	32,460	25,931
	-----	-----
	114,307	141,371
	-----	-----
DEFERRED CHARGES:		
Regulatory assets	427,132	385,284
Goodwill	464,380	465,169
Property taxes	43,448	43,448
Other	5,459	6,116
	-----	-----
	940,419	900,017
	-----	-----
	\$2,663,138	\$2,666,928
	=====	=====

THE TOLEDO EDISON COMPANY
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	June 30, 2000	December 31, 1999
	-----	-----
	(In thousands)	
CAPITALIZATION AND LIABILITIES		

CAPITALIZATION:		
Common stockholder's equity-		
Common stock, \$5 par value, authorized 60,000,000 shares - 39,133,887 shares outstanding	\$ 195,670	\$ 195,670
Other paid-in capital	328,559	328,559
Retained earnings	35,071	27,475
	-----	-----
Total common stockholder's equity	559,300	551,704
Preferred stock not subject to mandatory redemption	210,000	210,000
Long-term debt	960,274	981,029
	-----	-----
	1,729,574	1,742,733
	-----	-----
CURRENT LIABILITIES:		
Currently payable long-term debt	86,473	95,765
Accounts payable-		
Associated companies	49,654	20,537
Other	26,793	27,100
Notes payable to associated companies	51,934	33,876
Accrued taxes	49,836	57,742
Accrued interest	21,218	21,961
Other	31,922	60,414
	-----	-----
	317,830	317,395
	-----	-----
DEFERRED CREDITS:		
Accumulated deferred income taxes	187,000	172,236
Accumulated deferred investment tax credits	37,790	38,748
Nuclear plant decommissioning costs	136,168	130,116
Pensions and other postretirement benefits	121,107	122,986
Other	133,669	142,714
	-----	-----
	615,734	606,800
	-----	-----
COMMITMENTS, GUARANTEES AND		
CONTINGENCIES (Note 2)		
	-----	-----
	\$2,663,138	\$2,666,928
	=====	=====

The preceding Notes to Financial Statements as they relate to The Toledo Edison Company are an integral part of these balance sheets.

THE TOLEDO EDISON COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2000	1999	2000	1999
	(In thousands)			
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income	\$ 20,530	\$ 23,208	\$ 50,050	\$ 55,356
Adjustments to reconcile net income to net cash from operating activities-				
Provision for depreciation and amortization	26,382	26,153	52,562	51,896
Nuclear fuel and lease amortization	4,758	5,206	11,391	11,818
Deferred income taxes, net	1,412	6,623	8,020	10,305
Investment tax credits, net	(479)	(480)	(958)	(961)
Receivables	11,530	57,935	36,365	42,518
Materials and supplies	2,833	3,467	3,166	1,087
Accounts payable	42,039	(4,105)	28,810	(5,213)
Other	(25,189)	(22,932)	(58,247)	(60,412)
Net cash provided from operating activities	83,816	95,075	131,159	106,394
CASH FLOWS FROM FINANCING ACTIVITIES:				
New Financing-				
Long-term debt	66,166	34,850	66,166	34,850
Short-term borrowings, net	1,224	--	18,058	--
Redemptions and Repayments-				
Preferred stock	--	1,690	--	1,690
Long-term debt	90,433	43,191	111,317	55,625
Dividend Payments-				
Common stock	16,300	60,351	34,300	60,351
Preferred stock	4,075	4,069	8,139	8,139
Net cash used for financing activities	43,418	74,451	69,532	90,955
CASH FLOWS FROM INVESTING ACTIVITIES:				
Property additions	28,068	9,991	65,777	18,922
Loans to associated companies	11,115	--	5,949	--
Loan payments from associated companies	--	(3,725)	--	(863)
Capital trust investments	(636)	63	(15,618)	(15,307)
Other	1,851	9,751	5,530	12,110
Net cash used for investing activities	40,398	16,080	61,638	14,862
Net increase (decrease) in cash and cash equivalents	--	4,544	(11)	577
Cash and cash equivalents at beginning of period	301	173	312	4,140
Cash and cash equivalents at end of period	\$ 301	\$ 4,717	\$ 301	\$ 4,717

The preceding Notes to Financial Statements as they relate to The Toledo Edison Company are an integral part of these statements.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To The Toledo Edison Company:

We have reviewed the accompanying consolidated balance sheet of The Toledo Edison Company (an Ohio corporation and wholly owned subsidiary of FirstEnergy Corp.) and subsidiary as of June 30, 2000, and the related consolidated statements of income and cash flows for the three-month and six-month periods ended June 30, 2000 and 1999. These financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the financial statements referred to above for them to be in conformity with accounting principles generally accepted in the United States.

We have previously audited, in accordance with auditing standards generally accepted in the United States, the consolidated balance sheet of The Toledo Edison Company and subsidiary as of December 31, 1999 (not presented herein), and, in our report dated February 11, 2000, we expressed an unqualified opinion on that statement. In our opinion, the information set forth in the accompanying consolidated balance sheet as of December 31, 1999, is fairly stated, in all material respects, in relation to the balance sheet from which it has been derived.

