

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

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D. C. 20549  
FORM 10-K/A

Amendment No. 1

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2007

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 (An Ohio Corporation) c/o FirstEnergy Corp.	34-4375005

76 South Main Street  
Akron, OH 44308  
Telephone (800)736-3402

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

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SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

None

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

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

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

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

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

(X) Ohio Edison Company, The Cleveland Electric Illuminating Company, The Toledo Edison Company and Pennsylvania Electric Company

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check One):

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

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State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and ask price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter.

None

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

CLASS	OUTSTANDING AS OF FEBRUARY 28, 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

FirstEnergy Corp. is the sole holder of FirstEnergy Solutions Corp., Ohio Edison Company, The Cleveland Electric Illuminating Company, The Toledo Edison Company, Jersey Central Power & Light Company, Metropolitan Edison Company, and Pennsylvania Electric Company common stock.

Documents incorporated by reference (to the extent indicated herein):

DOCUMENT	PART OF FORM 10-K INTO WHICH DOCUMENT IS INCORPORATED
FirstEnergy Corp. Annual Report to Stockholders for the fiscal year ended December 31, 2007	Part II
Proxy Statement for 2008 Annual Meeting of Stockholders to be held May 20, 2008	Part III

This combined Form 10-K/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

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

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Forward-Looking Statements: This Form 10-K/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.

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## EXPLANATORY NOTE

This combined Amendment No. 1 on Form 10-K/A for the fiscal year ended December 31, 2007 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 year ended December 31, 2007, contained in Part II, Item 8, Financial Statements and Supplementary Data. This correction does not affect the respective registrants’ previously reported consolidated statements of income for the year ended December 31, 2007, nor the consolidated balance sheets, consolidated statements of capitalization and consolidated statements of common stockholder's equity as of December 31, 2007 contained in the combined Form 10-K for the fiscal year ended December 31, 2007, as originally filed on February 29, 2008 (the “original Form 10-K”). Except for Part II, Items 8 and 9(A)T and certain exhibits under Part IV, Item 15, no other information included in the Form 10-K 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 to Consolidated Financial Statements of the registrants included in this Form 10-K/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 reflected the dividends declared in the third quarter of 2007 applicable to future quarters' payments as dividends paid in the quarter that they were declared. The corrections resulted in a corresponding change in operating liabilities - accounts payable, included in cash flows from operating activities.

The original Form 10-K was a combined Form 10-K representing separate filings by each of the registrants and their affiliates, FirstEnergy Corp., FirstEnergy Solutions Corp., Jersey Central Power & Light Company and Metropolitan Edison Company (the “affiliates”). However, this Form 10-K/A constitutes an amendment only to Part II, Items 8 and 9(A)T and Part IV, Item 15 of the original Form 10-K 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-K filing on February 29, 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
Centerior	Centerior Energy Corporation, former parent of CEI and TE, which merged with OE to form FirstEnergy on November 8, 1997
Companies	OE, CEI, TE, Penn, 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
MYR	MYR Group, Inc., a utility infrastructure construction service company
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
Pennsylvania Companies	Met-Ed, Penelec and Penn
Penelec	Pennsylvania Electric Company, a Pennsylvania electric utility operating subsidiary
Penn	Pennsylvania Power Company, a Pennsylvania electric utility operating subsidiary of OE
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

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

AEP	American Electric Power Company, Inc.
ALJ	Administrative Law Judge
AOCI	Accumulated Other Comprehensive Income
AOCL	Accumulated Other Comprehensive Loss
APIC	Additional Paid-In Capital
AQC	Air Quality Control
ARB	Accounting Research Bulletin
ARO	Asset Retirement Obligation
BGS	Basic Generation Service
BPJ	Best Professional Judgment
CAA	Clean Air Act
CAIR	Clean Air Interstate Rule
CAMR	Clean Air Mercury Rule
CAVR	Clean Air Visibility Rule
CAT	Commercial Activity Tax
CBP	Competitive Bid Process
CO2	Carbon Dioxide
CTC	Competitive Transition Charge
DFI	Demand for Information
DOE	United States Department of Energy
DOJ	United States Department of Justice
DRA	Division of Ratepayer Advocate
ECAR	East Central Area Reliability Coordination Agreement
ECO	Electro-Catalytic Oxidation

GLOSSARY OF TERMS Cont'd.

EIS	Energy Independence Strategy
EITF	Emerging Issues Task Force
EITF 06-11	EITF 06-11, "Accounting for Income Tax Benefits of Dividends or Share-based Payment Awards"
EMP	Energy Master Plan
EPA	Environmental Protection Agency
EPACT	Energy Policy Act of 2005
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FIN	FASB Interpretation
FIN 39-1	FIN 39-1, "Amendment of FASB Interpretation No. 39"
FIN 46R	FIN 46 (revised December 2003), "Consolidation of Variable Interest Entities"
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"
FMB	First Mortgage Bonds
FSP	FASB Staff Position
FSP SFAS 115-1 and SFAS 124-1	FSP SFAS 115-1 and SFAS 124-1, "The Meaning of Other-Than-Temporary Impairment and its Application to Certain Investments"
FTR	Financial Transmission Rights
GAAP	Accounting Principles Generally Accepted in the United States
GHG	Greenhouse Gases
HVAC	Heating, Ventilation and Air-conditioning
IRS	Internal Revenue Service
ISO	Independent System Operator
kv	Kilovolt
KWH	Kilowatt-hours
LOC	Letter of Credit
MEIUG	Met-Ed Industrial Users Group
MISO	Midwest Independent Transmission System Operator, Inc.
MTC	Market Transition Charge
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
OCA	Office of Consumer Advocate
OCI	Other Comprehensive Income
OPEB	Other Post-Employment Benefits

PICA	Penelec Industrial Customer Alliance
PJM	PJM Interconnection L. L. C.
PLR	Provider of Last Resort; an electric utility's obligation to provide generation service to customers whose alternative supplier fails to deliver service
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
REC	Renewable Energy Certificate
RECB	Regional Expansion Criteria and Benefits
RFP	Request for Proposal
ROP	Reactor Oversight Process
RSP	Rate Stabilization Plan
RTC	Regulatory Transition Charge
RTO	Regional Transmission Organization

GLOSSARY OF TERMS Cont'd.

