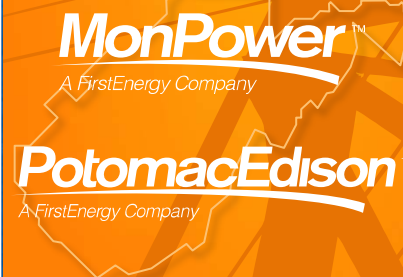


# Governor Tomblin's **2014 Energy Summit**

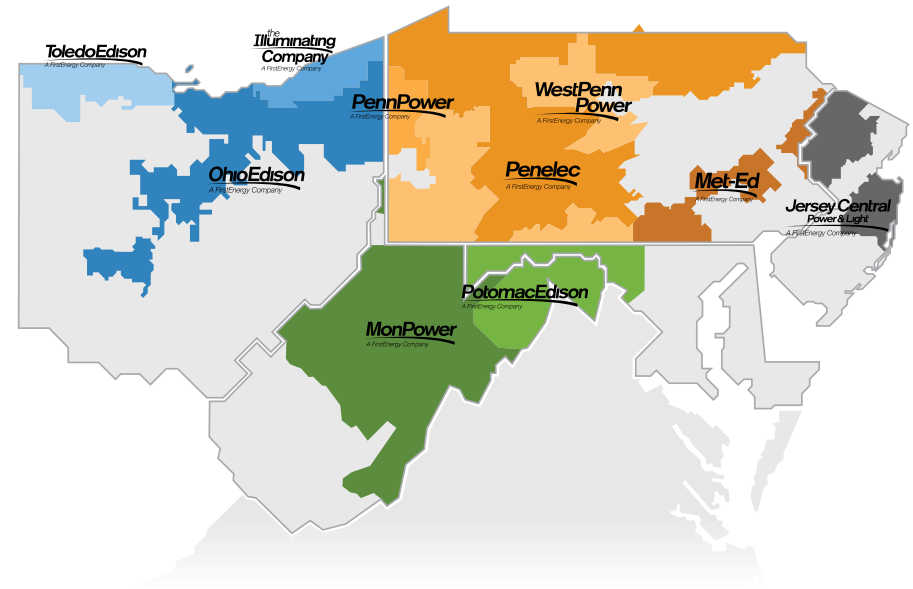
**Holly Kauffman**  
President, West Virginia Operations

October 23, 2014



# About FirstEnergy

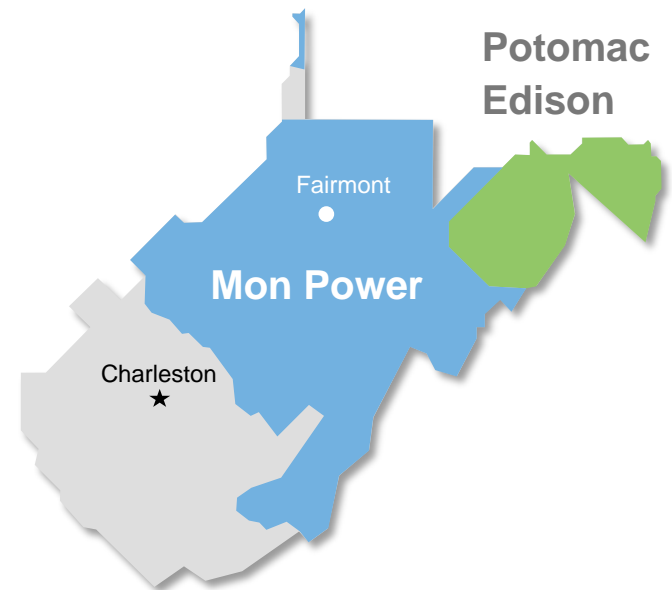
- Headquartered in Akron, Ohio
- Among the largest investor-owned electric systems in the U.S. based on six million customers served
- \$50 billion in assets\*
- \$15 billion in annual revenues\*
- Nearly 18,000 megawatts of generating capacity\*
- 10 electric utility operating companies in 6 states
- 65,000-square-mile service territory
- 24,000 miles of transmission lines and approximately 268,000 miles of distribution lines



