

CLEVELAND ELECTRIC ILLUMINATING CO
Form 10-Q/A
November 25, 2008

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

FORM 10-Q/A

Amendment No. 1

(Mark One)

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

For the quarterly period ended March 31, 2008

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.
1-2578	OHIO EDISON COMPANY (An Ohio Corporation) c/o FirstEnergy Corp. 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	34-4375005

(An Ohio Corporation)
c/o FirstEnergy Corp.
76 South Main Street
Akron, OH 44308
Telephone (800)736-3402

1-3522	PENNSYLVANIA ELECTRIC COMPANY	25-0718085
	(A Pennsylvania Corporation) c/o FirstEnergy Corp. 76 South Main Street Akron, OH 44308 Telephone (800)736-3402	

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

Yes (X) No () Ohio Edison Company and Pennsylvania Electric Company
 Yes () No (X) The Cleveland Electric Illuminating Company and The Toledo Edison Company

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

Large Accelerated Filer N/A
 ()

Accelerated Filer N/A
 ()

Non-accelerated Filer (Do not check if a smaller reporting company) Ohio Edison Company, The Cleveland Electric Illuminating Company, The Toledo Edison Company and Pennsylvania Electric Company
 (X)

Smaller Reporting Company N/A
 ()

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

Yes () No (X) Ohio Edison Company, The Cleveland Electric Illuminating Company, The Toledo Edison Company and Pennsylvania Electric Company

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 MAY 8, 2008
Ohio Edison Company, no par value	60
The Cleveland Electric Illuminating Company, no par value	67,930,743
The Toledo Edison Company, \$5 par value	29,402,054
Pennsylvania Electric Company, \$20 par value	4,427,577

This combined Form 10-Q/A is separately filed by Ohio Edison Company, The Cleveland Electric Illuminating Company, The Toledo Edison Company and Pennsylvania Electric Company. Information contained herein relating to any individual registrant is filed by such registrant on its own behalf.

OMISSION OF CERTAIN INFORMATION

Ohio Edison Company, The Cleveland Electric Illuminating Company, The Toledo Edison Company and Pennsylvania Electric Company meet the conditions set forth in General Instruction H(1)(a) and (b) of Form 10-Q and are therefore filing this Form 10-Q/A with the reduced disclosure format specified in General Instruction H(2) to Form 10-Q.

Forward-Looking Statements: This Form 10-Q/A 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 and legislative and regulatory changes affecting how generation rates will be determined following the expiration of existing rate plans in Ohio and Pennsylvania,
 - the impact of the PUCO's rulemaking process on the Ohio Companies' ESP and MRO filings,
 - economic or weather conditions affecting future sales and margins,
 - changes in markets for energy services,
 - changing energy and commodity market prices and availability,
 - replacement power costs being higher than anticipated or inadequately hedged,
- the continued ability of FirstEnergy's regulated utilities to collect transition and other charges or to recover increased transmission costs,
 - maintenance costs being higher than anticipated,
- other legislative and regulatory changes, revised environmental requirements, including possible GHG emission regulations,
- the impact of the U.S. Court of Appeals' July 11, 2008 decision to vacate the CAIR rules and the scope of any laws, rules or regulations that may ultimately take their place,
- the uncertainty of the timing and amounts of the capital expenditures needed to, among other things, implement the Air Quality Compliance Plan (including that such amounts could be higher than anticipated) or levels of emission reductions related to the Consent Decree resolving the NSR litigation or other potential regulatory initiatives,
- adverse regulatory or legal decisions and outcomes (including, but not limited to, the revocation of necessary licenses or operating permits and oversight) by the NRC (including, but not limited to, the Demand for Information issued to FENOC on May 14, 2007),
- the timing and outcome of various proceedings before the PUCO (including, but not limited to, the ESP and MRO proceedings as well as the distribution rate cases and the generation supply plan filing for the Ohio Companies and the successful resolution of the issues remanded to the PUCO by the Ohio Supreme Court regarding the RSP and RCP, including the recovery of deferred fuel costs),
- Met-Ed's and Penelec's transmission service charge filings with the PPUC as well as the resolution of the Petitions for Review filed with the Commonwealth Court of Pennsylvania with respect to the transition rate plan for Met-Ed and Penelec,
 - the continuing availability of generating units and their ability to operate at or near full capacity,
 - the ability to comply with applicable state and federal reliability standards,
- the ability to accomplish or realize anticipated benefits from strategic goals (including employee workforce initiatives),
 - the ability to improve electric commodity margins and to experience growth in the distribution business,
- the changing market conditions that could affect the value of assets held in the registrants' nuclear decommissioning trusts, pension trusts and other trust funds, and cause FirstEnergy to make additional contributions sooner, or in an amount that is larger than currently anticipated,
- the ability to access the public securities and other capital and credit markets in accordance with FirstEnergy's financing plan and the cost of such capital,
 - changes in general economic conditions affecting the registrants,
 - the state of the capital and credit markets affecting the registrants, and