S&P	Standard & Poor's Ratings Service
SBC	Societal Benefits Charge
SCR	Selective Catalytic Reduction
SEC	U.S. Securities and Exchange Commission
SECA	Seams Elimination Cost Adjustment
SERP	Supplemental Executive Retirement Plan
SFAS	Statement of Financial Accounting Standards
SFAS 13	SFAS No. 13, "Accounting for Leases"
SFAS 71	SFAS No. 71, "Accounting for the Effects of Certain Types of Regulation"
SFAS 101	SFAS No. 101, "Accounting for Discontinuation of Application of SFAS 71"
SFAS 107	SFAS No. 107, "Disclosure about Fair Value of Financial Instruments"
SFAS 109	SFAS No. 109, "Accounting for Income Taxes"
SFAS 115	SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities"
SFAS 123(R)	SFAS No. 123(R), "Share-Based Payment"
SFAS 133	SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities"
SFAS 141(R)	SFAS No. 141(R), "Business Combinations"
SFAS 142	SFAS No. 142, "Goodwill and Other Intangible Assets"
SFAS 143	SFAS No. 143, "Accounting for Asset Retirement Obligations"
SFAS 144	SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets"
SFAS 157	SFAS No. 157, "Fair Value Measurements"
SFAS 158	SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans—an amendment of FASB Statements No. 87, 88, 106, and 132(R)"
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, "Non-controlling Interests in Consolidated Financial Statements – an Amendment of ARB No. 51"
SIP	State Implementation Plan(s) Under the Clean Air Act
SNCR	Selective Non-Catalytic Reduction
SO <sub>2</sub>	Sulfur Dioxide
TBC	Transition Bond Charge
TMI-1	Three Mile Island Unit 1
TMI-2	Three Mile Island Unit 2
VIE	Variable Interest Entity



PART II

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

1

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Report of Independent Registered Public Accounting Firm

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

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, capitalization, common stockholder's equity, and cash flows present fairly, in all material respects, the financial position of Ohio Edison Company and its subsidiaries at December 31, 2007 and 2006, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2007 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in the notes to the consolidated financial statements, the Company changed the manner in which it accounts for uncertain tax positions as of January 1, 2007 (Note 8), defined benefit pension and other postretirement plans as of December 31, 2006 (Note 4) and conditional asset retirement obligations as of December 31, 2005 (Note 2(G) and Note 11).

As discussed in Note 1 to the consolidated financial statements, the Company has restated its 2007 financial statements to correct an error.

PricewaterhouseCoopers LLP  
Cleveland, Ohio  
February 28, 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

For the Years Ended December 31,	2007	2006	2005
		(In thousands)	
<b>REVENUES (Note 3):</b>			
Electric sales	\$ 2,375,306	\$ 2,312,956	\$ 2,861,043
Excise and gross receipts tax collections	116,223	114,500	114,510
Total revenues	2,491,529	2,427,456	2,975,553
<b>EXPENSES (Note 3):</b>			
Fuel	11,691	11,047	53,113
Purchased power	1,359,783	1,275,975	939,193
Nuclear operating costs	174,696	186,377	337,901
Other operating costs	381,339	378,717	404,763
Provision for depreciation	77,405	72,982	108,583
Amortization of regulatory assets	191,885	190,245	457,205
Deferral of new regulatory assets	(177,633)	(159,465)	(151,032)
General taxes	181,104	180,446	193,284
Total expenses	2,200,270	2,136,324	2,343,010
<b>OPERATING INCOME</b>	<b>291,259</b>	<b>291,132</b>	<b>632,543</b>
<b>OTHER INCOME (EXPENSE) (Note 3):</b>			
Investment income	85,848	130,853	99,269
Miscellaneous income (expense)	4,409	1,751	(25,190)
Interest expense	(83,343)	(90,355)	(75,388)
Capitalized interest	266	2,198	10,849
Subsidiary's preferred stock dividend requirements	-	(597)	(1,689)
Total other income	7,180	43,850	7,851
<b>INCOME BEFORE INCOME TAXES AND CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING PRINCIPLE</b>			
	298,439	334,982	640,394
<b>INCOME TAXES</b>	<b>101,273</b>	<b>123,343</b>	<b>309,996</b>
<b>INCOME BEFORE CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING PRINCIPLE</b>			
	197,166	211,639	330,398
Cumulative effect of a change in accounting principle			

(net of income tax benefit of \$9,223,000) (Note 2(G))	-	-	(16,343)
<b>NET INCOME</b>	<b>197,166</b>	<b>211,639</b>	<b>314,055</b>
<b>PREFERRED STOCK DIVIDEND REQUIREMENTS AND REDEMPTION PREMIUM</b>	<b>-</b>	<b>4,552</b>	<b>2,635</b>
<b>EARNINGS ON COMMON STOCK</b>	<b>\$ 197,166</b>	<b>\$ 207,087</b>	<b>\$ 311,420</b>