\* Year ended December 31, 2013

# FirstEnergy in West Virginia

- **Approximately 526,000 customers**
- **About 1,700 employees**
- **1,300 retirees in WV**
- **13,000-square-mile service area**
- **28,000 miles of transmission and distribution lines**
- **228 substations**
- **\$250 million in annual purchases in local goods and services in 2013**
- **\$89 million in state and local taxes paid in 2013, including income and property taxes**



# Restoring Service During Major Outage Events

- **Being part of a larger FirstEnergy company enables Mon Power and Potomac Edison to draw on resources of our 10 utility companies**

- Line crews are able to provide emergency assistance and support each other
- Enhances and speeds restoration during outage events





# New Vegetation Management Program



# Work Management Technology

- Improves planning, efficiency and service to our Mon Power and Potomac Edison customers
- Improves our ability to better estimate service restoration times on outage orders due to real-time job status updates
- Enables order dispatch directly to trucks to reduce response time
- Enhances safety of workers due to crew visibility of other crew locations



# Shale Activity

## ■ Opportunities = Jobs

- Initial load growth due to drilling and compressor stations
- Ancillary customers experiencing growth
  - Hotels, restaurants, campgrounds, grocery stores, convenience stores, etc.
- Downstream business growth on horizon

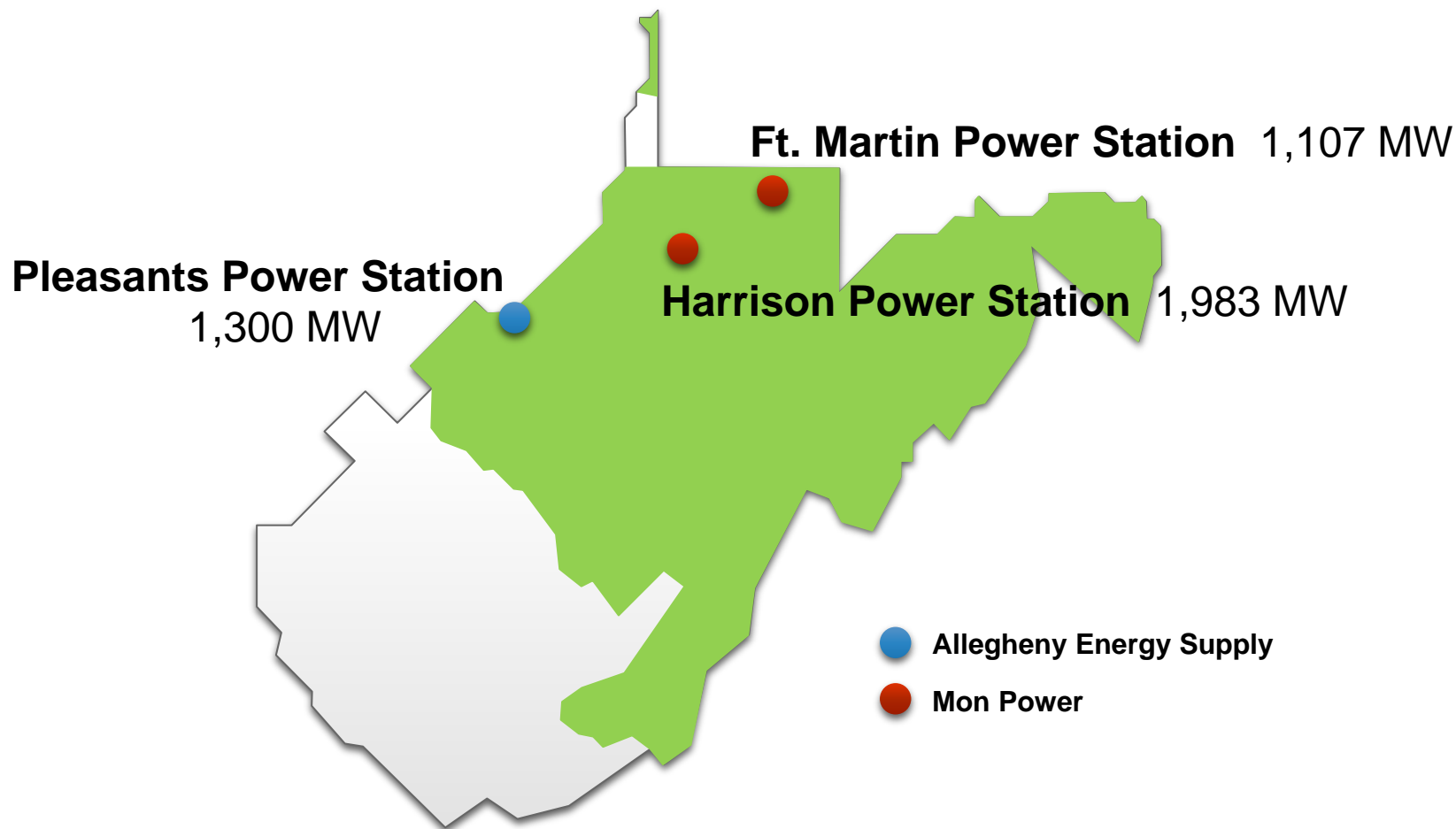
## ■ Challenges

- **Capacity:** Significant load impact to the electrical system expected in a very short time period
- **Time:** Meeting tight time schedules for new connections for multiple projects for oil and gas industry
- **Terrain:** Oil and gas facilities tend to be located in areas not easily accessible, which makes it tough to install electrical facilities
- **Resources:** Competition for employee pool



# FirstEnergy West Virginia Generation Stations

## 4,390 MW of Supercritical Coal Generation



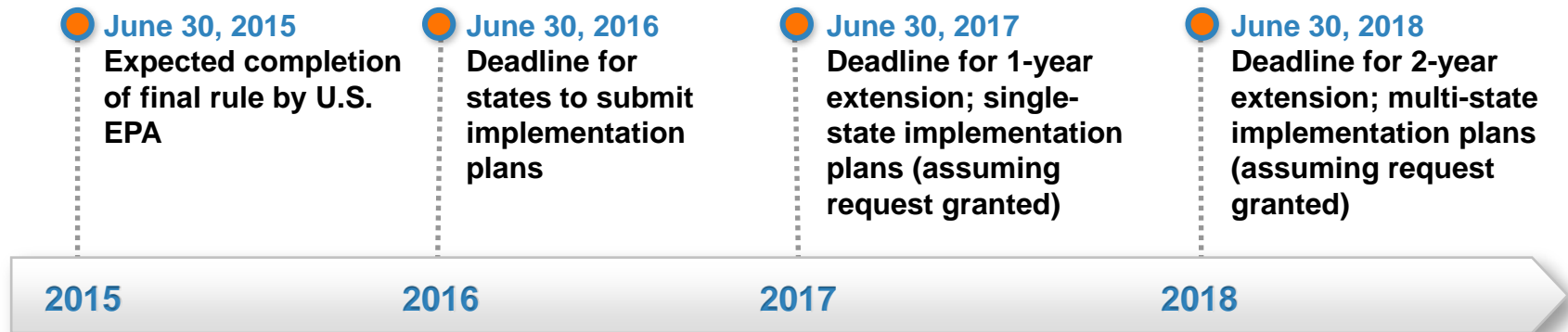


# EPA's Proposed Clean Power Plan

## ■ Summary

- Executive action by President Obama
- Published in Federal Register on June 18, 2014
  - Comments due Dec. 1, 2014
- Requires nationwide reduction of greenhouse gas emissions, state-specific emission rate-based CO<sub>2</sub> goals (lbs. CO<sub>2</sub>/NMWh) with each state given interim and final reduction goals
- States must develop own plan and submit to EPA for approval

