

January 22, 1997

LICENSEE: CLEVELAND ELECTRIC ILLUMINATING COMPANY

FACILITY: PERRY NUCLEAR POWER PLANT, UNIT 1

SUBJECT: SUMMARY OF MEETING HELD ON DECEMBER 4, 1996, TO DISCUSS A PROPOSED MERGER BETWEEN CENTERIOR ENERGY CORP. AND OHIO EDISON CO.

On December 4, 1996, NRC staff members met at Rockville, Maryland, with representatives of Centerior Energy Corporation and Ohio Edison Company to discuss a proposed merger of the two companies. A list of attendees is included as Enclosure 1.

General information concerning the proposed merger was discussed with the NRC staff. The licensees representatives stated that, at least for Perry and Davis-Besse, the plant operators and owners would remain the same and no license amendments would be required, and they thought that that would also be true for the Beaver Valley plants. They stated that separate applications for 10 CFR 50.80 transfer consent would be submitted for Perry, Davis-Besse, and Beaver Valley. The licensees representatives also stated that there would be no changes to antitrust requirements as a result of the merger. Information presented to the NRC staff at the meeting is included as Enclosure 2.

Original signed by:

Jon B. Hopkins, Sr. Project Manager
Project Directorate III-3
Division of Reactor Projects III/IV
Office of Nuclear Reactor Regulation

Docket Nos. 50-440, 346, 334, 412

Enclosures: As stated

cc w/enclos: See next page

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UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

January 22, 1997

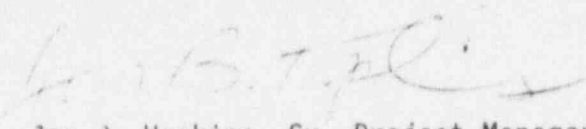
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DF-01/1

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December 4, 1996

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S. Hom	NRC
R. Wood	NRC
M. Davis	NRC
T. Alexander	Ohio Edison
D. Feltner	OE
J. Stetz	Centerior Energy
M. O'Reilly	CE
G. Charnoff	Shaw, Pittman, P. & T.
D. Lewis	SPP&T
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Enclosure 1

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**OHIO EDISON COMPANY AND CENTERIOR ENERGY CORP.
ANNOUNCE \$4.8 BILLION MERGER**

Akron, OH, September 16, 1996 -- Ohio Edison Company (NYSE: OEC) and Centerior Energy Corp. (NYSE: CX) today announced that they have signed a definitive agreement to merge in a tax-free, stock-for-stock transaction resulting in a new holding company named FirstEnergy Corp. The new holding company will have an equity value of \$4.8 billion based upon the closing of common stock prices on Friday, September 13, 1996, of \$20.75 per Ohio Edison share and \$7.625 per Centerior share. This transaction, which is expected to be accounted for as a purchase, has been unanimously approved by both companies' boards of directors. The companies anticipate that the transaction will be accretive to earnings in the first year after the completion of the merger.

The merger would create the nation's 11th largest investor-owned electric system, based on annual electric sales of 64 billion kilowatt-hours. FirstEnergy will serve 2.1 million customers within 13,200 square miles of northern and central Ohio and western Pennsylvania. As of June 30, 1996, the combined assets of Ohio Edison and Centerior Energy were nearly \$20 billion and annual revenues totaled \$5 billion.

Under the terms of the transaction, FirstEnergy Corp. will be a holding company of Ohio Edison and Centerior Energy's operating units, The Cleveland Electric Illuminating Company (CEI) and The Toledo Edison Company. Pennsylvania Power Company will remain a wholly owned subsidiary of Ohio Edison. Ohio Edison shareholders will receive one share of FirstEnergy's common stock for each share of Ohio Edison common stock that they currently hold. Centerior Energy shareholders will receive a 0.525 share of FirstEnergy's common stock for each share of Centerior common stock that they currently hold.

(more)

Benefits of the Merger

Willard R. Holland, president and chief executive officer of Ohio Edison and chairman of Pennsylvania Power, said, "This merger creates a larger enterprise with more resources to enhance near-term and long-term value to shareholders, provide better service at lower prices to customers, and offer more career opportunities to employees than if the companies remained separate. By sharing our employees' skills and each company's best practices, the combination will also enable us to realize substantial economic synergies that will further enhance our cash flow and efforts to accelerate debt reduction."