The accompanying Combined 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

As of December 31,	2007	2006
	(In thousands)	
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 732	\$ 712
Receivables-		
Customers (less accumulated provisions of \$8,032,000 and \$15,033,000, respectively, for uncollectible accounts)	248,990	234,781
Associated companies	185,437	141,084
Other (less accumulated provisions of \$5,639,000 and \$1,985,000, respectively, for uncollectible accounts)	12,395	13,496
Notes receivable from associated companies	595,859	458,647
Prepayments and other	10,341	13,606
	1,053,754	862,326
<b>UTILITY PLANT:</b>		
In service	2,769,880	2,632,207
Less - Accumulated provision for depreciation	1,090,862	1,021,918
	1,679,018	1,610,289
Construction work in progress	50,061	42,016
	1,729,079	1,652,305
<b>OTHER PROPERTY AND INVESTMENTS:</b>		
Long-term notes receivable from associated companies	258,870	1,219,325
Investment in lease obligation bonds (Note 6)	253,894	291,393
Nuclear plant decommissioning trusts	127,252	118,209
Other	36,037	38,160
	676,053	1,667,087
<b>DEFERRED CHARGES AND OTHER ASSETS:</b>		
Regulatory assets	737,326	741,564
Pension assets	228,518	68,420
Property taxes	65,520	60,080
Unamortized sale and leaseback costs	45,133	50,136
Other	48,075	18,696
	1,124,572	938,896
	\$ 4,583,458	\$ 5,120,614
<b>LIABILITIES AND CAPITALIZATION</b>		
<b>CURRENT LIABILITIES:</b>		
Currently payable long-term debt	\$ 333,224	\$ 159,852
Short-term borrowings-		
Associated companies	50,692	113,987
Other	2,609	3,097
Accounts payable-		
Associated companies	174,088	115,252
Other	19,881	13,068

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Accrued taxes	89,571	187,306
Accrued interest	22,378	24,712
Other	65,163	64,519
	757,606	681,793
<b>CAPITALIZATION (See Consolidated Statements of Capitalization):</b>		
Common stockholder's equity	1,576,175	1,972,385
Long-term debt and other long-term obligations	840,591	1,118,576
	2,416,766	3,090,961
<b>NONCURRENT LIABILITIES:</b>		
Accumulated deferred income taxes	781,012	674,288
Accumulated deferred investment tax credits	16,964	20,532
Asset retirement obligations	93,571	88,223
Retirement benefits	178,343	167,379
Deferred revenues - electric service programs	46,849	86,710
Other	292,347	310,728
	1,409,086	1,347,860
<b>COMMITMENTS AND CONTINGENCIES (Notes 6 and 13)</b>		
	\$ 4,583,458	\$ 5,120,614

The accompanying Combined 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 CAPITALIZATION

As of December 31,	2007	2006
	(In thousands)	
<b>COMMON STOCKHOLDER'S EQUITY:</b>		
Common stock, without par value, 175,000,000 shares authorized, 60 and 80 shares outstanding, respectively	\$ 1,220,512	\$ 1,708,441
Accumulated other comprehensive income (Note 2(F))	48,386	3,208
Retained earnings (Note 10(A))	307,277	260,736
<b>Total</b>	<b>1,576,175</b>	<b>1,972,385</b>
<b>LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Note 10(C)):</b>		
<b>Ohio Edison Company-</b>		
<b>Secured notes:</b>		
5.375% due 2028	13,522	13,522
* 3.780% due 2029	-	100,000
* 3.750% due 2029	-	6,450
7.008% weighted average interest rate due 2007-2010	3,900	8,253
<b>Total</b>	<b>17,422</b>	<b>128,225</b>
<b>Unsecured notes:</b>		
4.000% due 2008	175,000	175,000
* 3.400% due 2014	50,000	50,000
5.450% due 2015	150,000	150,000
6.400% due 2016	250,000	250,000
* 3.850% due 2018	33,000	33,000
* 3.800% due 2018	23,000	23,000
* 3.750% due 2023	50,000	50,000
6.875% due 2036	350,000	350,000
<b>Total</b>	<b>1,081,000</b>	<b>1,081,000</b>
<b>Pennsylvania Power Company-</b>		
<b>First mortgage bonds:</b>		
9.740% due 2007-2019	11,721	12,695
7.625% due 2023	6,500	6,500
<b>Total</b>	<b>18,221</b>	<b>19,195</b>
<b>Secured notes:</b>		
5.400% due 2013	1,000	1,000
5.375% due 2028	1,734	1,734
<b>Total</b>	<b>2,734</b>	<b>2,734</b>
<b>Unsecured notes:</b>		
5.390% due 2010 to associated company	62,900	62,900
<b>Total</b>	<b>62,900</b>	<b>62,900</b>



Capital lease obligations (Note 6)	329	362
Net unamortized discount on debt	(8,791)	(15,988)
Long-term debt due within one year	(333,224)	(159,852)
Total long-term debt and other long-term obligations	840,591	1,118,576
<b>TOTAL CAPITALIZATION</b>	<b>\$ 2,416,766</b>	<b>\$ 3,090,961</b>

\* Denotes variable rate issue with applicable year-end interest rate shown.