- the risks and other factors discussed from time to time in the registrants' SEC 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 the registrants' 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. Also, a security rating is not a recommendation to buy, sell or hold securities, and it may be subject to revision or withdrawal at any time and each such rating should be evaluated independently of any other rating. The registrants expressly disclaim any current intention to update any forward-looking statements contained herein as a result of new information, future events or otherwise.

EXPLANATORY NOTE

This combined Amendment No. 1 on Form 10-Q/A for the quarter ended March 31, 2008 is being filed by Ohio Edison Company, The Cleveland Electric Illuminating Company, The Toledo Edison Company and Pennsylvania Electric Company (the “registrants”) to correct common stock dividend payments reported in their respective consolidated statements of cash flows for the three months ended March 31, 2008, contained in Part I, Item 1, Consolidated Financial Statements. This correction does not affect the respective registrants’ previously reported consolidated statements of income and comprehensive income for the three months ended March 31, 2008 and consolidated balance sheets as of March 31, 2008 contained in the combined Form 10-Q for the quarter ended March 31, 2008, as originally filed on May 8, 2008 (the “original Form 10-Q”). Except for Part I, Items 1 and 4T and certain exhibits under Part II, Item 6, no other information included in the Form 10-Q as originally filed is being revised by, or repeated in this amendment.

As discussed under “Restatement of the Consolidated Statements of Cash Flows” in Note 1 to the revised Combined Notes Consolidated Financial Statements of the registrants included in the Form 10-Q/A, the registrants have restated their respective consolidated statements of cash flows to correct common stock dividend payments reported in cash flows from financing activities. The consolidated statements of cash flows for those registrants, as originally filed, erroneously did not reflect the payment of common stock dividends in the first quarter of 2008, which were declared in the third quarter of 2007. The corrections resulted in a corresponding change in operating liabilities - accounts payable, included in cash flows from operating activities.

The original Form 10-Q was a combined Form 10-Q representing separate filings by each of the registrants and their affiliates, FirstEnergy Corp., FirstEnergy Solutions Corp., Jersey Central Power & Light Company, Metropolitan Edison Company (the “affiliates”). However, this Form 10-Q/A constitutes an amendment only to Part I, Items 1 and 4T and Part II, Item 6 of the Original Form 10-Q filed by each registrant. In addition, information contained herein relating to any individual registrant is filed by such registrant on its own behalf and no registrant makes any representation as to information contained herein relating to any other registrant or any of the affiliates, including, but not limited to, any such information contained in the revised Combined Notes to Consolidated Financial Statements included herein.

Please note that the information contained in this Amendment No. 1, including the consolidated financial statements and notes thereto, does not reflect events occurring after the date of the original Form 10-Q filing on May 8, 2008, except to the extent described above.