Robert J. Farling, chairman and chief executive officer of Centerior Energy, said, "This is a win-win-win for our companies, our customers and our shareholders. Together, we form a larger, stronger competitor, which is essential to our success as our industry continues to evolve. Our alliance will provide our customers and shareholders with more value and our employees with more opportunities than would be possible if we did not join forces."

Mr. Holland continued, "FirstEnergy will be able to provide customers with a wider range of energy services and enhanced service restoration capabilities, key advantages as our industry becomes more competitive. In addition, we intend to propose a plan to extend to CEI and Toledo Edison customers a rate reduction program similar to Ohio Edison's. The plan would call for a freeze of CEI and Toledo Edison rates through 2005, a rate reduction of \$300 million, or approximately 15 percent, in 2006, and accelerated depreciation of \$2 billion in fixed costs during that period."

"Our merger also gives us increased flexibility to maximize the operating efficiency of the generating units that our companies share ownership in through the CAPCO arrangements," Mr. Holland said. "This flexibility, along with the synergies we expect from the merger and our intended rate plan, will help us reduce financial risks related to stranded investments in a more competitive electric industry."

The Central Area Power Coordination Group (CAPCO) is comprised of the companies and Duquesne Light Company. FirstEnergy will have complete or majority ownership and operational control of seven CAPCO units - Bruce Mansfield Units 1, 2 and 3; Sammis Unit 7; Eastlake Unit 5; Davis Besse Unit 1; and Perry Unit 1 - as well as majority ownership of Beaver Valley Units 1 and 2.

Mr. Farling continued, "The combination of our contiguous service areas is a natural. Our service areas are located within a 500-mile radius of one-half of the U.S. population. We serve several areas that site selection experts have listed among the nation's most successful in recent years for attracting manufacturing locations and

(more)

expansions. Together, we can help our communities attract jobs over a wider and more diverse region, which is served by an extensive infrastructure that includes ten major airports, portions of all major interstate highways in Ohio, multiple free-trade zones, abundant water supplies and a highly integrated network of electrical facilities."

Mr. Farling said, "FirstEnergy will continue the strong traditions of both companies for supporting their local communities through financial contributions and through the extensive volunteerism of their employees. In addition, our alliance will make us Ohio's largest taxpayer, with some \$516 million in annual payments, as well as one of the state's largest employers."

Savings from the Merger

The companies expect savings related to the merger of approximately \$1 billion over the first ten years. The savings will come from the elimination of duplicative activities, improved operating efficiencies, lower capital costs, and the combination of the companies' work forces. In addition to efforts to achieve appropriate staffing levels already underway at the companies, work force reductions resulting from the merger are expected to be approximately 900 positions out of the companies' current total work force of approximately 11,000. The companies will seek to minimize the effect of these reductions by hiring limits, attrition and separation programs. All labor agreements will be honored.

In addition, the companies' ongoing cost reduction and efficiency improvement programs will be available for implementation throughout the new organization. Through such programs, reductions in new capital requirements, and lower overheads resulting from the combination of operations, FirstEnergy expects to set an aggressive goal of reducing debt by \$2.5 billion through the year 2000.

Dividend Policy

It is anticipated that the initial annual dividend on FirstEnergy's common stock will be the same as Ohio Edison's annual dividend, which is currently \$1.50 per share. Based on the share exchange rate at this dividend level, Centerior Energy shareholders will be provided approximately the same dividend income they now receive on Centerior shares. Centerior Energy's current annual dividend is \$0.80 per share of common stock.

(more)

Management and Operating Unit Structure

FirstEnergy will be a public utility holding company that will be the parent of Ohio Edison and its subsidiary, Pennsylvania Power; CEI; and Toledo Edison. The corporate headquarters of the holding company will be in Akron, Ohio. It is anticipated that the principal offices of the operating companies will remain at their current locations.

Willard R. Holland, president and chief executive officer of Ohio Edison and chairman of Pennsylvania Power, will become chairman of the board, president and chief executive officer of FirstEnergy. Robert J. Farling, chairman, president and chief executive officer of Centerior Energy, will become vice chairman of FirstEnergy. The board of directors of FirstEnergy will be designated by Ohio Edison's board.