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

## OHIO EDISON COMPANY

## CONSOLIDATED STATEMENTS OF COMMON STOCKHOLDER'S EQUITY

	Comprehensive Income	Common Stock Number of Shares	Carrying Value (Dollars in thousands)	Accumulated Other Comprehensive Income (Loss)	Retained Earnings
Balance, January 1, 2005		100	\$ 2,098,729	\$ (47,118)	\$ 442,198
Net income	\$ 314,055				314,055
Minimum liability for unfunded retirement benefits, net of \$49,027,000 of income taxes	69,463			69,463	
Unrealized loss on investments, net of \$13,068,000 of income tax benefits	(18,251)			(18,251)	
Comprehensive income	\$ 365,267				
Affiliated company asset transfers			198,147		(106,774)
Restricted stock units			32		
Preferred stock redemption adjustment			345		
Cash dividends on preferred stock					(2,635)
Cash dividends on common stock					(446,000)
Balance, December 31, 2005		100	2,297,253	4,094	200,844
Net income	\$ 211,639				211,639
Unrealized gain on investments, net of \$4,455,000 of income taxes	7,954			7,954	
Comprehensive income	\$ 219,593				
Net liability for unfunded retirement benefits due to the implementation of SFAS 158, net of \$22,287,000 of income tax benefits (Note 4)				(8,840)	
Affiliated company asset transfers			(87,893)		
Restricted stock units			58		
Stock based compensation			82		
Repurchase of common stock		(20)	(500,000)		
Preferred stock redemption adjustments			(1,059)		604
Preferred stock redemption premiums					(2,928)

Cash dividends on preferred stock					(1,423)
Cash dividends on common stock					(148,000)
Balance, December 31, 2006		80	1,708,441	3,208	260,736
Net income	\$	197,166			197,166
Unrealized gain on investments, net of \$2,784,000 of income taxes		3,874		3,874	
Pension and other postretirement benefits, net of \$37,820,000 of income taxes (Note 4)		41,304		41,304	
Comprehensive income	\$	242,344			
Restricted stock units			129		
Stock based compensation			17		
Repurchase of common stock			(20)	(500,000)	
Consolidated tax benefit allocation				11,925	
FIN 48 cumulative effect adjustment					(625)
Cash dividends on common stock					(150,000)
Balance, December 31, 2007		60	\$ 1,220,512	\$ 48,386	\$ 307,277

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

## OHIO EDISON COMPANY

## CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31,	Restated 2007	2006 (In thousands)	2005
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net income	\$ 197,166	\$ 211,639	\$ 314,055
Adjustments to reconcile net income to net cash from operating activities-			
Provision for depreciation	77,405	72,982	108,583
Amortization of regulatory assets	191,885	190,245	457,205
Deferral of new regulatory assets	(177,633)	(159,465)	(151,032)
Nuclear fuel and lease amortization	33	735	45,769
Amortization of lease costs	(7,425)	(7,928)	(6,365)
Deferred income taxes and investment tax credits, net	423	(68,259)	(29,750)
Accrued compensation and retirement benefits	(46,313)	5,004	14,506
Cumulative effect of a change in accounting principle	-	-	16,343
Pension trust contributions	(20,261)	-	(106,760)
Decrease (increase) in operating assets-			
Receivables	(57,461)	103,925	84,688
Materials and supplies	-	-	(3,367)
Prepayments and other current assets	3,265	1,275	(1,778)
Increase (decrease) in operating liabilities-			
Accounts payable	15,649	(53,798)	45,149
Accrued taxes	(81,079)	23,436	10,470
Accrued interest	(2,334)	16,379	(3,659)
Electric service prepayment programs	(39,861)	(34,983)	121,692
Other	6,096	5,882	(464)
Net cash provided from operating activities	59,555	307,069	915,285
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
New Financing-			
Long-term debt	-	592,180	146,450
Short-term borrowings, net	-	-	26,404
Redemptions and Repayments-			
Common stock	(500,000)	(500,000)	-
Preferred stock	-	(78,480)	(37,750)
Long-term debt	(112,497)	(613,002)	(414,020)
Short-term borrowings, net	(114,475)	(186,511)	-
Dividend Payments-			

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Common stock	(100,000)	(148,000)	(446,000)
Preferred stock	-	(1,423)	(2,635)
Net cash used for financing activities	(826,972)	(935,236)	(727,551)

CASH FLOWS FROM INVESTING  
ACTIVITIES:

Property additions	(145,311)	(123,210)	(266,823)
Sales of investment securities held in trusts	37,736	39,226	283,816
Purchases of investment securities held in trusts	(43,758)	(41,300)	(315,356)
Loan repayments from (loans to) associated companies, net	(79,115)	78,101	(35,553)
Collection of principal on long-term notes receivable	960,327	553,734	199,848
Cash investments	37,499	112,584	(49,270)
Other	59	8,815	(4,697)
Net cash provided from (used for) investing activities	767,437	627,950	(188,035)

Net increase (decrease) in cash and cash equivalents	20	(217)	(301)
Cash and cash equivalents at beginning of year	712	929	1,230
Cash and cash equivalents at end of year	\$ 732	\$ 712	\$ 929

SUPPLEMENTAL CASH FLOW  
INFORMATION:

Cash Paid During the Year-			
Interest (net of amounts capitalized)	\$ 80,958	\$ 57,243	\$ 67,239
Income taxes	\$ 133,170	\$ 156,610	\$ 285,819

The accompanying Combined Notes to Consolidated Financial Statements as the 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:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, capitalization, common stockholder's equity, and cash flows present fairly, in all material respects, the financial position of The Cleveland Electric Illuminating Company and its subsidiaries at December 31, 2007 and 2006, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2007 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in the notes to the consolidated financial statements, the Company changed the manner in which it accounts for uncertain tax positions as of January 1, 2007 (Note 8), defined benefit pension and other postretirement plans as of December 31, 2006 (Note 4) and conditional asset retirement obligations as of December 31, 2005 (Note 2(G) and Note 11).

As discussed in Note 1 to the consolidated financial statements, the Company has restated its 2007 financial statements to correct an error.