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GLOSSARY OF TERMS

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

ATSI	American Transmission Systems, Inc., owns and operates transmission facilities
CEI	The Cleveland Electric Illuminating Company, an Ohio electric utility operating subsidiary
Companies	OE, CEI, TE, JCP&L, Met-Ed and Penelec
FENOC	FirstEnergy Nuclear Operating Company, operates nuclear generating facilities
FES	FirstEnergy Solutions Corp., provides energy-related products and services
FESC	FirstEnergy Service Company, provides legal, financial and other corporate support services
FGCO	FirstEnergy Generation Corp., owns and operates non-nuclear generating facilities
FirstEnergy	FirstEnergy Corp., a public utility holding company
GPU	GPU, Inc., former parent of JCP&L, Met-Ed and Penelec, which merged with FirstEnergy on November 7, 2001
JCP&L	Jersey Central Power & Light Company, a New Jersey electric utility operating subsidiary
JCP&L Transition Funding	JCP&L Transition Funding LLC, a Delaware limited liability company and issuer of transition bonds
JCP&L Transition Funding II	JCP&L Transition Funding II LLC, a Delaware limited liability company and issuer of transition bonds
Met-Ed	Metropolitan Edison Company, a Pennsylvania electric utility operating subsidiary
NGC	FirstEnergy Nuclear Generation Corp., owns nuclear generating facilities
OE	Ohio Edison Company, an Ohio electric utility operating subsidiary
Ohio Companies	CEI, OE and TE
Penelec	Pennsylvania Electric Company, a Pennsylvania electric utility operating subsidiary
Penn	Pennsylvania Power Company, a Pennsylvania electric utility operating subsidiary of OE
Pennsylvania Companies	Met-Ed, Penelec and Penn
PNBV	PNBV Capital Trust, a special purpose entity created by OE in 1996
Shippingport	Shippingport Capital Trust, a special purpose entity created by CEI and TE in 1997
TE	The Toledo Edison Company, an Ohio electric utility operating subsidiary
TEBSA	Termobarranquila S.A. Empresa de Servicios Publicos

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

AEP	American Electric Power Company, Inc.
AOCL	Accumulated Other Comprehensive Loss
AQC	Air Quality Control
ARB	Accounting Research Bulletin
ARO	Asset Retirement Obligation
ASM	Ancillary Services Market
BGS	Basic Generation Service
BPJ	Best Professional Judgment
CAA	Clean Air Act
CAIR	Clean Air Interstate Rule
CAMR	Clean Air Mercury Rule
CBP	Competitive Bid Process
CO2	Carbon Dioxide
DFI	Demand for Information
DOJ	United States Department of Justice
DRA	Division of Ratepayer Advocate
EIS	Energy Independence Strategy
EITF	Emerging Issues Task Force
EMP	Energy Master Plan
EPA	United States Environmental Protection Agency
EPACT	Energy Policy Act of 2005
ESP	Electric Security Plan
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FIN	FASB Interpretation
FIN 46R	FIN 46 (revised December 2003), "Consolidation of Variable Interest Entities"

GLOSSARY OF TERMS, Cont'd.

FIN 47	FIN 47, "Accounting for Conditional Asset Retirement Obligations - an interpretation of FASB Statement No. 143"
FIN 48	FIN 48, "Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109"
FirstCom	First Communications, Inc.
FMB	First Mortgage Bonds
FSP	FASB Staff Position
FSP FAS 157-2	FSP FAS 157-2, "Effective Date of FASB Statement No. 157"
FTR	Financial Transmission Rights
GAAP	Accounting Principles Generally Accepted in the United States
GHG	Greenhouse Gases
ICE	Intercontinental Exchange
IRS	Internal Revenue Service
ISO	Independent System Operator
kV	Kilovolt
KWH	Kilowatt-hours
LIBOR	London Interbank Offered Rate
LOC	Letter of Credit
MEIUG	Met-Ed Industrial Users Group
MISO	Midwest Independent Transmission System Operator, Inc.
Moody's	Moody's Investors Service
MRO	Market Rate Offer
MW	Megawatts
NAAQS	National Ambient Air Quality Standards
NERC	North American Electric Reliability Corporation
NJBPU	New Jersey Board of Public Utilities
NOPR	Notice of Proposed Rulemaking
NOV	Notice of Violation
NOX	Nitrogen Oxide
NRC	Nuclear Regulatory Commission
NSR	New Source Review
NUG	Non-Utility Generation
NUGC	Non-Utility Generation Charge
NYMEX	New York Mercantile Exchange
OCA	Office of Consumer Advocate
OTC	Over the Counter
OVEC	Ohio Valley Electric Corporation
PCRB	Pollution Control Revenue Bond
PICA	Penelec Industrial Customer Alliance
PJM	PJM Interconnection L. L. C.
PLR	Provider of Last Resort
PPUC	Pennsylvania Public Utility Commission
PRP	Potentially Responsible Party
PSA	Power Supply Agreement
PUCO	Public Utilities Commission of Ohio
PUHCA	Public Utility Holding Company Act of 1935

RCP	Rate Certainty Plan
RECB	Regional Expansion Criteria and Benefits
RFP	Request for Proposal
RPM	Reliability Pricing Model
RSP	Rate Stabilization Plan
RTO	Regional Transmission Organization
S&P	Standard & Poor's Ratings Service
SBC	Societal Benefits Charge
SEC	U.S. Securities and Exchange Commission
SECA	Seams Elimination Cost Adjustment
SFAS	Statement of Financial Accounting Standards
SFAS 109	SFAS No. 109, "Accounting for Income Taxes"
SFAS 123(R)	SFAS No. 123(R), "Share-Based Payment"
SFAS 133	SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities"

GLOSSARY OF TERMS, Cont'd.