Approvals and Timing

The merger is conditioned, among other things, upon the approval of each company's shareholders and various regulatory agencies, including the Federal Energy Regulatory Commission, the Nuclear Regulatory Commission, and the Securities and Exchange Commission. Actions in Ohio and Pennsylvania that may be needed to complete the merger will be undertaken as required. The companies are hopeful that the merger can be completed by the end of 1997.

Morgan Stanley & Co. Incorporated is serving as financial advisor to both companies. McDonald & Company Securities Inc. provided a fairness opinion to Ohio Edison. Barr Devlin & Co. Incorporated also served as a financial advisor to Centerior and provided Centerior a fairness opinion.

Centerior Energy, headquartered in Independence, Ohio, is the holding company for The Cleveland Electric Illuminating Company and The Toledo Edison Company. Together, they serve more than one million customers within 4,200 square miles of northern Ohio. Ohio Edison Company, headquartered in Akron, Ohio, and its subsidiary, Pennsylvania Power Company, headquartered in New Castle, Pennsylvania, serve 1.1 million customers within 9,000 square miles of northeastern and central Ohio and western Pennsylvania.

This press release includes forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934. These forward-looking statements reflect numerous assumptions and involve a number of risks and uncertainties. Among the factors that could cause actual results to differ materially are: electric load and customer growth; abnormal weather conditions; available sources and cost of fuel and generating capacity; the speed and degree to which competition enters the power generation, wholesale and retail sectors of the electric utility industry; state and federal regulatory initiatives that increase competition, threaten cost and investment recovery, and impact rate structures; the ability of the combined company to successfully reduce its cost structure; operating performance of nuclear generating facilities and decommissioning costs of such facilities; the economic climate and growth in the service territories of the two companies; economies generated by the merger; inflationary trends and interest rates and the other risks detailed from time to time in the two companies' SEC reports.

www.ohioedison.com

www.centerior.com

(091696)

CONTENTS OF APPLICATION

- DESCRIPTION OF THE MERGER
- GENERAL INFORMATION CONCERNING THE LICENSEES
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 - LICENSEES WILL REMAIN ELECTRIC UTILITIES
- DECOMMISSIONING FUNDING
 - LICENSEES WILL REMAIN RESPONSIBLE FOR FUNDING
- NO SIGNIFICANT CHANGE REQUIRING ANTITRUST REVIEW

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- NOTICE OF CONSIDERATION
- NOTICE SOLICITING COMMENTS ON NO SIGNIFICANT CHANGE DETERMINATION
- FONSI
- NOTICE OF ISSUANCE

LICENSEES AND UNITS INVOLVED IN THE FIRSTENERGY MERGER

<u>Davis-Besse</u>	<u>Perry</u>	<u>Beaver Valley 1</u>	<u>Beaver Valley 2</u>
Centerior Service (co-operator)	Centerior Service (co-operator)	Duquesne Light. (operator and owner)	Duquesne Light (operator and owner)
Toledo Edison (operator and owner)	Cleveland Electric Ill. (operator and owner)	Ohio Edison (owner)	Cleveland Electric Ill. (owner)
Cleveland Electric Ill. (owner)	Toledo Edison (owner)	Penn. Power (Ohio Edison sub.) (owner)	Toledo Edison (owner)
	Ohio Edison (owner)		Ohio Edison (owner)
	OES Nuclear (Ohio Ed. sub.) (owner)		
	Penn. Power (Ohio Ed. sub.) (owner)		
	Duquesne Light (owner)		

FirstEnergy Corp. Merger Benefits

FirstEnergy Corp., the new holding company resulting from the merger of Ohio Edison and Centerior Energy, will become the nation's 11th largest investor-owned electric system based on total electricity sales. With annual state and local payments of more than \$500 million and approximately 11,000 employees, FirstEnergy will be Ohio's largest taxpayer and one of the state's largest employers.