PricewaterhouseCoopers LLP  
Cleveland, Ohio  
February 28, 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

For the Years Ended December 31,	2007	2006	2005
		(In thousands)	
<b>REVENUES (Note 3):</b>			
Electric sales	\$ 1,753,385	\$ 1,702,089	\$ 1,799,211
Excise tax collections	69,465	67,619	68,950
Total revenues	1,822,850	1,769,708	1,868,161
<b>EXPENSES (Note 3):</b>			
Fuel	40,551	50,291	85,993
Purchased power	748,214	704,517	557,593
Nuclear operating costs	-	-	142,698
Other operating costs	310,274	290,904	301,366
Provision for depreciation	75,238	63,589	127,959
Amortization of regulatory assets	144,370	127,403	227,221
Deferral of new regulatory assets	(149,556)	(128,220)	(163,245)
General taxes	141,551	134,663	152,678
Total expenses	1,310,642	1,243,147	1,432,263
<b>OPERATING INCOME</b>	<b>512,208</b>	<b>526,561</b>	<b>435,898</b>
<b>OTHER INCOME (EXPENSE) (Note 3):</b>			
Investment income	57,724	100,816	86,898
Miscellaneous income (expense)	7,902	6,428	(9,031)
Interest expense	(138,977)	(141,710)	(132,226)
Capitalized interest	918	2,618	2,533
Total other expense	(72,433)	(31,848)	(51,826)
<b>INCOME BEFORE INCOME TAXES AND CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING PRINCIPLE</b>	<b>439,775</b>	<b>494,713</b>	<b>384,072</b>
<b>INCOME TAXES</b>	<b>163,363</b>	<b>188,662</b>	<b>153,014</b>
<b>INCOME BEFORE CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING PRINCIPLE</b>	<b>276,412</b>	<b>306,051</b>	<b>231,058</b>
Cumulative effect of a change in accounting principle (net of income tax benefit of \$2,101,000) (Note 2(G))	-	-	(3,724)



NET INCOME		276,412		306,051		227,334
PREFERRED STOCK DIVIDEND REQUIREMENTS		-		-		2,918
EARNINGS ON COMMON STOCK	\$	276,412	\$	306,051	\$	224,416

The accompanying Combined 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

As of December 31,	2007	(In thousands)	2006
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$	232	\$ 221
Receivables-			
Customers (less accumulated provisions of \$7,540,000 and \$6,783,000, respectively, for uncollectible accounts)		251,000	245,193
Associated companies		166,587	249,735
Other		12,184	14,240
Notes receivable from associated companies		52,306	27,191
Prepayments and other		2,327	2,314
		484,636	538,894
<b>UTILITY PLANT:</b>			
In service		2,256,956	2,136,766
Less - Accumulated provision for depreciation		872,801	819,633
		1,384,155	1,317,133
Construction work in progress		41,163	46,385
		1,425,318	1,363,518
<b>OTHER PROPERTY AND INVESTMENTS:</b>			
Long-term notes receivable from associated companies		-	486,634
Investment in lessor notes (Note 7)		463,431	519,611
Other		10,285	13,426
		473,716	1,019,671
<b>DEFERRED CHARGES AND OTHER ASSETS:</b>			
Goodwill		1,688,521	1,688,521
Regulatory assets		870,695	854,588
Pension assets (Note 4)		62,471	-
Property taxes		76,000	65,000
Other		32,987	33,306
		2,730,674	2,641,415
	\$	5,114,344	\$ 5,563,498
<b>LIABILITIES AND CAPITALIZATION</b>			
<b>CURRENT LIABILITIES:</b>			
Currently payable long-term debt	\$	207,266	\$ 120,569
Short-term borrowings-			
Associated companies		531,943	218,134
Accounts payable-			
Associated companies		169,187	365,678
Other		5,295	7,194
Accrued taxes		94,991	128,829
Accrued interest		13,895	19,033
Lease market valuation liability		-	60,200
Other		34,350	52,101

	1,056,927	971,738
CAPITALIZATION (See Consolidated Statements of Capitalization):		
Common stockholder's equity	1,489,835	1,468,903
Long-term debt and other long-term obligations	1,459,939	1,805,871
	2,949,774	3,274,774
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes	725,523	470,707
Accumulated deferred investment tax credits	18,567	20,277
Lease market valuation liability	-	547,800
Retirement benefits	93,456	122,862
Deferred revenues - electric service programs	27,145	51,588
Lease assignment payable to associated companies	131,773	-
	111,179	103,752
	1,107,643	1,316,986
COMMITMENTS AND CONTINGENCIES (Notes 6 and 13)		
	\$ 5,114,344	\$ 5,563,498

The accompanying Combined 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 CAPITALIZATION

As of December 31,	2007	2006
	(In thousands)	
<b>COMMON STOCKHOLDER'S EQUITY:</b>		
Common stock, without par value, 105,000,000 shares authorized,		
67,930,743 shares outstanding	\$ 873,536	\$ 860,133
Accumulated other comprehensive loss (Note 2(F))	(69,129)	(104,431)
Retained earnings (Note 10(A))	685,428	713,201
<b>Total</b>	<b>1,489,835</b>	<b>1,468,903</b>
<b>LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Note 10(C)):</b>		
First mortgage bonds-		
6.860% due 2008	125,000	125,000
<b>Total</b>	<b>125,000</b>	<b>125,000</b>
Secured notes-		
7.130% due 2007	-	120,000
7.430% due 2009	150,000	150,000
7.880% due 2017	300,000	300,000
6.000% due 2020	-	62,560
6.100% due 2020	-	70,500
5.375% due 2028	5,993	5,993
* 3.750% due 2030	81,640	81,640
* 3.650% due 2035	-	53,900
<b>Total</b>	<b>537,633</b>	<b>844,593</b>
Unsecured notes-		
6.000% due 2013	-	78,700
5.650% due 2013	300,000	300,000
5.700% due 2017	250,000	-
9.000% due 2031	-	103,093
5.950% due 2036	300,000	300,000
7.651% due to associated companies 2008-2016 (Note 7)	153,044	167,696
<b>Total</b>	<b>1,003,044</b>	<b>949,489</b>
Capital lease obligations (Note 6)	3,748	4,371
Net unamortized premium (discount) on debt	(2,220)	2,987
Long-term debt due within one year	(207,266)	(120,569)
Total long-term debt and other long-term obligations	1,459,939	1,805,871
<b>TOTAL CAPITALIZATION</b>	<b>\$ 2,949,774</b>	<b>\$ 3,274,774</b>