SFAS 141(R)	SFAS No 141(R), "Business Combinations"
SFAS 143	SFAS No. 143, "Accounting for Asset Retirement Obligations"
SFAS 157	SFAS No. 157, "Fair Value Measurements"
SFAS 159	SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities – Including an Amendment of FASB Statement No. 115"
SFAS 160	SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements – an Amendment of ARB No. 51"
SFAS 161	SFAS No 161, "Disclosure about Derivative Instruments and Hedging Activities – an Amendment of FASB Statement No. 133"
SIP	State Implementation Plan(s) Under the Clean Air Act
SNCR	Selective Non-Catalytic Reduction
SO ₂	Sulfur Dioxide
TBC	Transition Bond Charge
TMI-1	Three Mile Island Unit 1
TMI-2	Three Mile Island Unit 2
TSC	Transmission Service Charge
VIE	Variable Interest Entity

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

1

Report of Independent Registered Public Accounting Firm

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

We have reviewed the accompanying consolidated balance sheet of Ohio Edison Company and its subsidiaries as of March 31, 2008 and the related consolidated statements of income, comprehensive income and cash flows for each of the three-month periods ended March 31, 2008 and 2007. These interim financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (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 review, we are not aware of any material modifications that should be made to the accompanying consolidated interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet as of December 31, 2007, and the related consolidated statements of income, capitalization, common stockholders' equity, and cash flows for the year then ended (not presented herein), and in our report dated February 28, 2008, except as to the error correction described in Note 1, which is as of November 24, 2008, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet information as of December 31, 2007, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

As discussed in Note 1 to the consolidated financial statements, the Company has restated its 2008 financial statements to correct an error.

PricewaterhouseCoopers LLP
Cleveland, Ohio
May 7, 2008, except as to the error correction described in Note 1,
which is as of November 24, 2008.

OHIO EDISON COMPANY

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended March 31,	
	2008	2007
	(In thousands)	
REVENUES:		
Electric sales	\$ 622,271	\$ 594,344
Excise tax collections	30,378	31,254
Total revenues	652,649	625,598
EXPENSES:		
Fuel	3,170	3,015
Purchased power	340,186	349,852
Nuclear operating costs	43,021	41,514
Other operating costs	94,135	88,486
Provision for depreciation	21,493	18,848
Amortization of regulatory assets	48,538	45,417
Deferral of new regulatory assets	(25,411)	(36,649)
General taxes	50,453	49,745
Total expenses	575,585	560,228
OPERATING INCOME	77,064	65,370
OTHER INCOME (EXPENSE):		
Investment income	15,055	26,630
Miscellaneous income (expense)	(3,806)	373
Interest expense	(17,641)	(21,022)
Capitalized interest	110	110
Total other income (expense)	(6,282)	6,091
INCOME BEFORE INCOME TAXES	70,782	71,461
INCOME TAXES	26,873	17,426
NET INCOME	43,909	54,035
OTHER COMPREHENSIVE INCOME (LOSS):		
Pension and other postretirement benefits	(3,994)	(3,423)
Change in unrealized gain on available-for-sale securities	(7,571)	(126)

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Other comprehensive loss	(11,565)	(3,549)
Income tax benefit related to other comprehensive loss	(4,262)	(1,503)
Other comprehensive loss, net of tax	(7,303)	(2,046)
TOTAL COMPREHENSIVE INCOME	\$ 36,606	\$ 51,989

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

OHIO EDISON COMPANY

CONSOLIDATED BALANCE SHEETS

(Unaudited)