Serving 2.1 million customers within 13,200 square miles of northern and central Ohio and western Pennsylvania, FirstEnergy will be a larger enterprise with greater resources to provide customers better electric service at lower prices and to enhance our value to shareholders (24 percent of our registered common stock shareholders are Ohioans). FirstEnergy will also offer a wider array of energy-related products and services; continue our strong tradition of community support; and provide our employees with better career opportunities than if we remained separate. Other key benefits of the merger include:

Strategic Advantages

- A stronger competitor in the energy marketplace
- With complete or majority ownership and operational control of seven CAPCO generating units and a majority ownership of the other two, FirstEnergy will be able to maximize the operating efficiency of generating assets

Economic Development Assistance to Communities

- Combination of contiguous service areas focuses development efforts on a wider region that includes rural settings and mid- to large-sized cities

Rate Reduction Program

- Proposed rate reduction plan similar to Ohio Edison's would call for a freeze of CEI and Toledo Edison rates through 2005, followed by a 15-percent reduction in 2006, and accelerated depreciation of \$2 billion in fixed costs during that period

Merger Savings

- Approximately \$1 billion in savings over the first ten years because of the elimination of duplicative activities, improved operating efficiencies, lower capital costs and the combination of work forces
- Reduced hiring, attrition and separation programs will help minimize the effects of the expected elimination of approximately 900 positions due to the combination of work forces
- Companies will honor all labor agreements
- Through cost reduction and efficiency improvement programs and lower overheads because of the merger, FirstEnergy expects to reduce debt by \$2.5 billion through the year 2000

FirstEnergy Corp. Fact Sheet

Merger Agreement

FirstEnergy Corp. will be a holding company of Ohio Edison and Centerior Energy's operating units, Cleveland Electric Illuminating and Toledo Edison. Penn Power will remain a wholly owned subsidiary of Ohio Edison. Willard R. Holland will be chairman, president and CEO of the new company, and Robert J. Farling will be vice chairman. FirstEnergy will be headquartered in Akron, and it is anticipated that the principal offices of the operating companies will remain in their current locations.

Ohio Edison shareholders will receive one share of FirstEnergy's common stock for each share of Ohio Edison common stock that they currently hold. Centerior Energy shareholders will receive a 0.525 share of FirstEnergy's common stock for each share of Centerior common stock that they currently hold.

FirstEnergy Statistics

FirstEnergy will become the nation's 11th largest investor-owned electric system, based on annual electric sales of 64 billion kilowatt-hours. The company will serve 2.1 million customers within 13,200 square miles of northern and central Ohio and western Pennsylvania. FirstEnergy will be the state's largest taxpayer and one of Ohio's largest employers. The combined company will have \$5 billion in annual sales, nearly \$20 billion in assets, 11,681 megawatts of generating capacity, and 57 transmission interconnections with 8 electric systems.

Merger Benefits

The merger creates a larger enterprise with more resources to enhance near-term and long-term value to shareholders, provide better service at lower prices to customers, continue the companies' strong traditions of financial and volunteer support to communities, and offer more career opportunities for employees than if the companies remained separate. Other benefits include: economic vitality of the companies' contiguous service areas; synergies from joining operations; sharing of employee skills and best practices; increased flexibility regarding jointly owned generating units; and improved ability to increase cash flow and reduce debt.

In addition, FirstEnergy intends to propose a rate reduction plan for CEI and Toledo Edison customers, similar to Ohio Edison's, that would call for a rate freeze through 2005, rate reduction of 15 percent in 2006, and accelerated depreciation of \$2 billion in fixed costs.

Through cost reduction and efficiency improvement programs, reductions in new capital requirements, and lower overheads from the merger, FirstEnergy expects to set a goal of reducing debt by \$2.5 billion through 2000, which will significantly reduce financial risks related to stranded investments in a more competitive electric industry.

Ohio Edison and Centerior Energy: Facts At A Glance

Period Ended June 30, 1996

	Ohio Edison	Centerior Energy	FirstEnergy
Customers	1,099,746	1,031,998	2,131,744
Employees	4,514	6,592	11,106
Service Area (Square Miles)	9,000	4,200	13,200
Population	2,872,000	2,610,000	5,482,000
Generating Capacity (MW)	5,757	5,924	11,681
Record Peak Load (MW)	6,332	5,779	12,111
Transmission Line Miles	4,576	1,922	6,498
Transmission Interconnections	36	21	57
Distribution Line Miles	26,114	27,572	53,686
Transmission Substations	58	39	97
Distribution Substations	362	265	627