ARTHUR ANDERSEN LLP

Cleveland, Ohio
August 11, 2000

THE TOLEDO EDISON COMPANY

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Results of Operations

Operating revenues increased slightly in the second quarter and decreased \$6.7 million during the six-month period ended June 30, 2000, compared to the same periods in 1999. Lower electric sales revenue led to the decrease in first-half operating revenues and resulted from lower unit prices, which were partially offset by additional kilowatt-hour sales. The reduced unit prices reflected in part a changing mix of sales, which included an increased proportion of lower-margin sales to wholesale customers. Sales to wholesale customers increased in the second quarter and first half of 2000, compared to the same periods last year due to continued demand in the wholesale market. Retail kilowatt-hour sales also increased in the second quarter and year-to-date periods of 2000, compared to the previous year. In the second quarter of 2000, sales to all customer groups -- residential, commercial and industrial -- increased from the same period last year, with sales to industrial customers providing the greatest contribution.

Changes in kilowatt-hour sales by customer class for the second quarter and first six months of 2000, compared to the same periods of last year, are summarized in the following table:

Changes in KWH Sales		

Increase (Decrease)	Three	Six
	Months	Months
	-----	-----
Residential	1.2%	(4.5)%
Commercial	1.1%	0.6%
Industrial	7.7%	2.3%
	----	----
Total Retail	4.7%	0.3%
Wholesale	37.8%	57.6%
	----	----
Total Sales	10.7%	9.8%
	====	====

Operating Expenses and Taxes

Total operating expenses and taxes increased \$6.2 million in the second quarter and \$4.1 million in the first half of 2000 from the corresponding periods in 1999, primarily due to higher fuel and purchased power costs. Fuel and purchased power costs increased \$7.2 million in the second quarter and \$4.0 million in the first six months of 2000 from the same periods last year. Refueling and maintenance outages in the second quarter of 2000 reduced available internal generation and contributed to a \$13.6 million increase in purchased power costs from the same period in 1999. A \$6.4 million reduction in fuel expense partially offset the increase in purchased power costs. The reduction in internal generation and the expiration of an above-market coal contract contributed to the lower fuel expense. In the first six months of 2000, purchased power costs increased \$10.9 million, compared to the same period in 1999, with an offsetting \$6.9 million reduction in fuel expense, which occurred despite a small increase in internal generation. Lower coal prices, due in part to the expiration of the above-market coal contract, contributed to the year-to-date reduction in fuel expense from the prior year. Nuclear operating costs increased in the second quarter due to a refueling outage at the Davis-Besse Plant. The reduction in other operating costs in the second quarter of 2000, compared to the second quarter of 1999, resulted in part from reduced employee benefit costs.

Net Interest Charges

Net interest charges declined in the second quarter and first six months of 2000 from the same periods last year due to debt redemption and refinancing activity. During the first half of 2000, redemption and refinancing activities totaled \$30.6 million and \$67.3 million, respectively, and will result in annualized savings of \$4.2 million, of which \$3.2 million relates to activities occurring in the second quarter.

Capital Resources and Liquidity

TE has continuing cash needs for planned capital expenditures and maturing debt. During the last two quarters of 2000, capital requirements for property additions and capital leases are expected to be about \$53 million, including \$19 million for nuclear fuel. TE will need additional cash of approximately \$45.4 million for maturing long-term debt during the remainder of 2000. These cash requirements are expected to be satisfied with internal cash and/or short-term credit arrangements.

As of June 30, 2000, TE had approximately \$14.1 million of cash and temporary investments and \$51.9 million of short-term indebtedness to associated companies. Under its first mortgage indenture, as of June 30, 2000, TE had the capability to issue up to \$467 million of additional first mortgage bonds on the basis of property additions and retired bonds.

Environmental Matters

On May 22, 2000, the U.S. Supreme Court agreed to hear appeals of both EPA and industry petitioners regarding new NAAQS rules (see Note 2, "Environmental Matters"). The appeal stems from the decision of the U.S. Court of Appeals for the D.C. Circuit to remand ozone and ultra-fine particulate matter standards to the EPA, having found constitutional and other defects in the new NAAQS rules. The D.C. Circuit Court subsequently denied an EPA petition for rehearing. A decision is expected from the U.S. Supreme Court in 2001.

Regulatory Matters

On July 19, 2000, the PUCO approved FirstEnergy's plan for transition to customer choice (see Note 3) on TE's behalf as well as for its other Ohio electric utility operating companies - OE and CEI. As part of its authorization, the PUCO approved the settlement agreement between FirstEnergy and major groups representing most of the parties in FirstEnergy's transition cost proceeding before the PUCO. Major parties to the approved settlement included the PUCO staff, the Ohio Consumers' Counsel, the Industrial Energy Users-Ohio, certain power marketers and others.

