

Service Company Agreement-Utility Execution Copy

SERVICE AGREEMENT

This Service Agreement ("Agreement") is entered into as of the 31st day of January, 2017, by and between each of the associate companies listed on the signature page hereto (each a "Client Company"), and FirstEnergy Service Company, an Ohio corporation ("Service Company").

WHEREAS, Service Company is a direct wholly-owned subsidiary of FirstEnergy Corp., a holding company under the Public Utility Holding Company Act of 2005, as amended (the "Act");

WHEREAS, Service Company has been formed for the purpose of providing administrative, management and other services to FirstEnergy Corp. and its associate companies, including Client Company (together, the "Client Companies"); and

WHEREAS, Client Company believes that it is in its interest to enter into an arrangement whereby Client Company may agree to purchase such administrative, management and other services from Service Company as Client Company may choose at cost as determined in accordance with this Agreement and the Act;

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. DESCRIPTION OF SERVICES.

Service Company agrees to provide certain administrative, management or other services (the "Services") to Client Company similar to those supplied to other Client Companies of Service Company. Such services are and will be provided to Client Company only at the request of Client Company. Exhibit A hereto lists and describes all of the Services that are available from Service Company.

2. PERSONNEL.

In order to provide the Services, Service Company will employ executive officers, accountants, financial advisers, technical advisers, attorneys and other persons with the necessary qualifications. If necessary, Service Company may also arrange for the services of nonaffiliated experts, consultants and attorneys in connection with the performance of any of the Services provided under this Agreement.

3. COMPENSATION AND ALLOCATION.

As and to the extent required by law, Service Company provides and will provide such services at fully allocated cost, determined in accordance with the Act. Exhibit A hereof contains rules for determining and allocating such costs.

4. TERMINATION AND MODIFICATION.

Either party to this Agreement may terminate this Agreement by providing 60 days written notice of such termination to the other party. This Agreement is subject to termination or modification at any time to the extent its performance may conflict with the provisions of the Act or with any rule, regulation or order of the Federal Regulatory Energy Commission (the "Commission") adopted before or after the making of this Agreement. This Agreement shall be subject to the approval of any state commission or other state regulatory body whose approval is, by the laws of said state, a legal prerequisite to the execution and delivery or the performance of this Agreement.

5. SERVICE REQUESTS.

Client Company and Service Company will prepare a Service Request on or before September 30th of each year listing Services to be provided to Client Company by Service Company and any special arrangements related to the provision of such Services for the coming year, based on Services provided during the preceding year. Client Company and Service Company may supplement the Service Request during the year to reflect any additional or special Services that Client Company wishes to obtain from Service Company, and the arrangements relating thereto.

6. BILLING AND PAYMENT.

Unless otherwise set forth in a Service Request, payment for Services provided by Service Company shall be by making remittance of the amount billed or by making appropriate accounting entries on the books of Client Company and Service Company. Billing will be made on a monthly basis, with the bill to be rendered as soon as practicable after the close of the month, and remittance or accounting entries completed within 30 days of billing. Any amount remaining unpaid after 30 days following receipt of the bill shall bear interest thereon from the due date of the bill until payment at a rate equal to the prime rate on the due date.

7. NOTICE.

Where written notice is required by this Agreement, all notices, consents, certificates, or other communications hereunder shall be in writing and shall be deemed given when mailed by United States registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

To Client Company: c/o President
76 South Main St.
Akron, Ohio 44308

To Service Company: c/o Vice President and Controller
76 South Main Street
Akron, Ohio 44308

8. GOVERNING LAW.

This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio, without regard to its conflict of law's provisions.

9. MODIFICATION.

No amendment, change or modification to this Agreement shall be valid, unless made in writing and signed by both parties hereto.

10. ENTIRE AGREEMENT.

This Agreement, together with its exhibits, constitutes the entire understanding and agreement of the parties with respect to its subject matter, and effective upon the execution of this Agreement by the respective parties hereof, any and all prior agreements, understandings or representations with respect to this subject matter are hereby terminated and canceled in their entirety and are of no further force and effect, except to the extent transactions thereunder have taken place prior to such effective date in which case such agreements will govern the terms of such transactions.

