

FIRSTENERGY CORP
Form 35-CERT
November 19, 2004

SEC File No. 70-10122

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

CERTIFICATE PURSUANT TO

RULE 24

OF PARTIAL COMPLETION OF

TRANSACTIONS

FirstEnergy Corp.

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 :
 In the matter of :
 FirstEnergy Corp. :
 :
 : Certificate Pursuant
 : to Rule 24 of Partial
 : Completion of
 : Transactions
 SEC File No. 70-10122 :
 (Public Utility Holding Company Act :
 of 1935) :

TO THE MEMBERS OF THE SECURITIES AND EXCHANGE COMMISSION:

The undersigned, FirstEnergy Corp. (FirstEnergy) hereby certifies pursuant to Rule 24 of the Rules and Regulations under the Public Utility Holding Company Act of 1935 (the Act), that certain of the transactions proposed in the Applications, as amended, filed in SEC File No. 70-10122 have been carried out in accordance with the Commission's Order dated June 30, 2003 as follows:

- (1) During the period July 1, 2004 through September 30, 2004, there were no sales of common stock or preferred securities by FirstEnergy.
- (2) During the third quarter of 2004, 368,459 shares of common stock were issuable pursuant to options granted under employee benefit plans and dividend reinvestment plans.
- (3) During the period July 1, 2004 through September 30, 2004, no FirstEnergy common stock was transferred to a seller of securities of a company being acquired.
- (4) During the period July 1, 2004 through September 30, 2004, there was no Long-term Debt and Preferred Securities issued by FirstEnergy. FirstEnergy issued the following Short-term Debt during the third quarter of 2004:

| | Transaction Date | Maturity Date | Rate | Transaction Amount | Loan Balance |
|--|------------------|---------------|-------|--------------------|------------------|
| CitiBank (FirstEnergy Revolver - 1 Billion 3 Year Facility) | | | | | |
| FirstEnergy | 7/1/2004 | 7/15/2004 | 2.45% | \$125,000,000.00 | \$125,000,000.00 |
| FirstEnergy | 9/20/2004 | 9/27/2004 | 2.89% | \$100,000,000.00 | \$100,000,000.00 |
| FirstEnergy | 9/20/2004 | 9/21/2004 | 4.58% | \$ 35,000,000.00 | \$135,000,000.00 |
| FirstEnergy | 9/27/2004 | 10/4/2004 | 2.95% | \$ 50,000,000.00 | \$ 50,000,000.00 |

(5) During the period July 1, 2004 through September 30, 2004, the following short-term debt was issued by the Utility Subsidiaries:

| FirstMerit (Ohio Edison Company (OE) Bi-Lateral Facility) | | | | | |
|--|------------------|---------------|------|--------------------|-----------------|
| | Transaction Date | Maturity Date | Rate | Transaction Amount | Loan Balance |
| OE | 9/20/2001 | 9/21/2004 | 2.50 | \$14,000,000.00 | \$14,000,000.00 |
| OE | 9/24/2004 | 9/28/2004 | 2.50 | \$14,000,000.00 | \$14,000,000.00 |

| KeyBank (OE Bi-Lateral Facility) | | | | | |
|---|------------------|---------------|------|--------------------|-----------------|
| | Transaction Date | Maturity Date | Rate | Transaction Amount | Loan Balance |
| OE | 9/20/2004 | 9/23/2004 | 2.88 | \$20,000,000.00 | \$20,000,000.00 |
| OE | 9/27/2004 | 9/28/2004 | 2.93 | \$20,000,000.00 | \$20,000,000.00 |
| OE | 9/30/2004 | 10/5/2004 | 3.05 | \$20,000,000.00 | \$20,000,000.00 |

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Under the Utility Money Pool, the principal balance of borrowings at the end of the third quarter of 2004 and average interest rate during the third quarter of 2004 are as follows:

| Regulated Money Pool Loan to/(Borrowing from): | Average Interest Rate | Principal Balance |
|---|--------------------------|----------------------|
| OE | 1.2825% | \$ 610,763,101 |
| Pennsylvania Power Company (Penn) | 1.2825% | (22,297,522) |
| The Cleveland Electric Illuminating Company (CEI) | 1.2825% | (287,851,176) |
| The Toledo Edison Company (TE) | 1.2825% | (385,275,112) |
| American Transmission Systems, Incorporated (ATSI) | 1.2825% | 103,815,895 |
| Jersey Central Power & Light Company (JCP&L) | 1.2825% | (158,342,343) |
| Metropolitan Edison Company (Met-Ed) | 1.2825% | 6,780,764 |
| Pennsylvania Electric Company (Penelec) | 1.2825% | (191,204,977) |
| York Haven Power Company | 1.2825% | 12,703,715 |

(6) During the third quarter of 2004, there were no financings consummated by any Non-Utility subsidiary that were not exempt under rule 52.