Major provisions of the approved transition plan include:

- The opportunity to recover transition costs as filed through mid-2007 for TE;
- A commitment to sell 1,120 megawatts of FirstEnergy's generating capacity to marketers, brokers and aggregators at set prices for sales to retail customers in its Ohio operating companies' service areas;
- A 5% reduction in the generation portion of residential customer bills, saving those customers between 2% to 3% on a typical monthly bill;
- Additional incentives applied to shopping credits for residential, commercial and industrial customers of 45%, 30% and 15%, respectively, as reductions from their bills, when they select alternative energy providers (the credits exceed the price FirstEnergy will be offering to electricity suppliers relating to the 1,120 megawatts described above);
- Maintaining current rates for TE's customers for distribution services through December 31, 2007; and
- TE assumes the risk of not recovering up to \$80 million of transition revenue if the rate of customers switching their service from TE has not reached an average of 20% over any twelve month period ending between January 1, 2001 and December 31, 2005.

The application of SFAS 71 was discontinued for TE's nonnuclear generation business effective with the issuance of the PUCO order. The balance sheet as of June 30, 2000, reflects the effect of such discontinuance with \$53 million of impaired plant investment recognized as regulatory assets to be recovered as transition costs. TE continues to bill and collect cost-based rates for its transmission and distribution services, which remain subject to cost-based regulation; accordingly, it is appropriate that TE continues the application of SFAS 71 to its transmission and distribution operations.

PENNSYLVANIA POWER COMPANY

STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2000	1999	2000	1999
	(In thousands)			
OPERATING REVENUES	\$93,565	\$82,117	\$177,516	\$163,489
OPERATING EXPENSES AND TAXES:				
Fuel and purchased power	17,645	18,354	31,035	35,266
Nuclear operating costs	21,453	8,290	66,960	15,003
Other operating costs	16,044	16,517	29,579	31,245
Total operation and maintenance expenses	55,142	43,161	127,574	81,514
Provision for depreciation and amortization	11,898	16,278	27,629	30,715
General taxes	6,277	6,340	13,335	12,244
Income taxes	7,628	6,578	2,725	14,964
Total operating expenses and taxes	80,945	72,357	171,263	139,437
OPERATING INCOME	12,620	9,760	6,253	24,052
OTHER INCOME	431	250	844	1,247
INCOME BEFORE NET INTEREST CHARGES	13,051	10,010	7,097	25,299
NET INTEREST CHARGES:				
Interest expense	5,120	6,022	10,527	11,118
Allowance for borrowed funds used during construction	303	(86)	(672)	(232)
Net interest charges	5,423	5,936	9,855	10,886
NET INCOME (LOSS)	7,628	4,074	(2,758)	14,413
PREFERRED STOCK DIVIDEND REQUIREMENTS	926	1,156	1,852	2,313
EARNINGS (LOSS) ATTRIBUTABLE TO COMMON STOCK	\$ 6,702	\$ 2,918	\$ (4,610)	\$ 12,100

The preceding Notes to Financial Statements as they relate to Pennsylvania Power Company are an integral part of these statements.

PENNSYLVANIA POWER COMPANY

BALANCE SHEETS
(Unaudited)

	June 30, 2000	December 31, 1999
	-----	-----
	(In thousands)	
ASSETS		

UTILITY PLANT:		
In service	\$ 678,875	\$ 646,186
Less--Accumulated provision for depreciation	244,272	237,893
	-----	-----
	434,603	408,293
	-----	-----
Construction work in progress--		
Electric plant	19,938	18,558
Nuclear fuel	672	6,540
	-----	-----
	20,610	25,098
	-----	-----
	455,213	433,391
	-----	-----
OTHER PROPERTY AND INVESTMENTS:		
Nuclear plant decommissioning trusts	114,329	104,775
Other	21,221	19,784
	-----	-----
	135,550	124,559
	-----	-----
CURRENT ASSETS:		
Cash and cash equivalents	1,842	5,670
Notes receivable from parent company	28,585	15,423
Receivables--		
Customers (less accumulated provisions of \$3,596,000 and		
\$3,537,000, respectively, for uncollectible accounts)	36,450	34,568
Associated companies	33,017	38,565
Other	6,862	8,896
Materials and supplies, at average cost	26,774	32,483
Prepayments	11,806	2,208
	-----	-----
	145,336	137,813
	-----	-----
DEFERRED CHARGES:		
Regulatory assets	287,469	314,593
Other	5,092	5,260
	-----	-----
	292,561	319,853
	-----	-----
	\$1,028,660	\$1,015,616
	=====	=====

PENNSYLVANIA POWER COMPANY

BALANCE SHEETS
(Unaudited)