	March 31, 2008	December 31, 2007
	(In thousands)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 732	\$ 732
Receivables-		
Customers (less accumulated provisions of \$7,870,000 and \$8,032,000, respectively, for uncollectible accounts)	266,360	248,990
Associated companies	179,875	185,437
Other (less accumulated provisions of \$5,638,000 and \$5,639,000, respectively, for uncollectible accounts)	16,474	12,395
Notes receivable from associated companies	589,790	595,859
Prepayments and other	17,785	10,341
	1,071,016	1,053,754
UTILITY PLANT:		
In service	2,804,505	2,769,880
Less - Accumulated provision for depreciation	1,106,174	1,090,862
	1,698,331	1,679,018
Construction work in progress	60,617	50,061
	1,758,948	1,729,079
OTHER PROPERTY AND INVESTMENTS:		
Long-term notes receivable from associated companies	258,405	258,870
Investment in lease obligation bonds	253,747	253,894
Nuclear plant decommissioning trusts	119,948	127,252
Other	33,014	36,037
	665,114	676,053
DEFERRED CHARGES AND OTHER ASSETS:		
Regulatory assets	709,969	737,326
Pension assets	235,933	228,518
Property taxes	65,520	65,520
Unamortized sale and leaseback costs	43,882	45,133
Other	44,640	48,075
	1,099,944	1,124,572
	\$ 4,595,022	\$ 4,583,458
LIABILITIES AND CAPITALIZATION		
CURRENT LIABILITIES:		
Currently payable long-term debt	\$ 334,656	\$ 333,224

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Short-term borrowings-		
Associated companies	50,692	50,692
Other	2,609	2,609
Accounts payable-		
Associated companies	155,654	174,088
Other	19,376	19,881
Accrued taxes	93,390	89,571
Accrued interest	16,459	22,378
Other	99,532	65,163
	772,368	757,606
CAPITALIZATION:		
Common stockholder's equity-		
Common stock, without par value, authorized 175,000,000 shares -		
60 shares outstanding	1,220,368	1,220,512
Accumulated other comprehensive income	41,083	48,386
Retained earnings	351,186	307,277
Total common stockholder's equity	1,612,637	1,576,175
Long-term debt and other long-term obligations		
	839,107	840,591
	2,451,744	2,416,766
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes	783,777	781,012
Accumulated deferred investment tax credits	15,990	16,964
Asset retirement obligations	95,009	93,571
Retirement benefits	176,597	178,343
Deferred revenues - electric service programs	36,821	46,849
Other	262,716	292,347
	1,370,910	1,409,086
COMMITMENTS AND CONTINGENCIES (Note 10)		
	\$ 4,595,022	\$ 4,583,458

The accompanying Notes to Consolidated 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 March 31, Restated 2008	2007
	(In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 43,909	\$ 54,035
Adjustments to reconcile net income to net cash from operating activities-		
Provision for depreciation	21,493	18,848
Amortization of regulatory assets	48,538	45,417
Deferral of new regulatory assets	(25,411)	(36,649)
Amortization of lease costs	32,934	32,934
Deferred income taxes and investment tax credits, net	6,866	(3,992)
Accrued compensation and retirement benefits	(19,482)	(16,794)
Pension trust contribution	-	(20,261)
Increase in operating assets-		
Receivables	(27,496)	(102,469)
Prepayments and other current assets	(7,451)	(6,339)
Increase (decrease) in operating liabilities-		
Accounts payable	(3,939)	42,095
Accrued taxes	2,991	(46,791)
Accrued interest	(5,919)	(6,812)
Electric service prepayment programs	(10,028)	(9,053)
Other	(2,066)	(3,283)
Net cash provided from (used for) operating activities	54,939	(59,114)
CASH FLOWS FROM FINANCING ACTIVITIES:		
New Financing-		
Short-term borrowings, net	-	77,473
Redemptions and Repayments-		
Common stock	-	(500,000)
Long-term debt	(80)	(72)
Dividend Payments-		
Common stock	(15,000)	-
Net cash used for financing activities	(15,080)	(422,599)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(49,011)	(29,888)
Sales of investment securities held in trusts	62,344	12,951

Purchases of investment securities held in trusts	(63,797)	(13,805)
Loan repayments from associated companies, net	6,534	511,082
Cash investments	147	168
Other	3,924	1,187
Net cash provided from (used for) investing activities	(39,859)	481,695
Net change in cash and cash equivalents	-	(18)
Cash and cash equivalents at beginning of period	732	712
Cash and cash equivalents at end of period	\$ 732	\$ 694

