

Edgar Filing: FIRSTENERGY CORP - Form 8-K

FIRSTENERGY CORP  
Form 8-K  
July 09, 2013

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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported) July 8, 2013

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, OH 44308  
Telephone (800)736-3402

34-1843785

Edgar Filing: FIRSTENERGY CORP - Form 8-K

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2.):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Item 2.02 Results of Operations and Financial Condition

On July 9, 2013, FirstEnergy Corp. issued a press release regarding plans to deactivate two coal-fired plants in Pennsylvania, such press release is attached as an exhibit hereto. Impairment charges associated with the event reported in Item 2.05 below, aggregating approximately \$488 million (\$321 million after-tax) will be recognized in the second quarter of 2013. In addition, eligible employees will receive severance benefits in 2013 that are currently estimated to be approximately \$16 million (\$10 million after-tax) and will also be recognized in the second quarter of 2013. These charges are expected to reduce FirstEnergy Corp.'s basic earnings per share of common stock by \$0.79 for the quarter ended June 30, 2013.

Item 2.05 Costs Associated with Exit or Disposal Activities

On July 8, 2013, officers of FirstEnergy Corp. and one of its indirect wholly owned subsidiaries, Allegheny Energy Supply, LLC, committed to deactivating the following generating units by October 9, 2013:

Generating Units	Megawatt Capacity	Location
Hatfield's Ferry, Units 1-3	1,710	Masontown, Pennsylvania
Mitchell Units, Units 2-3	370	Courtney, Pennsylvania

The decision to close the plants is based on the cost of compliance with current and future environmental regulations in conjunction with the continued low market price for electricity. The total capacity of these plants represents approximately 10% of FirstEnergy Corp.'s total generating capacity. Deactivating these plants is expected to reduce the cost of complying with Mercury and Air Toxics Standards (MATS) to approximately \$650 million from \$925 million. These deactivations are subject to review for reliability impacts, if any, by PJM Interconnection, LLC, the regional transmission organization that controls the area where these power plants are located. As a result of the decision, impairment charges will be recognized by FirstEnergy Corp. aggregating approximately \$488 million (\$321 million after-tax) in the second quarter of 2013.

In total, approximately 380 plant employees and generation related positions are expected to be affected. Eligible employees will receive severance benefits in 2013 that are currently estimated to be approximately \$16 million (\$10 million after-tax) and will also be recognized in the second quarter of 2013.

Allegheny Energy Supply, LLC has obligations, such as fuel supply, that could be affected by the plant closings and management is currently unable to reasonably estimate potential costs, or a range thereof, that could be incurred. There are no other estimated future year cash impacts related to this decision other than the avoidance of additional capital expenditures to make these plants comply with the recently finalized environmental regulations.

Item 2.06 Material Impairments

The information contained in Item 2.05 relating to the asset impairments is incorporated into this Item 2.06 by reference.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit No.	Description
99.1	News Release issued by FirstEnergy Corp., dated July 9, 2013



Forward Looking Statement: This Form 8-K 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 FERC 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 ATSI's realignment into PJM, economic or weather conditions affecting future sales and margins, regulatory outcomes associated with Hurricane Sandy, 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, operation and maintenance costs being higher than anticipated, other legislative and regulatory changes, and revised environmental requirements, including possible GHG emission, water discharge, water intake and coal combustion residual regulations, the potential impacts of CAIR, and any laws, rules or regulations that ultimately replace CAIR, and the effects of the EPA's MATS 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 NSR 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 unscrubbed 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, the RMR 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 NRC or as a result of the incident at Japan's Fukushima Daiichi Nuclear Plant), adverse legal decisions and outcomes related to ME's and PN's ability to recover certain transmission costs through their TSC 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 NDTs, 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, LOCs 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, and the risks and other factors discussed from time to time in our SEC filings, and other similar factors. Dividends declared from time to time on FE's common stock during any annual period may in the aggregate vary from the indicated amount due to circumstances considered by FE's Board of Directors at the time of the actual declarations. A security rating is not a recommendation to buy or hold securities and is subject to revision or withdrawal at any time by the assigning rating agency. Each rating should be evaluated independently of any other rating. 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.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrants have duly caused this report to be signed on their behalf by the undersigned thereunto authorized.

July 9, 2013

FIRSTENERGY CORP.  
Registrant

By: /s/ K. Jon Taylor  
K. Jon Taylor  
Vice President, Controller and Chief Accounting  
Officer