Financial Highlights

12 Months Ended June 30, 1996

(Millions, except per share amounts)

Revenues	\$2,495	\$2,535	\$5,030
Earnings on Common Stock	\$301	\$164	\$465
Earnings Per Share	\$2.09	\$1.11	N/A
Dividends Per Share	\$1.50	\$0.80	N/A
Common Shares Outstanding	152.6	148.0	N/A
Capital Expenditures	\$144	\$204	\$348
Kilowatt-hours Sold	34,603	30,820	65,423

Financial Highlights

At June 30, 1996

(Millions, except per share amounts)

Total Assets	\$8,643	\$10,462	\$19,105
Total Common Equity	\$2,448	\$1,920	\$4,368
Book Value Per Share	\$16.99	\$12.97	N/A
Closing Price (9/13/96)	\$20.75	\$7.625	N/A

Ohio Edison Company and Centerior Energy Corporation Profile

Ohio Edison Company (NYSE:OEC), is an investor-owned electric utility headquartered in Akron, Ohio. Its subsidiary, **Pennsylvania Power Company**, is based in New Castle, Pennsylvania. The companies provide electric service, as well as a variety of energy-related products and services, to 1.1 million customers within 9,000 square miles of northeastern and central Ohio and western Pennsylvania.

For three consecutive years, the largest area the company serves, Akron and Summit County (Ohio), has been ranked among the nation's top 20 metropolitan areas for siting new and expanding manufacturing plants. Over the same period, economic growth across the company's service area has contributed to Ohio's top ranking in attracting new and expanded corporate facilities. In 1995, the company added 2,628 industrial and commercial businesses.

The company also achieved record retail sales for the third consecutive year - 26.4 billion kilowatt-hours in 1995, up 5.1 percent from the previous year. For the twelve months ended December 31, 1995, 26 percent of total kilowatt-hour sales came from residential customers, 21 percent from commercial customers, 32 percent from industrial customers and 21 percent from wholesale and other transactions.

The company's generating capacity by fuel source is: 73 percent coal, 20 percent nuclear, 5 percent oil, and 2 percent natural gas.

Community Involvement

Ohio Edison is committed to improving the economic and social conditions in the communities where our customers and employees live and work. The company's efforts at philanthropy, education, volunteerism and economic development reflect a strong sense of community involvement. Working with other businesses, government and the non-profit sector, the company helps promote the health, safety and economic vitality of the communities we serve.

The company supports many charitable, civic and cultural organizations, and has developed programs to help people - from providing financial aid to needy customers to helping teachers plan lessons on energy. Employees are encouraged to become active volunteers with community organizations because helping meet human needs will ensure a brighter future for our communities and customers.

Ohio Edison's commitment to corporate citizenship is a basic part of the company's approach to doing business. A company is measured not only by the quality of its products and services, but by the strength of its partnership with the larger community. Ohio Edison will strive to make sure the company and its employees continue to be responsive to the needs of the communities we serve.

Environmental Commitment

Ohio Edison's commitment to the environment is a long-standing tradition. The company is a leader in environmental innovation, responsibly managing and protecting natural resources. Since the mid-1970s, the company has spent \$2.5 billion on environmental protection. Ohio Edison's employees take pride in the company's environmental achievements and intend to build on those accomplishments in the years ahead.

CENTERIOR ENERGY CORPORATION

Centerior Energy Corporation (NYSE: CX) is an investor-owned electric utility headquartered in Independence, Ohio. The company was formed in 1986 through an affiliation of The Cleveland Electric Illuminating Co. (CEI) and The Toledo Edison Co. The companies provide electric service and a variety of energy-related products and services to more than one million customers in a 4,200-square-mile service area in northern Ohio.

Since third-quarter 1995, the company has been structured in six related but distinct strategic business groups: *distribution*, which operates as a utility delivering electricity to 2.6 million people; *power generation*, which operates eight fossil-fueled and two nuclear-fueled plants spanning Centerior's service area; *transmission*, which manages the flow of power through 1,922 miles of lines and 21 interconnections with four other electric power systems in three other states; *business enterprises*, which pursues business opportunities that build on Centerior's core competencies in energy; *services*, which supports the other groups; and *administration*, which handles internal and external matters such as finance, law, regulatory and governmental affairs and shareholder relations.