11. WAIVER.

No waiver by either party hereto of a breach of any provision of this Agreement shall constitute a waiver of any preceding or succeeding breach of the same or any other provision hereof.

12. ASSIGNMENT.

This Agreement shall inure to the benefit and shall be binding upon the parties and their respective successors and assigns. No assignment of this Agreement or either party's rights, interests or obligations hereunder may be made without the other party's consent, which shall not be unreasonably withheld, delayed or conditioned.


13. SEVERABILITY.

If any provision or provisions of this Agreement shall be held by a court of competent jurisdiction to be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall in no way be affected or impaired thereby.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed effective as of the 31st day of January, 2017. This Agreement supersedes any previous agreement between the Service Company and the Client Companies.

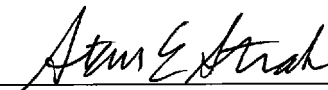
FirstEnergy Service Company

By: 
Steven R. Staub
Vice President and Treasurer

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Client Companies:

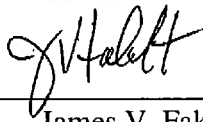
**Ohio Edison Company
The Cleveland Electric Illuminating
Company
The Toledo Edison Company
Pennsylvania Power Company
American Transmission Systems,
Incorporated
Pennsylvania Electric Company
Waverly Electric Power & Light
Company
Metropolitan Edison Company
Monongahela Power Company
The Potomac Edison Company
West Penn Power Company
PATH-Allegheny Land Acquisition
Company
PATH-Allegheny Maryland
Transmission Company, LLC
PATH Allegheny Transmission
Company, LLC
PATH Allegheny Virginia
Transmission Corporation
AYE Series, Potomac-Appalachian
Transmission Highline, LLC
Trans-Allegheny Interstate Line
Company
Mid-Atlantic Interstate Transmission,
LLC**

By: 

Steven E. Strah
President

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**Jersey Central Power & Light
Company**

By: 

James V. Fakult
President

EXHIBIT A
DESCRIPTION OF SERVICES AND ALLOCATION METHODOLOGY

1. Description Of Services

Overview

This Exhibit provides a description of all services provided by Service Company departments and the cost allocation methodologies to be used in connection therewith. All products and services are subject to Service Level Standards as negotiated between the Service Company department and Client Company. Each Client Company is classified as either a "Utility Subsidiary" or a "Non-Utility Subsidiary".

2. Cost Allocation Methodology

Overview

The costs of services provided by Service Company will be directly assigned, distributed or allocated by activity, project, program, work order or other appropriate basis. The primary basis for charges to affiliates is the direct charge method. The methodologies listed below pertain to all other costs which are not directly assigned but which make up the fully allocated cost of providing the product or service. The costs of product and services provided by the ServeCo that cannot be charged directly to the Subsidiary receiving the product or service will be allocated among the associate companies by utilizing one of the methods described below that most accurately distributes the costs. The method of cost allocation varies based on the department rendering the service. The allocation methods used by Service Company are as follows:

a. **"Multiple Factor – All"** - For the Indirect Costs for products or services benefiting the entire FirstEnergy system, FirstEnergy and all Subsidiaries will bear a fair and equitable portion of such costs. FirstEnergy will bear 5% of these Indirect Costs. The remaining Indirect Costs will be allocated among the Utility Subsidiaries and the Non-Utility Subsidiaries benefiting from the services provided based on FirstEnergy's equity investment in the respective groups. A subsequent allocation step will then occur. Among the Utility Subsidiaries, allocations will be based upon the **"Multiple Factor - Utility"** method. Among the Non-Utility Subsidiaries, allocations will be based upon the **"Multiple Factor - Non-Utility"** method.

b. **"Multiple Factor – Utility"** - For the Indirect Costs for a product or service solely benefiting one or more of the Utility Subsidiaries, each such Utility Subsidiary so benefiting will be charged a portion of the Indirect Costs based on the sum of the weighted averages of the following factors:

1. Gross transmission and/or distribution plant
2. Operating and maintenance expense excluding purchase power and fuel costs

3. Transmission and/or distribution revenues, excluding transactions with affiliates

These three (3) factors have been determined to be the most appropriate for the Utility Subsidiaries in the FirstEnergy system. Each factor will be weighted equally so that no one facet of the electric utility operations inordinately influences the distribution of Indirect Costs.

c. “Multiple Factor - Non-Utility” - For the Indirect Costs for products or services solely benefiting the Non-Utility Subsidiaries, each Non-Utility Subsidiary so benefiting receiving the product or service will be charged a proportion of the Indirect Costs based upon the total assets of each Non-Utility Subsidiary, including the generating assets under operating leases from the Utility Subsidiaries.

d. “Multiple Factor - Utility and Non-Utility” - For the Indirect Costs for a product or service benefiting one or more of the Utility and Non-Utility Subsidiaries, each such Subsidiary so benefiting is first assigned a distribution ratio that is in proportion to the Indirect Costs based on FirstEnergy’s equity investment in such Subsidiaries. Following this distribution, a subsequent allocation step will then occur. Among the Utility Subsidiaries, allocations will be based upon the **“Multiple Factor-Utility.”** Among the Non-Utility Subsidiaries, allocations will be based upon **“Multiple Factor - Non-Utility”**

e. “Direct Charge Ratio” - The ratio of direct charges for a particular product or service to an individual Subsidiary as a percentage of the total direct charges for a particular product or service to all Subsidiaries benefiting from such services. Indirect Costs are then allocated to each Subsidiary based on the calculated ratios.

f. “Number of Customers Ratio” - For costs of products and services driven by the number of Utility customers, the allocation method that will be used will be the number of Utility customers for the respective Utility Subsidiary receiving the product or service divided by the total number of utility customers.

g. “Number of Shopping Customers Ratio” - A “shopping customer” is defined as a Utility customer who has selected a competitive electric generation supplier. For costs of products and services driven by the number of shopping customers, the allocation method that will be used will be the number of shopping customers for the respective Utility Subsidiary receiving the product or service divided by the total number of shopping customers.

h. “Number of Participating Employees – General” - For costs of products and services driven by all participating employees within the FirstEnergy system, the allocation method that will be used will be the number of participating employees for the respective Subsidiary receiving the product or service divided by the total number of participating employees.

i. “Number of Participating Employees - Utility and Non-Utility” - For costs of products and services driven by participating employees who work for the Utility and Non-Utility Subsidiaries, the Subsidiaries receiving the product or service are first assigned a distribution ratio that is in proportion to the Indirect Costs based on FirstEnergy’s equity investment in the respective groups. Costs are further allocated by using the number of participating employees for the respective Subsidiary divided by the total number of participating FirstEnergy employees.

j. “Gigabytes Used Ratio” - Number of gigabytes utilized by a Subsidiary receiving the product or service divided by the total number of gigabytes used by the FirstEnergy system companies applicable to that respective product or service.

k. “Number of Computer Workstations Ratio” - Number of computer workstations utilized by a Subsidiary receiving the product or service divided by the total number of computer workstations in use by the FirstEnergy system companies applicable to that respective product or service.

l. “Number of Billing Inserts Ratio” - Number of billing inserts performed for a Subsidiary receiving the product or service divided by the total number of billing inserts performed for the FirstEnergy system companies applicable to that respective product or service.

m. “Number of Invoices Ratio” - Number of invoices processed for a Subsidiary receiving the product or service divided by the total number of invoices processed for the FirstEnergy system companies applicable to that respective product or service.

n. “Number of Payments Ratio” - Number of monthly payments processed for a Subsidiary divided by the total monthly number of payments processed for the FirstEnergy system companies applicable to that respective product or service. This will not be utilized until some historical information is available out of our new automated system.

o. “Daily Print Volume” - Average daily print volume performed for a Subsidiary receiving the service divided by the total average daily print volume performed for the entire FirstEnergy system.

p. **“Number of Intel Servers”** - Number of Intel servers utilized by a Subsidiary receiving the product or service divided by the total number of Intel servers utilized by the FirstEnergy system.

q. **“Application Development Ratio”** - Number of application development hours budgeted for a Subsidiary receiving the service divided by the total number of budgeted application development hours for the year.

r. **“Server Support Composite”** - The average ratio of unix gigabytes, SAP gigabytes and Intel number of servers for a Subsidiary receiving the service.

