

FirstEnergy Ohio Utilities File Settlement Agreement in Electric Security Plan

Joint Stipulation Demonstrates Broad Support from Diverse Parties

AKRON, Ohio, Dec. 22, 2014 /PRNewswire/ -- FirstEnergy Corp.'s (NYSE: FE) Ohio utilities today filed a joint stipulation agreement demonstrating broad support for *Powering Ohio's Progress*, their proposed Electric Security Plan (ESP) currently pending before the Public Utilities Commission of Ohio.

The proposed stipulation reflects the diverse interests and concerns of 15 signatories, including parties that represent residential, commercial, industrial and low-income customers, as well as organized labor and schools. The agreement supports FirstEnergy's proposed ESP that outlines plans for its Ohio utilities – Ohio Edison, Cleveland Electric Illuminating and Toledo Edison – to provide electric service to customers for a three-year period from June 1, 2016 through May 31, 2019.

Parties to the settlement include the City of Akron, Ohio Energy Group, Council of Smaller Enterprises, Cleveland Housing Network, Consumer Protection Association, Council for Economic Opportunities in Greater Cleveland, Citizens Coalition, Nucor Steel Marion, Material Sciences Corporation, Association of Independent Colleges and Universities in Ohio, International Brotherhood of Electrical Workers Local 245, Ohio Power Company and FirstEnergy's three Ohio utilities.

Powering Ohio's Progress has also received widespread support from organizations throughout the state that represent the interests of more than one million Ohioans. More than 1,100 letters of support have already been docketed in the case, and 15 local communities have passed resolutions endorsing the plan.

"The proposed settlement reflects broad support for our ongoing efforts to keep electric rates affordable for businesses and consumers in Ohio," said Leila Vespoli, Executive Vice President, Markets and Chief Legal Officer at FirstEnergy. "Our ESP will help assure reliable electric service and protect jobs by keeping vital baseload power plants available to serve Ohio customers. It will also help safeguard customers from rising retail prices from expected energy and capacity price increases in future years."

Under *Powering Ohio's Progress*, customers will continue to receive additional benefits and savings opportunities in the years ahead. The plan includes a 15-year Economic Stability Program that supports the state's economic future by helping ensure that critical baseload power plants remain available to serve electric customers. Additional benefits include:

- Freezing base distribution rates through May 31, 2019. Since 2009, residential customers' distribution rates have increased an average of only 40 cents per month, or 1 percent, based on typical usage of 750 kilowatt-hours per month.
- Preserving \$1 billion in annual statewide economic benefits, more than \$52 million annually in local and state property and payroll taxes, and an estimated 3,000 direct and indirect jobs created by operations at the Davis-Besse, W.H. Sammis and Ohio Valley Corporation (OVEC) power plants in Ohio.
- Contributing up to \$23 million in economic development funding and energy efficiency assistance for Ohio communities, colleges and universities, small businesses, and low-income customers during the three-year term of the plan.
- Contributing up to \$7 million to help low-income customers pay their electric bills and to fund the establishment of an independent Customer Advisory Agency designed to preserve

and grow the competitive retail electric market for all FirstEnergy residential customers in Ohio.

- Helping ensure key baseload electric generation remains available to serve Ohio customers and power Ohio's economy.
- Continuing to provide generation supply to non-shopping customers through a competitive bid process.
- Retaining customers' option to shop for a competitive electric supplier.
- Supporting continued investment in distribution system reliability.

FirstEnergy is a diversified energy company dedicated to safety, reliability and operational excellence. Its 10 electric distribution companies form one of the nation's largest investor-owned electric systems, serving customers in Ohio, Pennsylvania, New Jersey, West Virginia, Maryland and New York. Follow FirstEnergy on Twitter [@FirstEnergyCorp](#).