\* Denotes variable rate issue with applicable year-end interest rate shown.

The accompanying Combined 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 STATEMENTS OF COMMON STOCKHOLDER'S EQUITY

	Comprehensive Income	Common Stock Number of Shares	Carrying Value (Dollars in thousands)	Accumulated Other Comprehensive Income (Loss)	Retained Earnings
Balance, January 1, 2005		79,590,689	\$ 1,281,962	\$ 17,859	\$ 553,740
Net income	\$ 227,334				227,334
Unrealized loss on investments, net of \$27,734,000 of income tax benefits	(39,472)			(39,472)	
Minimum liability for unfunded retirement benefits, net of \$15,186,000 of income taxes	21,613			21,613	
Comprehensive income	\$ 209,475				
Equity contribution from parent			75,000		
Affiliated company asset transfers			(2,086)		
Restricted stock units			48		
Cash dividends on preferred stock					(2,924)
Cash dividends on common stock					(191,000)
Balance, December 31, 2005		79,590,689	1,354,924	-	587,150
Net income and comprehensive income	\$ 306,051				306,051
Net liability for unfunded retirement benefits due to the implementation of SFAS 158, net of \$69,609,000 of income tax benefits (Note 4)				(104,431)	
Repurchase of common stock		(11,659,946)	(300,000)		
Affiliated company asset transfers			(194,910)		
Restricted stock units			86		
Stock based compensation			33		
Cash dividends on common stock					(180,000)
Balance, December 31, 2006		67,930,743	860,133	(104,431)	713,201
Net income	\$ 276,412				276,412

Pension and other postretirement benefits, net of \$30,705,000 of income taxes (Note 4)	35,302			35,302
Comprehensive income	\$ 311,714			
Restricted stock units			184	
Stock based compensation			10	
Consolidated tax benefit allocation			13,209	
FIN 48 cumulative effect adjustment				(185)
Cash dividends on common stock				(304,000)
Balance, December 31, 2007	67,930,743	\$	873,536	\$ (69,129) \$ 685,428

The accompanying Combined 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 STATEMENTS OF CASH FLOWS

For the Years Ended December 31,	Restated 2007	2006 (In thousands)	2005
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net income	\$ 276,412	\$ 306,051	\$ 227,334
Adjustments to reconcile net income to net cash from operating activities-			
Provision for depreciation	75,238	63,589	127,959
Amortization of regulatory assets	144,370	127,403	227,221
Deferral of new regulatory assets	(149,556)	(128,220)	(163,245)
Nuclear fuel and capital lease amortization	235	239	25,803
Deferred rents and lease market valuation liability	(357,679)	(71,943)	(67,353)
Deferred income taxes and investment tax credits, net	(22,767)	(17,093)	42,024
Accrued compensation and retirement benefits	3,196	2,367	4,624
Cumulative effect of a change in accounting principle	-	-	3,724
Pension trust contributions	(24,800)	-	(93,269)
Tax refund related to pre-merger period	-	-	9,636
Decrease (increase) in operating assets-			
Receivables	209,426	(137,711)	(103,018)
Materials and supplies	-	-	(12,934)
Prepayments and other current assets	(152)	160	233
Increase (decrease) in operating liabilities-			
Accounts payable	(316,638)	293,214	(82,434)
Accrued taxes	(33,659)	7,342	(7,967)
Accrued interest	(5,138)	147	(3,216)
Electric service prepayment programs	(24,443)	(19,673)	53,447
Other	471	(6,626)	(40,878)
Net cash provided from (used for) operating activities	(225,484)	419,246	147,691
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
New Financing-			
Long-term debt	247,362	295,662	141,004
Short-term borrowings, net	277,581	-	155,883
Equity contribution from parent	-	-	75,000
Redemptions and Repayments-			
Common stock	-	(300,000)	-
Preferred stock	-	-	(101,900)
Long-term debt	(493,294)	(376,702)	(147,923)
Short-term borrowings, net	-	(143,272)	-
Dividend Payments-			
Common stock	(204,000)	(180,000)	(191,000)
Preferred stock	-	-	(2,260)
Net cash used for financing activities	(172,351)	(704,312)	(71,196)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			



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Property additions	(149,131)	(119,795)	(148,783)
Loan repayments from (loans to) associated companies, net	6,714	(7,813)	(387,746)
Collection of principal on long-term notes receivable	486,634	376,135	466,378
Investments in lessor notes	56,179	44,556	32,479
Sales of investment securities held in trusts	-	-	490,126
Purchases of investment securities held in trusts	-	-	(519,150)
Other	(2,550)	(8,003)	(9,789)
Net cash provided from (used for) investing activities	397,846	285,080	(76,485)
Net increase in cash and cash equivalents	11	14	10
Cash and cash equivalents at beginning of year	221	207	197
Cash and cash equivalents at end of year	\$ 232	\$ 221	\$ 207

**SUPPLEMENTAL CASH FLOW INFORMATION:**

**Cash Paid During the Year-**

Interest (net of amounts capitalized)	\$ 141,390	\$ 135,276	\$ 144,730
Income taxes	\$ 186,874	\$ 180,941	\$ 116,323

The accompanying Combined 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:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, capitalization, common stockholder's equity, and cash flows present fairly, in all material respects, the financial position of The Toledo Edison Company and its subsidiary at December 31, 2007 and 2006, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2007 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in the notes to the consolidated financial statements, the Company changed the manner in which it accounts for uncertain tax positions as of January 1, 2007 (Note 8) and defined benefit pension and other postretirement plans as of December 31, 2006 (Note 4).