(7) During the third quarter of 2004, the following guarantees were made by FirstEnergy to support activities of its subsidiaries:

| Beneficiary | Amount | Terms | Purpose of Guarantee |
|---|-------------|-------|----------------------------|
| <u>FirstEnergy Solutions Corp. (FES) (Trading - Gas)</u> | | | |
| Sunoco Inc. (R&M) | \$5,000,000 | (a) | (b) |
| <u>FirstEnergy Generation Corp. (Fuel Marketing / Coal)</u> | | | |
| American Electric Power Service Corp. | 2,500,000 | (a) | (c) |
| Constellation Power Source | 1,000,000 | (a) | (c) |
| Morgan Stanley Capital Group, Inc. | 5,000,000 | (a) | (c) |

(a) Such guarantees are issued for a one-year term, with a ten-day termination right by FirstEnergy

(b) Parental guarantees issued by FirstEnergy to provide credit support for natural gas purchases by subsidiary

(c) Credit backstop to support coal purchases and emission trading

The following Letters of Credits (LOC) were issued during the third quarter of 2004:

| Beneficiary | Amount | Purpose of LOC |
|---|--------------|----------------------|
| <u>MYR Group Inc.</u> | | |
| Zurich American Insurance | \$14,600,000 | (a) |
| <u>FirstEnergy</u> | | |
| Cologne Reinsurance Company (Dublin) Ltd. | 6,008,976 | (b) |
| <u>GPU Service Company</u> | | |
| Genesis Insurance Co. | 4,197,016 | (b) |
| <u>FirstEnergy Facilities Services Group, LLC</u> | | |
| Old Republic Insurance Company | 8,687,476 | (c) |

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(a) Renewed Surety Bonds on MYR Group insurance and workers compensation policies. Original LOC was issued on the fourth quarter 2003.

(b) Renewed Surety Bonds for self-insurance claims. Original LOC was issued in the fourth quarter 2003.

(c) Renewed collateral of FirstEnergy Facilities Services Group, LLC insurance. Original LOC was issued in the third quarter 2003.

(8) During the Third Quarter of 2004, FirstEnergy did not enter into any Hedge Instruments or Anticipatory Hedges.

(9) Investments made during the third quarter of 2004 in any intermediate subsidiary or financing subsidiary are as follows:

| Company | Investment |
|-------------------------------|-------------------|
| | (In Thousands \$) |
| Penn Power Funding LLC | \$1,493 |
| Met-Ed Funding LLC | \$4,221 |
| Penelec Funding LLC | \$4,481 |
| GPU Diversified Holdings, LLC | \$ 400 |

(10) During the third quarter of 2004 FirstEnergy filed the following U-6B-2 forms:

| Company | Filing Date |
|---------|---------------|
| OE | July 27, 2004 |
| CEI | July 27, 2004 |
| TE | July 27, 2004 |
| TE | July 27, 2004 |

(11) CEI and TE engaged in jurisdictional financing transactions during the third quarter of 2004. Consolidated balance sheets of CEI and TE for the quarter ended September 30, 2004 are incorporated by reference to CEI's and TE's Form 10-Q Quarterly Report to SEC for the quarter ended September 30, 2004 (File No. 1-2323 and 1-3583, respectively).

(12) The following table presented in thousands, provides the capital structure of FirstEnergy on a consolidated basis and each Utility Subsidiary as of the end of the third quarter 2004.