	June 30, 2000	December 31, 1999
	-----	-----
	(In thousands)	
CAPITALIZATION AND LIABILITIES -----		
CAPITALIZATION:		
Common stockholder's equity-		
Common stock, \$30 par value, authorized 6,500,000 shares - 6,290,000 shares outstanding	\$ 188,700	\$ 188,700
Other paid-in capital	(310)	(310)
Retained earnings	6,607	11,218
	-----	-----
Total common stockholder's equity	194,997	199,608
Preferred stock-		
Not subject to mandatory redemption	39,105	39,105
Subject to mandatory redemption	15,000	15,000
Long-term debt-		
Associated companies	20,406	18,007
Other	256,285	256,814
	-----	-----
	525,793	528,534
	-----	-----
CURRENT LIABILITIES:		
Currently payable long-term debt-		
Associated companies	18,477	13,504
Other	24,245	29,521
Accounts payable-		
Associated companies	50,975	26,220
Other	17,928	28,903
Accrued taxes	28,029	21,863
Accrued interest	6,401	6,592
Other	16,897	16,506
	-----	-----
	162,952	143,109
	-----	-----
DEFERRED CREDITS:		
Accumulated deferred income taxes	170,183	182,702
Accumulated deferred investment tax credits	7,044	7,266
Nuclear plant decommissioning costs	114,777	107,816
Other	47,911	46,189
	-----	-----
	339,915	343,973
	-----	-----
COMMITMENTS, GUARANTEES AND CONTINGENCIES (Note 2)		
	-----	-----
	\$1,028,660	\$1,015,616
	=====	=====

The preceding Notes to Financial Statements as they relate to Pennsylvania Power Company are an integral part of these balance sheets.

PENNSYLVANIA POWER COMPANY

STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2000	1999	2000	1999
(In thousands)				
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income (loss)	\$ 7,628	\$ 4,074	\$ (2,758)	\$ 14,413
Adjustments to reconcile net income (loss) to net cash from operating activities-				
Provision for depreciation and amortization	11,898	16,278	27,629	30,715
Nuclear fuel and lease amortization	4,697	1,411	7,867	3,234
Deferred income taxes, net	(2,087)	1,150	(5,709)	(873)
Investment tax credits, net	(781)	(112)	(1,572)	(295)
Receivables	6,226	14,623	5,700	10,838
Materials and supplies	1,941	(1,610)	5,709	(2,342)
Accounts payable	(4,313)	5,031	13,780	11,216
Other	14,801	5,250	(4,555)	(7,201)
Net cash provided from operating activities	40,010	46,095	46,091	59,705
CASH FLOWS FROM FINANCING ACTIVITIES:				
Redemptions and Repayments-				
Preferred stock	--	6,085	--	6,085
Long-term debt	5,408	1,400	13,773	3,145
Dividend Payments-				
Common stock	--	33,597	--	65,362
Preferred stock	926	671	1,852	1,737
Net cash used for financing activities	6,334	41,753	15,625	76,329
CASH FLOWS FROM INVESTING ACTIVITIES:				
Property additions	4,750	3,696	17,941	8,329
Loans to parent	26,028	--	26,028	--
Loan payment from parent	--	(1,071)	(12,866)	(21,313)
Other	1,380	605	3,191	1,868
Net cash used for (provided from) investing activities	32,158	3,230	34,294	(11,116)
Net increase (decrease) in cash and cash equivalents	1,518	1,112	(3,828)	(5,508)
Cash and cash equivalents at beginning of period	324	865	5,670	7,485
Cash and cash equivalents at end of period	\$ 1,842	\$ 1,977	\$ 1,842	\$ 1,977

The preceding Notes to Financial Statements as they relate to Pennsylvania Power Company are an integral part of these statements.

<PAGE

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Pennsylvania Power Company:

We have reviewed the accompanying balance sheet of Pennsylvania Power Company (a Pennsylvania corporation and wholly owned subsidiary of Ohio Edison Company) as of June 30, 2000, and the related statements of income and cash flows for the three-month and six-month periods ended June 30, 2000 and 1999. These financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards

generally accepted in the United States, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the financial statements referred to above for them to be in conformity with accounting principles generally accepted in the United States.

We have previously audited, in accordance with auditing standards generally accepted in the United States, the balance sheet of Pennsylvania Power Company as of December 31, 1999 (not presented herein), and, in our report dated February 11, 2000, we expressed an unqualified opinion on that statement. In our opinion, the information set forth in the accompanying balance sheet as of December 31, 1999, is fairly stated, in all material respects, in relation to the balance sheet from which it has been derived.

ARTHUR ANDERSEN LLP

Cleveland, Ohio
August 11, 2000

PENNSYLVANIA POWER COMPANY

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
RESULTS OF OPERATIONS AND FINANCIAL CONDITION**

Results of Operations

Operating revenues increased by \$11.4 million in the second quarter and \$14.0 million during the six-month period ended June 30, 2000, compared to the same periods in 1999. This increase was primarily the result of a change in the mix of kilowatt-hour sales. Retail generation sales increased due in part to higher demand from the steel industry, which strongly rebounded from the depressed production levels experienced last year as a direct result of imports of foreign steel products. Retail electric generation sales in the second quarter of 2000 also benefited from growth in kilowatt-hour sales to commercial customers. Total electric generation sales increased significantly in the second quarter and first half of 2000 from the previous year due to significant growth in sales to wholesale markets. While electric generation sales increased substantially, these sales were partially offset by lower unit prices reflecting the lower margins available in the wholesale market, resulting in more modest increases in operating revenues. Total kilowatt-hour deliveries (to customers in the Penn franchise territory) also significantly increased in the second quarter and first half of 2000, compared to the same periods in 1999, on the strength of commercial and industrial sales. Residential kilowatt-hour deliveries decreased in both periods.