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

Report of Independent Registered Public Accounting Firm

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

We have reviewed the accompanying consolidated balance sheet of The Cleveland Electric Illuminating Company and its subsidiaries as of March 31, 2008 and the related consolidated statements of income, comprehensive income and cash flows for each of the three-month periods ended March 31, 2008 and 2007. These interim financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (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 review, we are not aware of any material modifications that should be made to the accompanying consolidated interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet as of December 31, 2007, and the related consolidated statements of income, capitalization, common stockholders' equity, and cash flows for the year then ended (not presented herein), and in our report dated February 28, 2008, except as to the error correction described in Note 1, which is as of November 24, 2008, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet information as of December 31, 2007, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

As discussed in Note 1 to the consolidated financial statements, the Company has restated its 2008 financial statements to correct an error.

PricewaterhouseCoopers LLP
Cleveland, Ohio

May 7, 2008, except as to the error correction described in Note 1,
which is as of November 24, 2008.

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended March 31,	
	2008	2007
	(In thousands)	
REVENUES:		
Electric sales	\$ 418,708	\$ 422,805
Excise tax collections	18,600	18,027
Total revenues	437,308	440,832
EXPENSES:		
Fuel	-	13,191
Purchased power	193,244	180,657
Other operating costs	65,118	74,951
Provision for depreciation	19,076	18,468
Amortization of regulatory assets	38,256	33,129
Deferral of new regulatory assets	(29,248)	(33,957)
General taxes	40,083	38,894
Total expenses	326,529	325,333
OPERATING INCOME	110,779	115,499
OTHER INCOME (EXPENSE):		
Investment income	9,188	17,687
Miscellaneous income	534	731
Interest expense	(32,520)	(35,740)
Capitalized interest	196	205
Total other expense	(22,602)	(17,117)
INCOME BEFORE INCOME TAXES	88,177	98,382
INCOME TAXES	30,326	34,833
NET INCOME	57,851	63,549
OTHER COMPREHENSIVE INCOME (LOSS):		
Pension and other postretirement benefits	(213)	1,202
Income tax expense related to other comprehensive income	281	355
Other comprehensive income (loss), net of tax	(494)	847

TOTAL COMPREHENSIVE INCOME	\$	57,357	\$	64,396
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The accompanying Notes to Consolidated 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)

March 31,
2008December 31,
2007

(In thousands)

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 241	\$ 232
Receivables-		
Customers (less accumulated provisions of \$7,224,000 and \$7,540,000, respectively, for uncollectible accounts)	266,701	251,000
Associated companies	70,727	166,587
Other	3,643	12,184
Notes receivable from associated companies	54,679	52,306
Prepayments and other	1,728	2,327
	397,719	484,636

UTILITY PLANT:

In service	2,142,458	2,256,956
Less - Accumulated provision for depreciation	827,160	872,801
	1,315,298	1,384,155
Construction work in progress	40,834	41,163
	1,356,132	1,425,318

OTHER PROPERTY AND INVESTMENTS:

Investment in lessor notes	425,722	463,431
Other	10,275	10,285
	435,997	473,716

DEFERRED CHARGES AND OTHER ASSETS:

Goodwill	1,688,521	1,688,521
Regulatory assets	853,716	870,695
Pension assets	64,497	62,471
Property taxes	76,000	76,000
Other	32,735	32,987
	2,715,469	2,730,674
	\$ 4,905,317	\$ 5,114,344

LIABILITIES AND CAPITALIZATION

CURRENT LIABILITIES:

Currently payable long-term debt	\$ 207,281	\$ 207,266
Short-term borrowings-		
Associated companies	365,816	531,943
Accounts payable-		
Associated companies	139,423	169,187

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Other	6,169	5,295
Accrued taxes	118,102	94,991
Accrued interest	37,726	13,895
Other	35,044	34,350
	909,561	1,056,927
CAPITALIZATION:		
Common stockholder's equity		
Common stock, without par value, authorized 105,000,000 shares - 67,930,743 shares outstanding		
	873,353	873,536
Accumulated other comprehensive loss	(69,623)	(69,129)
Retained earnings	743,278	685,428
Total common stockholder's equity	1,547,008	1,489,835
Long-term debt and other long-term obligations		
	1,447,980	1,459,939
	2,994,988	2,949,774
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes	719,938	725,523
Accumulated deferred investment tax credits	18,102	18,567
Retirement benefits	94,322	93,456
Deferred revenues - electric service programs	21,297	27,145
Lease assignment payable to associated companies	38,420	131,773
Other	108,689	111,179
	1,000,768	1,107,643
COMMITMENTS AND CONTINGENCIES (Note 10)		
	\$ 4,905,317	\$ 5,114,344