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| | <u>Amount</u> | <u>Ratio</u> |
|----------------------|---------------------|----------------|
| <u>FirstEnergy</u> | | |
| Common Equity | \$ 8,624,410 | 43.02% |
| Preferred Stock | 335,123 | 1.67% |
| Long-Term Debt | 10,785,453 | 53.80% |
| Short-Term Debt | <u>302,508</u> | <u>1.51%</u> |
| Total Capitalization | <u>\$20,047,494</u> | <u>100.00%</u> |
| <u>OE</u> | | |
| Common Equity | \$ 2,606,649 | 58.75% |
| Preferred Stock | 100,070 | 2.26% |
| Long-Term Debt | 1,533,585 | 34.57% |
| Short-Term Debt | <u>196,133</u> | <u>4.42%</u> |
| Total Capitalization | <u>\$ 4,436,437</u> | <u>100.00%</u> |
| <u>CEI</u> | | |
| Common Equity | \$ 1,808,436 | 42.18% |
| Preferred Stock | 96,404 | 2.25% |
| Long-Term Debt | 2,052,014 | 47.85% |
| Short-Term Debt | <u>331,140</u> | <u>7.72%</u> |
| Total Capitalization | <u>\$ 4,287,994</u> | <u>100.00%</u> |
| <u>TE</u> | | |
| Common Equity | \$ 796,219 | 46.78% |
| Preferred Stock | 126,000 | 7.40% |
| Long-Term Debt | 394,804 | 23.19% |
| Short-Term Debt | <u>385,263</u> | <u>22.63%</u> |
| Total Capitalization | <u>\$ 1,702,286</u> | <u>100.00%</u> |
| <u>Penn</u> | | |
| Common Equity | \$ 288,844 | 56.45% |
| Preferred Stock | 39,105 | 7.64% |
| Long-Term Debt | 161,645 | 31.59% |
| Short-Term Debt | <u>22,123</u> | <u>4.32%</u> |
| Total Capitalization | <u>\$ 511,717</u> | <u>100.00%</u> |
| <u>JCP&L</u> | | |
| Common Equity | \$ 3,190,358 | 69.02% |
| Preferred Stock | 12,649 | 0.27% |
| Long-Term Debt | 1,260,949 | 27.28% |
| Short-Term Debt | <u>158,337</u> | <u>3.43%</u> |
| Total Capitalization | <u>\$ 4,622,293</u> | <u>100.00%</u> |
| <u>Met-Ed</u> | | |
| Common Equity | \$ 1,293,687 | 61.72% |
| Preferred Stock | -- | --% |
| Long-Term Debt | 732,298 | 34.94% |
| Short-Term Debt | <u>70,000</u> | <u>3.34%</u> |
| Total Capitalization | <u>\$ 2,095,985</u> | <u>100.00%</u> |
| <u>Penelec</u> | | |
| Common Equity | \$ 1,311,315 | 64.09% |
| Preferred Stock | -- | --% |
| Long-Term Debt | 490,222 | 23.96% |
| Short-Term Debt | <u>244,428</u> | <u>11.95%</u> |
| Total Capitalization | <u>\$ 2,045,965</u> | <u>100.00%</u> |

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(13) The following table presented in thousands provides retained earnings analysis of FirstEnergy on a consolidated basis and each Utility Subsidiary as of the end of the third quarter 2004.

| | FirstEnergy | OE | CEI | TE |
|-----------------------------------|--------------|------------|------------|------------|
| Balance, December 31, 2003 | \$ 1,604,385 | \$ 522,934 | \$ 494,212 | \$ 113,620 |
| Net Income | 676,666 | 266,148 | 180,644 | 53,555 |
| Cash Dividends on Preferred Stock | -- | (1,843) | (5,249) | (6,633) |
| Cash Dividends on Common Stock | (367,751) | (239,000) | (145,000) | -- |
| Other | 5 | -- | -- | -- |
| Balance, September 30, 2004 | \$ 1,913,305 | \$ 548,239 | \$ 524,607 | \$ 160,542 |

| | Penn | JCP&L | Met-Ed | Penelec |
|-----------------------------------|-----------|-----------|-----------|-----------|
| Balance, December 31, 2003 | \$ 54,179 | \$ 22,132 | \$ 27,011 | \$ 18,038 |
| Net Income | 57,978 | 102,565 | 41,786 | 26,944 |
| Cash Dividends on Preferred Stock | (1,920) | (375) | -- | -- |
| Cash Dividends on Common Stock | (23,000) | (60,000) | (35,000) | (8,000) |
| Other | -- | -- | -- | -- |
| Balance, September 30, 2004 | \$ 87,237 | \$ 64,322 | \$ 33,797 | \$ 36,982 |

(14) On Aug. 26, 2004, Standard & Poor's Ratings Services (S&P) lowered its rating on certain of Met-Ed senior notes to BBB-' from BBB. Met-Ed's senior secured notes, in aggregate, now comprise greater than 80% of its total debt outstanding. According to the terms of Met-Ed's senior note indenture, once the 80% threshold is reached, the collateral security falls away and all senior secured bonds that were secured by Met-Ed's senior note mortgage bonds become unsecured. The one notch lower rating reflects this loss of collateral security and that the notes are now unsecured. The BBB senior secured rating on Met-Ed's first mortgage bonds remains unchanged. The outlook on all Met-Ed securities is stable. The ratings action affected \$400 million principal amount of Met-Ed senior notes.