Changes in electric generation sales and kilowatt-hour deliveries in the second quarter and first six months of 2000, compared to 1999, are summarized in the following table:

Changes in KWH Sales		
Increase (Decrease)	Three Months	Six Months
Electric Generation Sales:		
Retail	16.2%	9.2%
Wholesale	421.9%	300.7%
	-----	-----
Total Electric Generation Sales	95.5%	65.0%
	=====	=====
Distribution Deliveries:		
Residential	(0.4)%	(0.8)%
Commercial	9.0%	4.7%
Industrial	17.5%	22.8%
	-----	-----
Total Distribution Deliveries	9.4%	9.2%
	=====	=====

Operating Expenses and Taxes

Total operating expenses and taxes increased \$8.6 million in the second quarter and \$31.8 million in the first half of 2000 from the corresponding periods in 1999. The increase resulted primarily from higher nuclear operating costs, which were partially offset by reductions in fuel and purchased power, other operating costs and depreciation and amortization. Lower fuel and purchased power costs resulted from additional internal generation, which reduced the need for more expensive external sources of power. Nuclear operating costs were much higher in both the second quarter and first six months of 2000, compared to the same periods last year, due to refueling outage costs at Beaver Valley Unit 1 and Penn's increased ownership of Beaver Valley Units 1 and 2 as a result of the asset exchange with Duquesne. Other operating costs decreased in the second quarter and first half of 2000, compared to the corresponding periods in 1999, primarily due to the transfer of ownership in PPE to FE Services, an affiliated company. The transfer moved Penn's unregulated electric generation business to an affiliated entity dedicated to unregulated sales activity, effective December 31, 1999.

Lower depreciation and amortization in the second quarter and first six months of 2000, compared to the same periods in the previous year reflects a reduction in accrued decommissioning costs. General taxes increased in the first half of 2000 in part due to an increase in the gross receipts tax resulting from higher taxable receipts.

Net Interest Charges

Net interest charges declined in the second quarter and first six months of 2000 compared to the same periods last year due to debt redemption and refinancing activities.

Capital Resources and Liquidity

Penn has continuing cash requirements for planned capital expenditures and maturing debt. During the last two quarters of 2000, capital requirements for property additions and capital leases are expected to be about \$21 million, including \$9 million for nuclear fuel. Penn will need additional cash of approximately \$23.5 million for maturing long-term debt during the remainder of 2000. These cash requirements are expected to be satisfied by internal cash.

As of June 30, 2000, Penn had approximately \$30.4 million of cash and temporary investments and no short-term indebtedness. Also, Penn had \$2 million available from an unused bank facility as of June 30, 2000, which may be borrowed for up to several days at the bank's discretion. Under its first mortgage indenture, as of June 30, 2000, Penn had the capability to issue up to \$202 million of additional first mortgage bonds on the basis of property additions and retired bonds.

Environmental Matters

On May 22, 2000, the U.S. Supreme Court agreed to hear appeals of both EPA and industry petitioners regarding new NAAQS rules (see Note 2, "Environmental Matters"). The appeal stems from the decision of the U.S. Court of Appeals for the D.C. Circuit to remand ozone and ultra-fine particulate matter standards to the EPA, having found constitutional and other defects in the new NAAQS rules. The D.C. Circuit Court subsequently denied an EPA petition for rehearing. A decision is expected from the U.S. Supreme Court in 2001.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit
Number

FirstEnergy, OE, CEI and Penn

15 Letter from independent public accountants.

TE

None

Pursuant to paragraph (b)(4)(iii)(A) of Item 601 of Regulation S- K, neither FirstEnergy, OE, CEI, TE nor Penn has filed as an exhibit to this Form 10-Q any instrument with respect to long-term debt if the respective total amount of securities authorized thereunder does not exceed 10% of their respective total assets of FirstEnergy and its subsidiaries on a consolidated basis, or respectively, OE, CEI, TE or Penn, but hereby agrees to furnish to the Commission on request any such documents.

(b) Reports on Form 8-K

FirstEnergy, OE, CEI, TE and Penn

One report on Form 8-K was filed since March 31, 2000. A report dated August 10, 2000 reported that FirstEnergy Corp. and GPU, Inc. have entered into a merger agreement.

SIGNATURE

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

August 14, 2000

FIRSTENERGY CORP.