As discussed in Note 1 to the consolidated financial statements, the Company has restated its 2007 financial statements to correct an error.

PricewaterhouseCoopers LLP  
Cleveland, Ohio  
February 28, 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

For the Years Ended December 31,	2007	2006	2005
		(In thousands)	
<b>REVENUES (Note 3):</b>			
Electric sales	\$ 934,772	\$ 899,930	\$ 1,011,239
Excise tax collections	29,173	28,071	28,947
<b>Total revenues</b>	<b>963,945</b>	<b>928,001</b>	<b>1,040,186</b>
<b>EXPENSES (Note 3):</b>			
Fuel	31,199	36,313	58,897
Purchased power	398,423	368,654	296,720
Nuclear operating costs	71,657	81,845	181,410
Other operating costs	176,191	166,403	168,522
Provision for depreciation	36,743	33,310	62,486
Amortization of regulatory assets	104,348	95,032	141,343
Deferral of new regulatory assets	(62,664)	(54,946)	(58,566)
General taxes	50,640	50,869	57,108
<b>Total expenses</b>	<b>806,537</b>	<b>777,480</b>	<b>907,920</b>
<b>OPERATING INCOME</b>	<b>157,408</b>	<b>150,521</b>	<b>132,266</b>
<b>OTHER INCOME (EXPENSE) (Note 3):</b>			
Investment income	27,713	38,187	49,440
Miscellaneous expense	(6,651)	(7,379)	(10,587)
Interest expense	(34,135)	(23,179)	(21,489)
Capitalized interest	640	1,123	465
<b>Total other income (expense)</b>	<b>(12,433)</b>	<b>8,752</b>	<b>17,829</b>
<b>INCOME BEFORE INCOME TAXES</b>	<b>144,975</b>	<b>159,273</b>	<b>150,095</b>
<b>INCOME TAXES</b>	<b>53,736</b>	<b>59,869</b>	<b>73,931</b>
<b>NET INCOME</b>	<b>91,239</b>	<b>99,404</b>	<b>76,164</b>
<b>PREFERRED STOCK DIVIDEND REQUIREMENTS</b>	<b>-</b>	<b>9,409</b>	<b>7,795</b>
<b>EARNINGS ON COMMON STOCK</b>	<b>\$ 91,239</b>	<b>\$ 89,995</b>	<b>\$ 68,369</b>

The accompanying Combined Notes to Consolidated Financial Statements as they relate to The Toledo Edison Company

are an integral part of these statements.

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THE TOLEDO EDISON COMPANY  
CONSOLIDATED BALANCE SHEETS

As of December 31,	2007	(In thousands)	2006
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$	22	\$ 22
Receivables-			
Customers		449	772
Associated companies		88,796	13,940
Other (less accumulated provisions of \$615,000 and \$430,000, respectively, for uncollectible accounts)		3,116	3,831
Notes receivable from associated companies		154,380	100,545
Prepayments and other		865	851
		247,628	119,961
<b>UTILITY PLANT:</b>			
In service		931,263	894,888
Less - Accumulated provision for depreciation		420,445	394,225
		510,818	500,663
Construction work in progress		19,740	16,479
		530,558	517,142
<b>OTHER PROPERTY AND INVESTMENTS:</b>			
Investment in lessor notes		154,646	169,493
Long-term notes receivable from associated companies		37,530	128,858
Nuclear plant decommissioning trusts		66,759	61,094
Other		1,756	1,871
		260,691	361,316
<b>DEFERRED CHARGES AND OTHER ASSETS:</b>			
Goodwill		500,576	500,576
Regulatory assets		203,719	247,595
Pension assets (Note 4)		28,601	-
Property taxes		21,010	22,010
Other		20,496	30,042
		774,402	800,223
	\$	1,813,279	\$ 1,798,642
<b>LIABILITIES AND CAPITALIZATION</b>			
<b>CURRENT LIABILITIES:</b>			
Currently payable long-term debt	\$	34	\$ 30,000
Accounts payable-			
Associated companies		245,215	84,884
Other		4,449	4,021
Notes payable to associated companies		13,396	153,567
Accrued taxes		30,245	47,318
Lease market valuation liability		36,900	24,600

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Other	22,747	37,551
	352,986	381,941
<b>CAPITALIZATION (See Statements of Capitalization):</b>		
Common stockholder's equity	485,191	481,415
Long-term debt and other long-term obligations	303,397	358,281
	788,588	839,696
<b>NONCURRENT LIABILITIES:</b>		
Accumulated deferred income taxes	103,463	161,024
Accumulated deferred investment tax credits	10,180	11,014
Lease market valuation liability	310,000	218,800
Retirement benefits	63,215	77,843
Asset retirement obligations	28,366	26,543
Deferred revenues - electric service programs	12,639	23,546
Lease assignment payable to associated companies	83,485	-
Other	60,357	58,235
	671,705	577,005
<b>COMMITMENTS AND CONTINGENCIES (Notes 6 and 13)</b>		
	\$ 1,813,279	\$ 1,798,642

The accompanying Combined Notes to Consolidated Financial Statements as they relate to The Toledo Edison Company are an integral part of these balance sheets.