(15) FirstEnergy's aggregate investment includes all amounts invested, or commitments to be invested, in exempt wholesale generators (EWGs), for which there is recourse, directly or indirectly, to the registered holding company. Accordingly, FirstEnergy's aggregate investment as of September 30, 2004 is as follows:

| | (In Thousands) |
|------------------------------|----------------|
| FE Generation Corp. | \$930,976 |
| Termobarranquilla S. A | 60,400 |
| Aggregate Investment in EWGs | \$991,376* |

* Aggregate investment amounts reflected here include LOCs and guarantees, but do not include any goodwill or other fair value adjustments.

Aggregate Investment as a Percentage of FirstEnergy and Subsidiary Companies:

| | | |
|-------------------------------|--------------|------|
| Total capitalization | \$20,047,494 | 4.9% |
| Net utility plant | \$13,338,369 | 7.4% |
| Total consolidated assets | \$31,225,116 | 3.2% |
| Market value of common equity | \$13,549,674 | 7.3% |

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(16) Set forth below is a summary of the direct or indirect investments as defined in SEC Rule 53(a) by FirstEnergy, as of September 30, 2004 in EWGs, as well as the percentage of equity ownership.

| Associate Company | First Energy's Investment at 09/30/04 (\$000)* | First Energy's % Equity Ownership | Owners not affiliated with FirstEnergy | |
|------------------------------------|--|-----------------------------------|--|----------------|
| | | | Name of Entity | Type of Entity |
| Termobarranquilla S.A. (a) | \$ 60,400 | 0% | ABB Energy Ventures, Inc. | Foreign |
| | | | Lancaster Steel | Foreign |
| | | | Distral Group | Foreign |
| | | | Corp. Electrica De la Costa | Foreign |
| | | | Atlantica | |
| | | Darby Mazzanine Holdings, LLC | | |
| FE Generation Corp. | <u>930,976</u> | 100% | Not Applicable | N/A |
| Total Aggregate Investment in EWGs | <u>\$ 991,376</u> | | | |

(*) Aggregate investment amounts reflected here include LOCs and guarantees, but do not include any goodwill or other fair value adjustments

(a) FirstEnergy sold Termobarranquilla S.A. on January 31, 2004. The remaining investment represents outstanding LOCs issued by FirstEnergy.

(17) FirstEnergy and Subsidiary Companies Consolidated Capitalization Ratios as of September 30, 2004:

| | Amount (000's) | % |
|---|----------------------|---------------|
| Common equity | \$ 8,624,410 | 43.0 |
| Preferred stock not subject to mandatory redemption | 335,123 | 1.7 |
| Long-term debt | 10,785,453 | 53.8 |
| Notes payable | 302,508 | 1.5 |
| Total capitalization | <u>\$ 20,047,494</u> | <u>100.0%</u> |

(18) Market-to-book ratio of FirstEnergy and Subsidiary Companies common stock at September 30, 2004:

| | |
|--------------------------------------|----------|
| Closing Market Price per Share | \$ 41.08 |
| Book Value per Share | \$ 26.29 |
| Market-to Book Ratio of Common Stock | 156.3% |

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(19) No new EWG/FUCO project covered by the Modified Rule 53 Test in which FirstEnergy has invested or committed to invest during the third quarter of 2004.

(20) Analysis of Growth in Retained Earnings for FirstEnergy and Subsidiary Companies:

| | <u>(In Thousands)</u> |
|--|-----------------------|
| Retained Earnings as of 09/30/04 | \$ 1,913,305 |
| Retained Earnings as of 12/31/03 | 1,604,385 |
| | <hr/> |
| Growth in Retained Earnings | \$ 308,920 |
| | <hr/> |
| <u>Analysis of Growth in Retained Earnings:</u> | |
| Income contribution from regulated utility companies | \$ 680,071 |
| Income contribution from EWGs | 96,387 |
| Income contribution from all other companies | 63,973 |
| FirstEnergy Holding and Service companies | (163,765) |
| Cash dividends declared on common stock | (367,746) |
| | <hr/> |
| Growth in Retained Earnings | \$ 308,920 |
| | <hr/> |

(21) Statements of Operations for the period ended September 30, 2004 for FirstEnergy Generation Corp. will be filed separately under a request for confidential treatment under Rule 104 (b)

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SIGNATURE

The undersigned registered holding company has duly caused this quarterly report to be signed on its behalf by the undersigned officer thereunto duly authorized pursuant to the requirements of the Public Utility Holding Company Act of 1935.

November 19, 2004

FIRSTENERGY CORP.

By: /s/ Harvey L. Wagner
Harvey L. Wagner
Vice President, Controller
and Chief Accounting
Officer
(Principal Accounting
Officer)

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