The accompanying Notes to Consolidated 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)

	Restated 2008	Three Months Ended March 31, 2007
	(In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 57,851	\$ 63,549
Adjustments to reconcile net income to net cash from operating activities-		
Provision for depreciation	19,076	18,468
Amortization of regulatory assets	38,256	33,129
Deferral of new regulatory assets	(29,248)	(33,957)
Deferred rents and lease market valuation liability	-	(46,528)
Deferred income taxes and investment tax credits, net	(4,965)	(5,453)
Accrued compensation and retirement benefits	(3,507)	(890)
Pension trust contribution	-	(24,800)
Decrease in operating assets-		
Receivables	90,280	224,011
Prepayments and other current assets	604	592
Increase (decrease) in operating liabilities-		
Accounts payable	1,111	(256,808)
Accrued taxes	23,196	13,959
Accrued interest	23,831	18,122
Electric service prepayment programs	(5,847)	(5,313)
Other	(63)	(167)
Net cash provided from (used for) operating activities	210,575	(2,086)
CASH FLOWS FROM FINANCING ACTIVITIES:		
New Financing-		
Long-term debt	-	247,715
Redemptions and Repayments-		
Long-term debt	(165)	(150)
Short-term borrowings, net	(177,960)	(130,585)
Dividend Payments-		
Common stock	(30,000)	(24,000)
Net cash provided from (used for) financing activities	(208,125)	92,980
CASH FLOWS FROM INVESTING ACTIVITIES:		

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Property additions	(37,203)	(36,682)
Loans to associated companies, net	(2,373)	(231,907)
Collection of principal on long-term notes receivable	-	133,341
Redemptions of lessor notes	37,709	35,614
Other	(574)	9,294
Net cash used for investing activities	(2,441)	(90,340)
Net increase in cash and cash equivalents	9	554
Cash and cash equivalents at beginning of period	232	221
Cash and cash equivalents at end of period	\$ 241	\$ 775

The accompanying Notes to Consolidated Financial Statements as they relate to The Cleveland Electric Illuminating

Company are an integral part of these statements.

Report of Independent Registered Public Accounting Firm

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

We have reviewed the accompanying consolidated balance sheet of The Toledo Edison Company and its subsidiary as of March 31, 2008 and the related consolidated statements of income, comprehensive income and cash flows for each of the three-month periods ended March 31, 2008 and 2007. These interim financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (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 review, we are not aware of any material modifications that should be made to the accompanying consolidated interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet as of December 31, 2007, and the related consolidated statements of income, capitalization, common stockholders' equity, and cash flows for the year then ended (not presented herein), and in our report dated February 28, 2008, except as to the error correction described in Note 1, which is as of November 24, 2008, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet information as of December 31, 2007, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

As discussed in Note 1 to the consolidated financial statements, the Company has restated its 2008 financial statements to correct an error.

PricewaterhouseCoopers LLP
Cleveland, Ohio

May 7, 2008, except as to the error correction described in Note 1,
which is as of November 24, 2008.

THE TOLEDO EDISON COMPANY

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended March 31,	
	2008	2007
	(In thousands)	
REVENUES:		
Electric sales	\$ 203,669	\$ 233,056
Excise tax collections	8,025	7,400
Total revenues	211,694	240,456
EXPENSES:		
Fuel	1,482	10,147
Purchased power	101,298	96,169
Nuclear operating costs	10,457	17,721
Other operating costs	33,390	42,921
Provision for depreciation	9,025	9,117
Amortization of regulatory assets	25,025	23,876
Deferral of new regulatory assets	(9,494)	(13,481)
General taxes	14,377	13,734
Total expenses	185,560	200,204
OPERATING INCOME	26,134	40,252
OTHER INCOME (EXPENSE):		
Investment income	6,481	7,225
Miscellaneous expense	(1,514)	(3,100)
Interest expense	(6,035)	(7,503)
Capitalized interest	37	83
Total other expense	(1,031)	(3,295)
INCOME BEFORE INCOME TAXES	25,103	