With 1995 revenues of \$2.5 billion and assets of \$10.6 billion, the company ranks 486th on the *Fortune* 500 list. It is the 33rd-largest investor-owned utility in the country, according to *Fortune*, and is Ohio's largest taxpayer, with annual payments of \$320 million.

Centerior's customers include many of Ohio's leading businesses, among them BP America, Ford Motor Company, General Motors, LTV Steel Company and Sun Oil. The company also serves several major universities, including Cleveland State University, John Carroll University, Baldwin-Wallace College and the University of Toledo.

The Centerior service area has become a national leader in job creation, and the company's economic development efforts have spurred that trend. In 1995, those efforts helped bring 34 new projects into existence, producing annual revenues of about \$23 million for the company. Major new customers - including North Star BHP Steel, Worthington Steel and Aluminum Company of America - signed on in 1995, and Centerior support helped existing customers expand, among them Ford Motor and American Steel & Wire.

In 1995, kilowatt-hour sales were 23 percent residential, 25 percent commercial, 40 percent industrial and 12 percent wholesale and other transactions.

Ohio Edison Management Team

Willard R. Holland, 60, chairman and CEO of Ohio Edison; chairman of Penn Power
 H. Peter Burg, 50, president, COO and CFO
 Anthony J. Alexander, 45, executive vice president and general counsel
 Robert J. McWhorter, 64, senior vice president
 Earl T. Carey, 54, vice president
 Arthur R. Garfield, 58, vice president
 John A. Gill, 58, vice president
 Barry M. Miller, 63, vice president
 Guy L. Pipitone, 46, vice president
 David L. Yeager, 61, vice president
 Nancy C. Ashcorn, 48, secretary
 Richard H. Marsh, 45, treasurer
 Harvey L. Wagner, 44, comptroller

Centerior Energy Management Team

Robert J. Farling, 59, chairman, president and chief executive officer
 Murray R. Edelman, 57, executive vice president
 Fred J. Lange Jr., 46, senior vice president
 Gary R. Leidich, 45, senior vice president
 Terrence G. Linnert, 49, senior vice president, chief financial officer and general counsel
 John P. Stetz, 50, senior vice president
 Jacquita K. Hauserman, 53, vice president
 Lew W. Meyers, 47, vice president
 David L. Monseau, 55, vice president
 Stanley F. Szwed, 43, vice president
 John K. Wood, 45, vice president
 E. Lyle Pepin, 54, controller
 David M. Blank, 47, treasurer
 Janis T. Percio, 43, secretary

Operating Statistics*

	Ohio Edison	Centerior Energy
Customers	1,099,746	1,031,998
Employees	4,514	6,592
Service Area (Square Miles)	9,000	4,200
Population	2,872,000	2,610,000
Kilowatt-hours Sold (Millions)	34,603	30,820
Generating Capacity (MW)	5,757	5,924
Record Peak Load (MW)	6,332	5,779
Transmission Line Miles	4,576	1,922
Transmission Interconnections	36	21
Distribution Line Miles	26,114	27,572
Transmission Substations	58	39
Distribution Substations	362	265

*As of June 30, 1996

Financial Highlights

(Millions, except per share amounts)

	12 Mos. Ended June 30, 1996	1995	1994
Ohio Edison			
Revenues	\$2,495	\$2,466	\$2,368
Net Income	\$319	\$317	\$304
Earnings Per Share	\$2.09	\$2.05	\$1.97
Dividends	\$1.50	\$1.50	\$1.50
Total Assets	\$8,643	\$8,824	\$8,994
Common Shares Outstanding	152.6	152.6	152.6
Capital Expenditures	\$144	\$166	\$227
Centerior Energy			
Revenues	\$2,535	\$2,516	\$2,421
Net Income	\$164	\$220	\$204
Earnings Per Share	\$1.11	\$1.49	\$1.38
Dividends Per Share	\$0.80	\$0.80	\$0.80
Total Assets	\$10,462	\$10,643	\$10,691
Common Shares Outstanding	148.0	148.0	148.0
Capital Expenditures	\$204	\$201	\$205

MERGER OVERVIEW