## THE TOLEDO EDISON COMPANY

## CONSOLIDATED STATEMENTS OF CAPITALIZATION

As of December 31,	2007	(In thousands)	2006
<b>COMMON STOCKHOLDER'S EQUITY:</b>			
Common stock, \$5 par value, 60,000,000 shares authorized, 29,402,054 shares outstanding	\$	147,010	\$ 147,010
Other paid-in capital		173,169	166,786
Accumulated other comprehensive loss (Note 2(F))		(10,606)	(36,804)
Retained earnings (Note 10(A))		175,618	204,423
<b>Total</b>		<b>485,191</b>	<b>481,415</b>
<b>LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Note 10(C)):</b>			
<b>Secured notes-</b>			
7.130% due 2007		-	30,000
6.100% due 2027		-	10,100
5.375% due 2028		3,751	3,751
* 3.750% due 2035		-	45,000
<b>Total</b>		<b>3,751</b>	<b>88,851</b>
<b>Unsecured notes-</b>			
6.150% due 2037		300,000	300,000
<b>Total</b>		<b>300,000</b>	<b>300,000</b>
Capital lease obligations (Note 6)		114	-
Net unamortized discount on debt		(434)	(570)
Long-term debt due within one year		(34)	(30,000)
Total long-term debt		303,397	358,281
<b>TOTAL CAPITALIZATION</b>	<b>\$</b>	<b>788,588</b>	<b>\$ 839,696</b>

\* Denotes variable-rate issue with applicable year-end interest rate shown.

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



## THE TOLEDO EDISON COMPANY

## CONSOLIDATED STATEMENTS OF COMMON STOCKHOLDER'S EQUITY

	Comprehensive Income	Common Stock Number of Shares	Common Stock Par Value (Dollars in thousands)	Other Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings
Balance, January 1, 2005		39,133,887	\$ 195,670	\$ 428,559	\$ 20,039	\$ 191,059
Net income	\$ 76,164					76,164
Unrealized loss on investments, net of \$16,884,000 of income tax benefits	(23,654)				(23,654)	
Minimum liability for unfunded retirement benefits, net of \$5,836,000 of income taxes	8,305				8,305	
Comprehensive income	\$ 60,815					
Affiliated company asset transfers				45,060		
Restricted stock units				19		
Cash dividends on preferred stock						(7,795)
Cash dividends on common stock						(70,000)
Balance, December 31, 2005		39,133,887	195,670	473,638	4,690	189,428
Net income	\$ 99,404					99,404
Unrealized gain on investments, net of \$211,000 of income taxes	462				462	
Comprehensive income	\$ 99,866					
Net liability for unfunded retirement benefits due to the implementation of SFAS 158, net of \$26,929,000 of income tax benefits					(41,956)	

(Note 4)

Affiliated company asset transfers						(130,571)
Repurchase of common stock	(9,731,833)	(48,660)	(176,341)			
Preferred stock redemption premiums						(4,840)
Restricted stock units						38
Stock based compensation						22
Cash dividends on preferred stock						(4,569)
Cash dividends on common stock						(75,000)
Balance, December 31, 2006		29,402,054	147,010	166,786	(36,804)	204,423
Net income	\$ 91,239					91,239
Unrealized gain on investments, net of \$1,089,000 of income taxes	1,901				1,901	
Pension and other postretirement benefits, net of \$15,077,000 of income taxes (Note 4)	24,297				24,297	
Comprehensive income	\$ 117,437					
Restricted stock units						53
Stock based compensation						2
Consolidated tax benefit allocation						6,328
FIN 48 cumulative effect adjustment						(44)
Cash dividends on common stock						(120,000)
Balance, December 31, 2007		29,402,054	\$ 147,010	\$ 173,169	\$ (10,606)	\$ 175,618

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

## THE TOLEDO EDISON COMPANY

## CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31,	Restated 2007	2006 (In thousands)	2005
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net income	\$ 91,239	\$ 99,404	\$ 76,164
Adjustments to reconcile net income to net cash from operating activities-			
Provision for depreciation	36,743	33,310	62,486
Amortization of regulatory assets	104,348	95,032	141,343
Deferral of new regulatory assets	(62,664)	(54,946)	(58,566)
Nuclear fuel and capital lease amortization	23	-	18,463
Deferred rents and lease market valuation liability	265,981	(32,925)	(30,088)
Deferred income taxes and investment tax credits, net	(26,318)	(37,133)	(6,519)
Accrued compensation and retirement benefits	5,276	4,415	5,396
Pension trust contributions	(7,659)	-	(19,933)
Tax refund related to pre-merger period	-	-	8,164
Decrease (increase) in operating assets-			
Receivables	(64,489)	6,387	10,813
Materials and supplies	-	-	(3,210)
Prepayments and other current assets	(13)	208	91
Increase (decrease) in operating liabilities-			
Accounts payable	8,722	39,847	(45,416)
Accrued taxes	(14,954)	(2,026)	2,387
Accrued interest	(1,350)	1,899	(1,557)
Electric service prepayment programs	(10,907)	(9,060)	32,605
Other	5,165	4,640	(36,939)
Net cash provided from operating activities	329,143	149,052	155,684
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
New Financing-			
Long-term debt	-	296,663	45,000
Short-term borrowings, net	-	62,909	-
Redemptions and Repayments-			
Common stock	-	(225,000)	-
Preferred stock	-	(100,840)	-