3. Descriptions of Products and Services

CALL CENTER

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|-------------------------------------|---|---|
| Field All Inbound Regulated Calls | Field calls related to billing, credit, new service, service order completion, outages, and other miscellaneous activities. | Multiple Factor – Utility and Non-Utility |
| Field All Inbound Unregulated Calls | Field calls related to billing, credit, new service, service order completion, outages, and other miscellaneous activities. | Multiple Factor – Utility and Non-Utility |

CUSTOMER SERVICE

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|--|--|------------------------------------|
| Supplier Services | Provide customer services support to electric generation suppliers, administer and maintain Electronic Data Interface (EDI) functions and invoice suppliers. | Number of Shopping Customers Ratio |
| Regulatory Interface and Process Improvement: Supplier | Liaison to ensure Customer Choice requirements and develop and execute plans to improve supplier services processes. | Number of Shopping Customers Ratio |
| Market Support Generation (MSG) Administration | Administer and support MSG supplier functions. | Number of Shopping Customers Ratio |
| Regulatory Interface and Process Improvement: Regulatory | Respond to regulatory complaints from customers and develop and execute plans to improve regulatory compliance processes. | Number of Customers Ratio |
| Compliance | Work with regions to communicate and ensure regulatory requirements. | Multiple Factor – Utility |
| Power Billing | Provide billing functions for large commercial/industrial contract customers. | Number of Customers Ratio |
| Revenue Reporting | Perform and manage revenue reporting functions. | Number of Customers Ratio |
| Billing Exception Processing | Process billing exceptions. | Number of Customers Ratio |
| Remittance Processing | Process customer payments and deposit funds. | Number of Payments Ratio |
| Human Services | Coordinate and administer the various social services programs. | Number of Customers Ratio |

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|--|--|---------------------------|
| Arrears Management/ Outsourcing Services Incorporated (OSI) Administration | Coordinate and perform arrears, credit and bankruptcy functions. Manage outside collections agencies' performance and OSI credit activities. | Number of Customers Ratio |
| Revenue Protection Administration | Perform revenue reporting and compliance functions. | Number of Customers Ratio |
| Metrics and Budget/ Customer Satisfaction Measurement | Manage Customer Services and Call Center Departments' budgets and measure performance and customer satisfaction results. | Number of Customers Ratio |
| Policy/Procedures Development and Documentation | Develop, document and communicate Customer Services policies and procedures. | Number of Customers Ratio |
| Bill Administration/ Forms Administration | Design standardized customer bills, envelopes, and forms. | Number of Customers Ratio |
| Meter Reading Support | Coordinate Meter Reading schedules and routing activities. | Number of Customers Ratio |
| Customer Information System (CIS) Control | Operate and maintain CIS. | Number of Customers Ratio |

ECONOMIC DEVELOPMENT

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|-------------------------------|---|------------------------------------|
| Economic Development Services | Foster economic development to encourage capital investment in FirstEnergy's service areas. | Multiple Factor – Utility |

