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July 8, 2002

TO THE INVESTMENT COMMUNITY:¹

FirstEnergy filed a request for clarification with the Federal Energy Regulatory Commission (FERC) on July 3, 2002, related to FERC's July 2, 2002 Order which granted conditional approval for the sale of the four FirstEnergy coal plants (the so-called Lake Plants) to NRG Energy. This letter provides additional details about the filing with FERC.

Background

At the time of the 1997 merger which created FirstEnergy, FirstEnergy agreed in a Merger Settlement Agreement that it would take certain steps to preserve Cleveland Public Power's (CPP) transmission import capability if certain of FirstEnergy's generating facilities were removed from service. Specifically, FirstEnergy agreed to "analyze the impact on CPP from a system operation point of view of the removal from service or placing in service of generating facilities" and that the analysis would be discussed in advance with CPP in order to allow any adverse impact on the transmission import capability of CPP to be avoided or eliminated in a timely manner.

In FERC's July 2, 2002 Order, the wording of paragraph 37 has created ambiguity as to the obligations of the parties and could be interpreted as imposing all of the above FirstEnergy obligations to CPP onto the NRG Companies.

¹ This letter includes forward-looking statements based on information currently available to management. Such statements are subject to certain risks and uncertainties. These statements typically contain, but are not limited to, the terms "anticipate," "expect," "believe," "estimate," and similar words. Actual results may differ materially due to a number of factors including, but not limited to, the speed and nature of regulatory approvals.

Request for Clarification

FirstEnergy's filing states that we believe that the FERC's intent was to only impose upon NRG the obligation to provide notice of its intention to remove one or more of the generating facilities from service and that FirstEnergy remains responsible for conducting the analysis of the impact and taking steps to avoid or eliminate transmission constraints caused by removal of the plant from service as if the plants were still owned by FirstEnergy.

FirstEnergy requested that the FERC clarify "that the Order places upon the NRG companies *a notification obligation*—the obligation to notify Cleveland in advance of taking any of the Facilities out of service, and that FirstEnergy Corp. continues to be bound under the Merger Settlement Agreement to evaluate, avoid, and eliminate any adverse impact on Cleveland's transmission access."

We have requested expedited treatment of our request by July 17, 2002. Significantly, both intervenors in the proceeding, CPP and American Municipal Power-Ohio, authorized FirstEnergy to represent that they support our request for clarification.

Our July 3, 2002 filing is attached.

We will keep you informed as we obtain any updated information. Should you have any questions, please call Kurt Turosky, Director of Investor Relations, at (330) 384-5500 or me at (973) 401-8519.

Very truly yours,

Terrance G. Howson
Vice President – Investor Relations

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

The Cleveland Electric Illuminating Company,)	
The Toledo Edison Company,)	
FirstEnergy Ventures Corp.,)	
Bay Shore Power Company)	
)	Docket Nos. EC02-49-000
And)	EL02-96-000
)	
NRG Northern Ohio Generating LLC,)	
NRG Ashtabula Generating LLC,)	
NRG Lakeshore Generating LLC)	

**EMERGENCY REQUEST FOR CLARIFICATION
OF CONDITION IMPOSED IN JULY 2, 2002 ORDER**

EXPEDITED ACTION SOUGHT BY JULY 17

On July 2, 2002 the Commission issued an order (“Order”) approving FirstEnergy Corp.’s disposition of certain generating and related facilities (“Facilities”) to the NRG Companies. A condition was imposed on the approval of the transaction regarding protecting Cleveland’s transmission access if and when the Facilities are taken out of service. This condition was based on the Merger Settlement Agreement¹ among FirstEnergy, certain of its affiliates, and the City of Cleveland (“Cleveland”). This issue is addressed in paragraphs 28 and 37 of the Order. The wording of paragraph 37 has created ambiguity as to the obligations of the parties, and could be interpreted to impose upon the NRG Companies the obligation to evaluate and remedy transmission constraints.

¹ The Merger Settlement Agreement was adopted by the Commission in its order approving the Ohio Edison-Centerior merger. *Ohio Edison, et al.*, 81 FERC ¶ 61,110 (1997).

Paragraph 37 conditions approval of the transaction on Section 16 of the Merger Settlement Agreement, entitled *Generation Facilities Impact*. This section requires FirstEnergy to analyze the impact on Cleveland from a system operation point of view of removal from service of FirstEnergy generation facilities. It requires FirstEnergy to evaluate and eliminate any adverse impact on Cleveland in accordance with Section 4 of the Merger Settlement Agreement dealing with transmission constraints. It is clear that the NRG Companies will not be able to perform actions requiring the avoidance and elimination of constraints on the FirstEnergy transmission system. It also seems clear that the intent of the Commission's Order was that NRG assume only the obligation to notify affected parties, including Cleveland, of its intention to remove one or more of the Facilities from service, and that FirstEnergy remains responsible to avoid or eliminate transmission constraints caused by removal of the Facilities from service as if they were still owned by FirstEnergy. However, because the literal language of Section 16 of the Merger Settlement Agreement applies to more than mere notification, clarification of the Order is necessary.

Therefore, FirstEnergy Corp. requests that the Commission clarify that the Order places upon the NRG Companies *a notification obligation* – the obligation to notify Cleveland in advance of taking any of the Facilities out of service, and that FirstEnergy Corp. continues to be bound under the Merger Settlement Agreement to evaluate, avoid, and eliminate any adverse impact on Cleveland's transmission access. We believe that this is what was intended inasmuch as FirstEnergy, through its transmission subsidiary, American Transmission Systems, Incorporated (“ATSI”), is the operator of the

transmission system that serves Cleveland, and the NRG Companies are exempt wholesale generators and not transmission service providers.

Clarification on this single point is urgently and respectfully requested on or before July 17, the date of the Commission's next meeting. Both Cleveland and American Municipal Power-Ohio ("AMP-Ohio") have authorized FirstEnergy to represent that they support this request for clarification. Cleveland and AMP-Ohio are the only intervenors in these proceedings.

Respectfully submitted,

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Filed: July 3, 2002