Registrant

OHIO EDISON COMPANY

Registrant

**THE CLEVELAND ELECTRIC
ILLUMINATING COMPANY**

Registrant

THE TOLEDO EDISON COMPANY

Registrant

PENNSYLVANIA POWER COMPANY

Registrant

/s/ Harvey L. Wagner

Harvey L. Wagner

Controller

Principal Accounting Officer

EXHIBIT 15

August 11, 2000

FirstEnergy Corp.
76 South Main Street
Akron, OH 44308

Gentlemen:

We are aware that FirstEnergy Corp. has incorporated by reference in its Registration Statements No. 333-40065, No. 333-48587, No. 333-48651, No. 333-58279, No. 333-65409 and No. 333-75985 its Form 10-Q for the quarter ended June 30, 2000, which includes our report dated August 11, 2000 covering the unaudited interim financial information contained therein. Pursuant to Regulation C of the Securities Act of 1933, that report is not considered a part of the registration statements prepared or certified by our firm or a report prepared or certified by our firm within the meaning of Sections 7 and 11 of the Act.

Very truly yours,

ARTHUR ANDERSEN LLP

ARTICLE UT

This schedule contains summary financial information extracted from the related Form 10-Q financial statements for FirstEnergy Corp. and is qualified in its entirety by reference to such financial statements. (Amounts in 1,000's, except earnings per share.)

CIK: 0001031296

NAME: FIRSTENERGY CORP.

MULTIPLIER: 1,000

CURRENCY: U.S. DOLLARS

PERIOD TYPE	6 MOS
FISCAL YEAR END	DEC 31 2000
PERIOD END	JUN 30 2000
EXCHANGE RATE	1
BOOK VALUE	PER BOOK
TOTAL NET UTILITY PLANT	7,444,308
OTHER PROPERTY AND INVEST	2,709,219
TOTAL CURRENT ASSETS	1,339,270
TOTAL DEFERRED CHARGES	6,608,482
OTHER ASSETS	0
TOTAL ASSETS	18,101,279
COMMON	22,923
CAPITAL SURPLUS PAID IN	3,533,237
RETAINED EARNINGS	1,052,245
TOTAL COMMON STOCKHOLDERS EQ	4,608,405
PREFERRED MANDATORY	244,356
PREFERRED	648,395
LONG TERM DEBT NET	5,965,925
SHORT TERM NOTES	304,897
LONG TERM NOTES PAYABLE	0
COMMERCIAL PAPER OBLIGATIONS	159,970
LONG TERM DEBT CURRENT PORT	555,385
PREFERRED STOCK CURRENT	35,466
CAPITAL LEASE OBLIGATIONS	0
LEASES CURRENT	52,831
OTHER ITEMS CAPITAL AND LIAB	5,525,649
TOT CAPITALIZATION AND LIAB	18,101,279
GROSS OPERATING REVENUE	3,310,034
INCOME TAX EXPENSE	193,041
OTHER OPERATING EXPENSES	2,572,098
TOTAL OPERATING EXPENSES	2,765,139
OPERATING INCOME LOSS	544,895
OTHER INCOME NET	0
INCOME BEFORE INTEREST EXPEN	544,895
TOTAL INTEREST EXPENSE	269,373
NET INCOME	275,522
PREFERRED STOCK DIVIDENDS	0
EARNINGS AVAILABLE FOR COMM	0
COMMON STOCK DIVIDENDS	168,518
TOTAL INTEREST ON BONDS	464,264
CASH FLOW OPERATIONS	614,008
EPS BASIC	1.23
EPS DILUTED	1.23

EXHIBIT 15

August 11, 2000

Ohio Edison Company
76 South Main Street
Akron, OH 44308

Gentlemen:

We are aware that Ohio Edison Company has incorporated by reference in its Registration Statements No. 33-49135, No. 33- 49259, No. 33-49413, No. 33-51139, No. 333-01489 and No. 333- 05277 its Form 10-Q for the quarter ended June 30, 2000, which includes our report dated August 11, 2000 covering the unaudited interim financial information contained therein. Pursuant to Regulation C of the Securities Act of 1933, that report is not considered a part of the registration statements prepared or certified by our firm or a report prepared or certified by our firm within the meaning of Sections 7 and 11 of the Act.

Very truly yours,

ARTHUR ANDERSEN LLP

ARTICLE UT

This schedule contains summary financial information extracted from the related Form 10-Q financial statements for Ohio Edison Company and is qualified in its entirety by reference to such financial statements. (Amounts in 1,000's.) Income tax expense includes \$8,256,000 related to other income.

