

FirstEnergy Subsidiaries Apply for Authorization to Sell Eleven Hydroelectric Power Stations to Harbor Hydro Holdings, LLC

AKRON, Ohio, Sept. 4, 2013 /PRNewswire/ -- FirstEnergy Corp. (NYSE: [FE](#)) subsidiaries have applied for authorization from the Federal Energy Regulatory Commission (FERC) to sell 11 hydroelectric power stations in Pennsylvania, Virginia and West Virginia to Harbor Hydro Holdings, LLC, a subsidiary of LS Power Equity Partners II, LP. A sales agreement was reached on August 23, and if approved, the proposed transaction is expected to close in the fourth quarter of 2013. The agreement is subject to customary and other closing conditions, including FERC, the Commonwealth of Virginia's State Corporation Commission and various other approvals.

The hydroelectric power stations included in this proposed sale are owned by FirstEnergy Generation, LLC, Allegheny Energy Supply Company, LLC and Green Valley Hydro, LLC and have a total capacity of 527 megawatts, which represents less than 3 percent of FirstEnergy's generation fleet output. The sale includes: Seneca Pumped Storage (451 MW) in Warren, Pa.; Allegheny Lock & Dam 5 (6 MW) in Schenley, Pa.; Allegheny Lock & Dam 6 (7 MW) in Ford City, Pa.; Lake Lynn (52 MW) in Lake Lynn, Pa.; Millville (3 MW) in Millville, W. Va.; Dam 4 (2 MW) in Shepherdstown, W. Va.; Dam 5 (1.2 MW) in Falling Waters, W. Va.; Warren (750 kW) in Front Royal, Va.; Luray (1.6 MW) in Luray, Va.; and Shenandoah and Newport (860 kW and 1.4 MW, respectively) in Shenandoah, Va. Resolution of a potential competing license application and other claims related to the Seneca facility also is a condition to closing the proposed transaction.

The 35 current employees at these power stations are expected to be retained by the new owner. FirstEnergy subsidiary Allegheny Generating Company will continue to own 1,200 MW of the 3,000 MW Bath County Pumped-Storage Hydro facility in Warm Springs, Va. In addition, FirstEnergy subsidiary Jersey Central Power & Light (JCP&L) will continue to own 200 MW of the 400 MW Yards Creek Pumped-Storage Hydro facility in Blairstown, N.J.

FirstEnergy operates one of the nation's largest, cleanest and most diverse generating fleets, with 60 percent coal, 20 percent nuclear, 11 percent hydro and other renewables, and 9 percent gas/oil.

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. Its generation subsidiaries currently control more than 20,000 megawatts of capacity from a diversified mix of scrubbed coal, non-emitting nuclear, natural gas, hydro, pumped-storage hydro and other renewables. Follow FirstEnergy on Twitter [@FirstEnergyCorp](#).

LS Power, an employee-owned, independent power company with offices in New York, New Jersey, Missouri and California, is a developer, owner, operator and investor in power generation and electric transmission infrastructure throughout the United States.

Forward-Looking Statements: This news 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," "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. Actual results may differ materially due to: the speed and nature of increased competition in the electric utility industry, in general, and the retail sales market in particular; the impact of the regulatory process on the pending matters before the Federal Energy Regulatory Commission and in the various states in which we do business including, but not limited to, matters related to rates and pending rate cases; the uncertainties of various cost recovery and cost allocation issues resulting from the realignment of American Transmission Systems, Incorporated into PJM Interconnection LLC; economic or weather conditions affecting future sales and margins; regulatory outcomes associated with storms, 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 availability and their impact on retail 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 possible greenhouse gas emission, water discharge, water intake and coal combustion residual regulations, the potential impacts of Cross-State Air Pollution Rule, Clean Air Interstate Rule, or CAIR, and/or any laws, rules or regulations that ultimately replace CAIR, and the effects of the 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 decision to deactivate the Hatfield's Ferry and Mitchell Power Stations, 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; 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); adverse legal decisions and outcomes related to Metropolitan Edison Company's and Pennsylvania Electric Company's ability to recover certain transmission costs through their Transmission Service Charge riders; the impact of future changes to the operational status or availability of our generating units; 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 inadequately 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 reduce costs and to successfully complete our announced financial plans designed to improve our credit metrics and strengthen our balance sheet, including but not limited to, proposed capital raising and debt reduction initiatives, the proposed West Virginia asset transfer and potential sale of non-core hydro assets; 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; the ability to experience growth in the Regulated Distribution segment and to continue to successfully implement our direct retail sales strategy in the Competitive Energy Services segment; changing market conditions that could affect the measurement of liabilities and the value of assets held in our nuclear decommissioning trusts, pension trusts and other trust funds, and cause us and 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 plan, 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 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 our major industrial and commercial customers, and other counterparties including fuel suppliers, with which we do business; issues concerning the stability of domestic and foreign financial institutions and counterparties with which we do business; the risks and other factors discussed from time to time in our 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.

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