TRANSMISSION & DISTRIBUTION TECHNICAL SERVICES

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|--|---|------------------------------------|
| Forestry | Provide forestry services. | Multiple Factor – Utility |
| Distribution Reliability and Asset Records | Services include Joint User contracts, public works coordination, reliability reporting to regions and Public Utility Commissions, mutual assistance coordination, PowerOn support, cable locate ticket screening and tariff support. | Multiple Factor – Utility |

| | | |
|---|---|---------------------------|
| Design Standards | Services include line material and construction standards, distribution line and underground maintenance practices and support, new business process support, and service practices. | Multiple Factor – Utility |
| Substation Services Support | Services include Substation maintenance plan coordination, practices and support, mobile substation administration and planning, and environmental compliance support. | Multiple Factor – Utility |
| Equipment Repair/Testing Services | Services include the maintenance, installation, maintenance, testing and repair of utility equipment. | Multiple Factor – Utility |
| Fleet Services | Develop fleet strategy, and perform fleet maintenance practices and support. | Multiple Factor – Utility |
| Financial Services | Identify revenue enhancements and cost reductions. | Multiple Factor – Utility |
| Substation Design and Transmission-Line Maintenance Support | Perform substation and transmission line design and project management and transmission line and substation design and material standards, right-of-way and survey services, transmission line maintenance plan coordination, practices and support, FAA activity coordination. | Multiple Factor – Utility |
| Planning and Protection | Perform planning and protection support for subtransmission system and overall radial system capacity planning overview, and interconnection coordination for distributed technology applications on distribution system. | Multiple Factor – Utility |
| Capital Budget and Equipment Support | Capital budget development and support, and major equipment specifications and procurement/repair activities for major equipment. | Multiple Factor – Utility |

WORKFORCE DEVELOPMENT

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|---|---|---|
| Transmission and Distribution Skills Training | Develop and facilitate technical and safety training for workers associated with distribution activities, including line, substation, meter, fleet, warehouse, field engineering, and dispatch. Provide support through equipment evaluation, training analyses, job assessments, and project coordination. | Number of Participating Employees – General |
| Customer Service Skills Training | Develop and facilitate skills training for customer service groups. | Multiple Factor – Utility |
| External Learning Opportunities Through the Power Systems Institute | Develop educational partnerships with colleges to offer two-year degrees in electric utility technology. | Multiple Factor – Utility |

ADMINISTRATIVE SERVICES

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|---|--|---|
| Provide Administrative Support Services | Provides services in production printing, document imaging, graphic services, food services, corporate mailroom and corporate courier. | Multiple Factor – Utility and Non-Utility or Multiple Factor Utility* |
| Provide Records Management Services | Provides services in records storage, records retrieval, records retention, records planning and engineering records. | Multiple Factor – Utility and Non-Utility or Multiple Factor Utility* |
| Provide Business Services | Provides services in convenience copiers, fax machines, pagers, printers, and business information center. | Multiple Factor – Utility and Non-Utility or Multiple Factor Utility* |

* For services rendered only to the utilities.

EXECUTIVE

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|---------------------------|--|------------------------------------|
| Executive Management | Consultation and services in management and administration of all aspects of the business. | Multiple Factor – All |

COMMUNICATIONS

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|--------------------------------|---|---|
| Public Relations | Provides services in media relations, financial communications, annual reports, executive presentation, public relations counsel, corporate writing, internet support and special projects. | Multiple Factor – All |
| Employee Communications | Provides services with update, retirees, satellite broadcast, human resource-related communications and special projects. | Number of Participating Employees – Utility and Non-Utility |
| Production | Provides services related to display, photography, Corporate ID, video and employee merchandise. | Multiple Factor – All |
| Sponsorship | Provides services related to sports marketing, university support and special projects. | Multiple Factor – All |
| Non-Utility Advertising | Provides services related to broadcast/print, collateral, direct mail, internet/intranet, display/merchandise, yellow/white pages, production/agency support and special projects. | Multiple Factor – Non-Utility |
| Utility Advertising | Provides services related to TV, radio, print, outdoors, Internet/Intranet, special projects, production, agency support and creative media placement. | Multiple Factor – Utility |
| Utility Bill Inserts | Provides services developing regulated bill service to Ohio, Pennsylvania and New Jersey. | Multiple Factor – Utility |
| Utility : Yellow / White Pages | Provides services with regulated yellow/white pages. | Multiple Factor – Utility |
| Utility: Research | Provides research services. | Multiple Factor – Utility |
| Ohio Consumer Education | Provides services related to Ohio Consumer Education statewide and locally. | Multiple Factor – Utility |
| Ohio Deregulation Education | Provides service related to Deregulation Education. | Multiple Factor – Utility |