Forward-Looking Statements: This press release includes forward-looking statements based on information currently available to management. Such statements are subject to certain risks and uncertainties. These statements include declarations regarding management's intents, beliefs and current expectations. These statements typically contain, but are not limited to, the terms "anticipate," "potential," "expect," "forecast," "will," "intend," "believe," "estimate" and similar words. Forward-looking statements involve estimates, assumptions, known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements, which may include the following: the speed and nature of increased competition in the electric utility industry, in general, and the retail sales market in particular; the ability to experience growth in the Regulated Distribution and Regulated Transmission segments and to successfully implement our revised sales strategy in the Competitive Energy Services segment; the accomplishment of our regulatory and operational goals in connection with our transmission plan and pending distribution rate cases and the effectiveness of our repositioning strategy; the impact of the regulatory process on pending matters in the various states in which we do business including, but not limited to, matters related to rates and pending rate cases, and the Electric Security Plan IV in Ohio; the impact of the federal regulatory process on the Federal Energy Regulatory Commission (FERC) regulated entities and transactions, in particular FERC regulation of wholesale energy and capacity markets, including the PJM markets and also FERC-jurisdictional wholesale transactions, FERC regulation of cost-of-service rates, including FERC Opinion No. 531's revised Return on Equity methodology for FERC-jurisdictional wholesale generation and transmission utility service and FERC's compliance and enforcement activity, including compliance and enforcement activity related to NERC's mandatory reliability standards; the uncertainties of various cost recovery and cost allocation issues resulting from American Transmission Systems, Incorporated's realignment into PJM Interconnection, L.L.C.; economic or weather conditions affecting future sales and margins such as a polar vortex or other significant weather events, and all associated regulatory events or actions; regulatory outcomes associated with storm restoration costs, including but not limited to, Hurricane Sandy, Hurricane Irene and the October snowstorm of 2011; changing energy, capacity and commodity market prices including, but not limited to, coal, natural gas and oil, and their availability and impact on margins; the continued ability of our regulated utilities to recover their costs; costs being higher than anticipated and the success of our policies to control costs and to mitigate low energy, capacity and market prices; other legislative and regulatory changes, and revised environmental requirements, including, but not limited to, possible greenhouse gases emission, water discharge, and coal combustion residuals regulations, the potential impacts of Cross-State Air Pollution Rule, and the effects of the United States Environmental Protection Agency's Mercury and Air Toxics Standards rules

including our estimated costs of compliance; the uncertainty of the timing and amounts of the capital expenditures that may arise in connection with any litigation, including New Source Review litigation, or potential regulatory initiatives or rulemakings (including that such expenditures could result in our decision to deactivate or idle certain generating units); the uncertainties associated with the deactivation of certain older regulated and competitive fossil units, including the impact on vendor commitments, and the timing thereof as they relate to, among other things, Reliability Must Run arrangements and the reliability of the transmission grid; the impact of other future changes to the operational status or availability of our generating units; adverse regulatory or legal decisions and outcomes with respect to our nuclear operations (including, but not limited to the revocation or non-renewal of necessary licenses, approvals or operating permits by the Nuclear Regulatory Commission or as a result of the incident at Japan's Fukushima Daiichi Nuclear Plant); issues arising from the indications of cracking in the shield building at Davis-Besse; the risks and uncertainties associated with litigation, arbitration, mediation and like proceedings, including, but not limited to, any such proceedings related to vendor commitments; replacement power costs being higher than anticipated or not fully hedged; the ability to comply with applicable state and federal reliability standards and energy efficiency and peak demand reduction mandates; changes in customers' demand for power, including, but not limited to, changes resulting from the implementation of state and federal energy efficiency and peak demand reduction mandates; the ability to accomplish or realize anticipated benefits from strategic and financial goals, including, but not limited to, the ability to continue to reduce costs and successfully execute our announced financial plans designed to improve our credit metrics and strengthen our balance sheet through, among other actions, our previously-implemented dividend reduction and our other proposed capital raising initiatives; our ability to improve electric commodity margins and the impact of, among other factors, the increased cost of fuel and fuel transportation on such margins; changing market conditions that could affect the measurement of certain liabilities and the value of assets held in our Nuclear Decommissioning Trusts, pension trusts and other trust funds, and cause us and/or our subsidiaries to make additional contributions sooner, or in amounts that are larger than currently anticipated; the impact of changes to material accounting policies; the ability to access the public securities and other capital and credit markets in accordance with our announced financial plans, the cost of such capital and overall condition of the capital and credit markets affecting us and our subsidiaries; actions that may be taken by credit rating agencies that could negatively affect us and/or our subsidiaries' access to financing, increase the costs thereof, and increase requirements to post additional collateral to support outstanding commodity positions, letters of credit and other financial guarantees; changes in national and regional economic conditions affecting us, our subsidiaries and/or our major industrial and commercial customers and other counterparties with which we do business, including fuel suppliers; the impact of any changes in tax laws or regulations or adverse tax audit results or rulings; issues concerning the stability of domestic and foreign financial institutions and counterparties with which we do business; and the risks and other factors discussed from time to time in our United States Securities and Exchange Commission filings, and other similar factors. The foregoing review of factors should not be construed as exhaustive. New factors emerge from time to time, and it is not possible for management to predict all such factors, nor assess the impact of any such factor on FirstEnergy's business or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statements. FirstEnergy expressly disclaims any current intention to update, except as required by law, any forward-looking statements contained herein as a result of new information, future events or otherwise.

SOURCE FirstEnergy Corp.