## Timeline



# EPA's Proposed Clean Power Plan

## Best System of Emission Reduction (BSER)

*Setting the State by State Standards*

### Block 1

**6% heat rate improvement of coal-fired steam Electric Generation Units (EUGs)**

### Block 2

**Increase dispatch of more natural gas combined cycle, toward a 70% capacity factor target utilization rate**

### Block 3

**Increase more zero- and low-emitting power sources, complete all new nuclear construction, avoid “at risk” nuclear retirements (5.8%); achieve regional RPS average (13%)**

### Block 4

**Increase state annual energy efficiency improvements 1.5% in the 2020-2029 period**

# Other Key Areas of Focus

## ■ Base Rate Case

- Rate increase requested to provide a fair return on the investments being made and to maintain service reliability for customers

## ■ Annual Fuel Case

- Reconciles actual fuel and purchased power costs for period from July 1 through June 30

## ■ Energy Efficiency and Demand Response

- Mon Power and Potomac Edison currently offering:
  - Home energy analyzer for residential customers
  - Home checkup energy efficiency program for low income residential customers
  - Lighting incentive program for commercial customers
  - Individual interruptible contracts for large industrial customers

# Thank You



# Questions & Answers



## Forward-Looking Statements:

This presentation 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," "will," "intend," "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, which may include the following: the speed and nature of increased competition in the electric utility industry, in general, and the retail sales market in particular; the ability to experience growth in the Regulated Distribution and Regulated Transmission segments and to successfully implement our revised sales strategy in the Competitive Energy Services segment; the accomplishment of our regulatory and operational goals in connection with our transmission plan and planned distribution rate cases and the effectiveness of our repositioning strategy; the impact of the regulatory process on the pending matters before the Federal Energy Regulatory Commission and in the various states in which we do business including, but not limited to, matters related to rates and pending rate cases and the Electric Security Plan IV; the uncertainties of various cost recovery and cost allocation issues resulting from American Transmission Systems, Incorporated's realignment into PJM Interconnection, L.L.C.; economic or weather conditions affecting future sales and margins such as the polar vortex or other significant weather events, and all associated regulatory events or actions; regulatory outcomes associated with storm restoration, including but not limited to, Hurricane Sandy, Hurricane Irene and the October snowstorm of 2011; changing energy, capacity and commodity market prices including, but not limited to, coal, natural gas and oil, and their availability and impact on margins; the continued ability of our regulated utilities to recover their costs; costs being higher than anticipated and the success of our policies to control costs and to mitigate low energy, capacity and market prices; other legislative and regulatory changes, and revised environmental requirements, including, but not limited to, possible greenhouse gas emission, water discharge, and coal combustion residual regulations, the potential impacts of Cross State Air Pollution Rule, and the effects of the United States Environmental Protection Agency's Mercury and Air Toxics Standards 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 New Source Review 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 regulated and competitive fossil units including the impact on vendor commitments, and the timing thereof as they relate to, among other things, Reliability Must Run 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 Nuclear Regulatory Commission or as a result of the incident at Japan's Fukushima Daiichi Nuclear Plant); issues arising from the indications of cracking in the shield building at Davis-Besse; 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 not fully 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, our announced dividend reduction and our proposed capital raising initiatives; 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; changing market conditions that could affect the measurement of certain liabilities and the value of assets held in our Nuclear Decommissioning Trusts, 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 plans, 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, letters of credit 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; the impact of any changes in tax laws or regulations or adverse tax audit results or rulings; issues concerning the stability of domestic and foreign financial institutions and counterparties with which we do business; the risks and other factors discussed from time to time in our United States Securities and Exchange Commission 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 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.