CORPORATE AFFAIRS AND COMMUNITY INVOLVEMENT

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|---|---|------------------------------------|
| Corporate Affairs Activities | Provide administrative support through oversight of the business practices and planning and implementation of staff, senior management and related meetings. Serves as community liaison. | Multiple Factor – Utility |
| Direct Community Involvement Initiatives | Provides direction in employee volunteerism, supports viable community partnerships and educational initiatives. | Multiple Factor – Utility |
| Energy Efficiency Programs | Directing and coordinating Ohio Weatherization and Energy Efficiency Programs for Low Income Customers. | Multiple Factor – Utility |
| Community Initiatives Consulting Services | Consults to regional operations and other business units and client managers for the various community programs. | Multiple Factor – Utility |
| Contributions Management | Directs, coordinates, monitors, and manages contributions. | Multiple Factor – Utility |

CORPORATE

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|-----------------------------|---|---|
| Investor Services | Stock administration, perform recordkeeping, transfer agent, registrar, paying agent, reinvestment plan administration and other services for shareholders. | None (All Direct Charge to Holding Co.) |
| Board of Directors Support | Support and administration of Board of Directors meetings and director compensation. | None (All Direct Charge to Holding Co.) |
| Annual Meeting Coordination | Coordinate the Annual Meeting of Shareholders, including the preparation and mailing of proxy materials and annual reports and the tabulation of proxies. | None (All Direct Charge to Holding Co.). |
| Indenture Compliance | Administer the company's indentures | Multiple Factor – Utility |

HUMAN RESOURCES

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|---|---|---|
| Manage Employee Executive Compensation and Benefits | Provide management and supervision for employee and executive compensation and benefits. | Number of Participating Employees – General |
| Manage Workers Compensation and Disability Management | Provide management and supervision for workers compensation and disability programs. | Number of Participating Employees – General |
| Provide and Coordinate Human Resources Training | Design, prepare and conduct training. | Number of Participating Employees – General |
| Provide Employment Services | Provide staffing, relocation and employment expertise. | Number of Participating Employees – General |
| Provide HRIS Services | Provide and maintain Human Resources information. | Number of Participating Employees – General |
| Provide Diversity Management Services | Manage Affirmative Action programs, provide EEO/AA consulting services, and respond to charges. | Number of Participating Employees – General |
| Manage/ Administer Medical Services and Wellness Programs | Establish compliance, develop, implement, and administer medical and wellness programs. | Number of Participating Employees – General |

INDUSTRIAL RELATIONS

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|-------------------------------------|---|---|
| Provide Labor Contract Negotiations | Provide contract negotiation services for all labor agreements. | Number of Participating Employees – General |
| Provide Labor Consulting Services | Provide labor consulting services. | Number of Participating Employees – General |
| Manage/Administer Safety Programs | Develop, implement and administer occupational safety programs. | Number of Participating Employees – General |

REAL ESTATE

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|--|---|---|
| Facilities Management | Management and maintenance of office facilities. | Multiple Factor – All or Multiple Factor Utility* |
| Facilities Planning and Project Management | Manage office design services, furniture, project management and other capital improvements. | Multiple Factor – All or Multiple Factor Utility* |
| Management of Real Estate Assets | Support internal and external inquiries regarding the acquisition, divestiture and management of real estate assets | Multiple Factor – All or Multiple Factor Utility* |
| Manage/Administer Security Programs | Administer physical security, special investigations, security audits, security consultation and contract guard services. | Multiple Factor – All or Multiple Factor Utility* |

* For services rendered only to the utilities.