CIK: 0000073960

NAME: OHIO EDISON COMPANY

MULTIPLIER: 1,000

CURRENCY: U.S. DOLLARS

PERIOD TYPE	6 MOS
FISCAL YEAR END	DEC 31 2000
PERIOD END	JUN 30 2000
EXCHANGE RATE	1
BOOK VALUE	PER BOOK
TOTAL NET UTILITY PLANT	3,283,387
OTHER PROPERTY AND INVEST	1,430,219
TOTAL CURRENT ASSETS	882,133
TOTAL DEFERRED CHARGES	3,009,856
OTHER ASSETS	0
TOTAL ASSETS	8,605,595
COMMON	1
CAPITAL SURPLUS PAID IN	2,098,728
RETAINED EARNINGS	585,563
TOTAL COMMON STOCKHOLDERS EQ	2,684,292
PREFERRED MANDATORY	140,000
PREFERRED	200,070
LONG TERM DEBT NET	2,177,472
SHORT TERM NOTES	148,775
LONG TERM NOTES PAYABLE	0
COMMERCIAL PAPER OBLIGATIONS	159,970
LONG TERM DEBT CURRENT PORT	295,950
PREFERRED STOCK CURRENT	5,000
CAPITAL LEASE OBLIGATIONS	0
LEASES CURRENT	3,258
OTHER ITEMS CAPITAL AND LIAB	2,790,808
TOT CAPITALIZATION AND LIAB	8,605,595
GROSS OPERATING REVENUE	1,311,621
INCOME TAX EXPENSE	115,239
OTHER OPERATING EXPENSES	950,973
TOTAL OPERATING EXPENSES	1,057,956
OPERATING INCOME LOSS	253,665
OTHER INCOME NET	23,804
INCOME BEFORE INTEREST EXPEN	277,469
TOTAL INTEREST EXPENSE	102,840
NET INCOME	174,629
PREFERRED STOCK DIVIDENDS	5,616
EARNINGS AVAILABLE FOR COMM	169,013
COMMON STOCK DIVIDENDS	109,200
TOTAL INTEREST ON BONDS	175,461
CASH FLOW OPERATIONS	434,249
EPS BASIC	0
EPS DILUTED	0

EXHIBIT 15

August 11, 2000

The Cleveland Electric
Illuminating Company
76 South Main Street
Akron, OH 44308

Gentlemen:

We are aware that The Cleveland Electric Illuminating Company has incorporated by reference in its Registration Statements No. 33- 55513, No. 333-47651 and No. 333-72891 its Form 10-Q for the quarter ended June 30, 2000, which includes our report dated August 11, 2000 covering the unaudited interim financial information contained therein. Pursuant to Regulation C of the Securities Act of 1933, that report is not considered a part of the registration statements prepared or certified by our firm or a report prepared or certified by our firm within the meaning of Sections 7 and 11 of the Act.

Very truly yours,

ARTHUR ANDERSEN LLP

ARTICLE UT

This schedule contains summary financial information extracted from the related Form 10-Q financial statements for The Cleveland Electric Illuminating Company and is qualified in its entirety by reference to such financial statements. (Amounts in 1,000's). Income tax expense includes \$7,033,000 related to other income.

CIK: 0000020947

NAME: THE CLEVELAND ELECTRIC ILLUMINATING COMPANY

MULTIPLIER: 1,000

CURRENCY: U.S. DOLLARS

PERIOD TYPE	6 MOS
FISCAL YEAR END	DEC 31 2000
PERIOD END	JUN 30 2000
EXCHANGE RATE	1
BOOK VALUE	PER BOOK
TOTAL NET UTILITY PLANT	2,706,363
OTHER PROPERTY AND INVEST	702,995
TOTAL CURRENT ASSETS	335,792
TOTAL DEFERRED CHARGES	2,393,456
OTHER ASSETS	0
TOTAL ASSETS	6,138,606
COMMON	931,962
CAPITAL SURPLUS PAID IN	0
RETAINED EARNINGS	68,213
TOTAL COMMON STOCKHOLDERS EQ	1,000,175
PREFERRED MANDATORY	104,356
PREFERRED	238,325
LONG TERM DEBT NET	2,669,003
SHORT TERM NOTES	13,812
LONG TERM NOTES PAYABLE	0
COMMERCIAL PAPER OBLIGATIONS	0
LONG TERM DEBT CURRENT PORT	190,030
PREFERRED STOCK CURRENT	30,466
CAPITAL LEASE OBLIGATIONS	0
LEASES CURRENT	29,530
OTHER ITEMS CAPITAL AND LIAB	1,862,909
TOT CAPITALIZATION AND LIAB	6,138,606
GROSS OPERATING REVENUE	894,292
INCOME TAX EXPENSE	51,033
OTHER OPERATING EXPENSES	676,567
TOTAL OPERATING EXPENSES	720,567
OPERATING INCOME LOSS	173,725
OTHER INCOME NET	6,285
INCOME BEFORE INTEREST EXPEN	180,010
TOTAL INTEREST EXPENSE	102,046
NET INCOME	77,964
PREFERRED STOCK DIVIDENDS	14,405
EARNINGS AVAILABLE FOR COMM	63,559
COMMON STOCK DIVIDENDS	30,000
TOTAL INTEREST ON BONDS	204,929
CASH FLOW OPERATIONS	222,061
EPS BASIC	0
EPS DILUTED	0

ARTICLE UT

This schedule contains summary financial information extracted from the related Form 10-Q financial statements for The Toledo Edison Company and is qualified in its entirety by reference to such financial statements. (Amounts in 1,000's.) Income tax expense includes \$2,221,000 related to other income.

CIK: 0000352049

NAME: THE TOLEDO EDISON COMPANY

MULTIPLIER: 1,000

CURRENCY: U.S. DOLLARS

PERIOD TYPE	6 MOS
FISCAL YEAR END	DEC 31 2000
PERIOD END	JUN 30 2000
EXCHANGE RATE	1
BOOK VALUE	PER BOOK
TOTAL NET UTILITY PLANT	1,194,896
OTHER PROPERTY AND INVEST	413,516
TOTAL CURRENT ASSETS	114,307
TOTAL DEFERRED CHARGES	940,419
OTHER ASSETS	0
TOTAL ASSETS	2,663,138
COMMON	195,670
CAPITAL SURPLUS PAID IN	328,559
RETAINED EARNINGS	35,071
TOTAL COMMON STOCKHOLDERS EQ	559,300
PREFERRED MANDATORY	0
PREFERRED	210,000
LONG TERM DEBT NET	960,274
SHORT TERM NOTES	51,934
LONG TERM NOTES PAYABLE	0
COMMERCIAL PAPER OBLIGATIONS	0
LONG TERM DEBT CURRENT PORT	66,430
PREFERRED STOCK CURRENT	0
CAPITAL LEASE OBLIGATIONS	0
LEASES CURRENT	20,043
OTHER ITEMS CAPITAL AND LIAB	795,157
TOT CAPITALIZATION AND LIAB	2,663,138
GROSS OPERATING REVENUE	452,770
INCOME TAX EXPENSE	28,191
OTHER OPERATING EXPENSES	349,307
TOTAL OPERATING EXPENSES	375,277
OPERATING INCOME LOSS	77,493
OTHER INCOME NET	4,885
INCOME BEFORE INTEREST EXPEN	82,378
TOTAL INTEREST EXPENSE	32,328
NET INCOME	50,050
PREFERRED STOCK DIVIDENDS	8,139
EARNINGS AVAILABLE FOR COMM	41,911
COMMON STOCK DIVIDENDS	34,300
TOTAL INTEREST ON BONDS	72,970
CASH FLOW OPERATIONS	131,159
EPS BASIC	0
EPS DILUTED	0

EXHIBIT 15

August 11, 2000

Pennsylvania Power Company
1 E. Washington Street
P. O. Box 891
New Castle, PA 16103

Gentlemen:

We are aware that Pennsylvania Power Company has incorporated by reference in its Registration Statements No. 33-62450 and No. 33- 65156 its Form 10-Q for the quarter ended June 30, 2000, which includes our report dated August 11, 2000 covering the unaudited interim financial information contained therein. Pursuant to Regulation C of the Securities Act of 1933, that report is not considered a part of the registration statements prepared or certified by our firm or a report prepared or certified by our firm within the meaning of Sections 7 and 11 of the Act.

Very truly yours,

ARTHUR ANDERSEN LLP

ARTICLE UT

This schedule contains summary financial information extracted from the related Form 10-Q financial statements for Pennsylvania Power Company and is qualified in its entirety by reference to such financial statements. (Amounts in 1,000's.) Income tax expense includes \$399,000 related to other income.

CIK: 0000077278

NAME: PENNSYLVANIA POWER COMPANY

MULTIPLIER: 1,000

CURRENCY: U.S. DOLLARS

PERIOD TYPE	6 MOS
FISCAL YEAR END	DEC 31 2000
PERIOD END	JUN 30 2000
EXCHANGE RATE	1
BOOK VALUE	PER BOOK
TOTAL NET UTILITY PLANT	455,213
OTHER PROPERTY AND INVEST	135,550
TOTAL CURRENT ASSETS	145,336
TOTAL DEFERRED CHARGES	292,561
OTHER ASSETS	0
TOTAL ASSETS	1,028,660
COMMON	188,700
CAPITAL SURPLUS PAID IN	(310)
RETAINED EARNINGS	6,607
TOTAL COMMON STOCKHOLDERS EQ	194,997
PREFERRED MANDATORY	15,000
PREFERRED	39,105
LONG TERM DEBT NET	276,691
SHORT TERM NOTES	0
LONG TERM NOTES PAYABLE	0
COMMERCIAL PAPER OBLIGATIONS	0
LONG TERM DEBT CURRENT PORT	23,974
PREFERRED STOCK CURRENT	0
CAPITAL LEASE OBLIGATIONS	0
LEASES CURRENT	18,748
OTHER ITEMS CAPITAL AND LIAB	460,145
TOT CAPITALIZATION AND LIAB	1,028,660
GROSS OPERATING REVENUE	177,516
INCOME TAX EXPENSE	3,124
OTHER OPERATING EXPENSES	168,538
TOTAL OPERATING EXPENSES	171,263
OPERATING INCOME LOSS	6,253
OTHER INCOME NET	844
INCOME BEFORE INTEREST EXPEN	7,097
TOTAL INTEREST EXPENSE	9,855
NET INCOME	(2,758)
PREFERRED STOCK DIVIDENDS	1,852
EARNINGS AVAILABLE FOR COMM	(4,610)
COMMON STOCK DIVIDENDS	0
TOTAL INTEREST ON BONDS	19,141
CASH FLOW OPERATIONS	46,091
EPS BASIC	0
EPS DILUTED	0

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