FIRSTENERGY TECHNOLOGIES

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|--|---|---|
| Strategic Technologies | Develop, support and implement EPRI programs, industry initiatives, research and development programs collaboratives and activities with universities, labs and the Department of Energy. | Multiple Factor – Utility |
| New Technology Assessment | Perform assessment activities for strategic technology pilots, technology assessments, marketing tests, customer pilots and due diligence reviews. | Multiple Factor – Utility and Non-Utility |
| Technical Application and Product Innovation | Develop, analyze and support strategic alliances, joint ventures, strategic startups, direct investments and Portfolio initiatives. | Multiple Factor – Utility and Non-Utility |
| New Technology and Product Market Deployment | Develop, support and implement the following initiatives: tailored solutions with existing products, commercial packages, operational efficiencies and business area solutions. | Multiple Factor – Utility and Non-Utility |
| Demand Response Initiatives | Provide support for corporate demand response initiatives. | Multiple Factor – Utility and Non-Utility |
| Renewable Energy Program and Strategy | Provide support for various corporate and regulatory initiatives to develop and implement renewable energy programs and products. | Multiple Factor – Utility |

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| Regulated Programs and Services | Develop, support and implement programs and strategies to meet corporate initiatives and regulatory mandates and commitments related to Comprehensive Resource Assessment(CRA), customer end-use technology, distributed generation and load management. | Multiple Factor – Utility |
| Project Implementation Management Services | Develop and implement end-use and distributed generation technology-based products and services. | Multiple Factor – Utility and Non-Utility |

TECHNOLOGY & SUPPORT SERVICES

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|---|---|---|
| Provide Network Services | Provide Internal Network Services. | Multiple Factor – Utility and Non-Utility |
| Maintain wireless cell sites and fiber optics network | Maintain internal wireless cell sites and fiber optic network; provide engineering, procurement, and installation services. | Multiple Factor – Utility and Non-Utility |

INFORMATION TECHNOLOGY

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|--|--|--------------------------------|
| Application Development | Create new or enhance existing applications; including analysis design coding, testing, system integration, and implementation, as well as any required technical writing or project manual development. | Directly Billed |
| Development Supervision and Tool Support | Supervision of application development employees and the support of development software tools. | Application Development Ratio |
| Server Support (Unix, SAP) | Create and support the network and server infrastructure to accommodate unix and SAP client server applications. | Gigabytes Used Ratio |
| Client Server Storage Support | Support of storage requirements for all server applications. | Server Support Composite Ratio |
| Server Support (Intel) | Create and support the network and server infrastructure to accommodate windows and NT client server applications. | Number of Intel Servers Ratio |
| Mainframe Processing and Storage Support | Execute mainframe applications, including an appropriate portion of support, started tasks, mainframe backups and microfiche services. | Gigabytes Used Ratio |

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|------------------------------------|--|---|
| Desktop Support | Help desk email and end-user tools, remote access, repair services, and general workstation support. | Number of Computer Workstations Ratio |
| Network Services | Includes voice, data, EMS and radio access. | Direct Charge Ratio |
| Inserting Services | Provide document bursting, inserting and mailing. | Number of Billing Inserts Ratio |
| Printing Services | Provide mainframe and client server printing services at the data center. | Daily Print Volume Ratio |
| Technical Consulting | Provide consulting support to departments and end-users to enable them to leverage their IT capabilities. Provide advice and consultation regarding desktop setups and configurations. | Directly Billed |
| Training | Provide IT training. | Multiple Factor – Utility and Non-Utility |
| Business Application Support | Support business application related software licenses and / or hardware maintenance provided by an outside vendor. | Directly Billed |
| Data Security | Disaster recovery and data security services. | Multiple Factor – Utility and Non-Utility |
| Project Management Office | Oversee technology projects through benefit. | Multiple Factor – Utility and Non-Utility |
| Provide Telecommunication Services | Provide telecommunication services and equipment. | Direct Charge Ratio |
| Portal Support | Support the infrastructure to accommodate internet and intranet application access. | Multiple Factor – Utility and Non-Utility |

PERFORMANCE PLANNING

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|-------------------------------|---|-----------------------------|
| Performance Planning Services | Develop, support and execute performance planning services. | Multiple Factor – All |

SUPPLY CHAIN

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|--|---|---|
| Strategic Planning, Demand management and Procurement Projects | Provide assistance in materials and services planning (demand management) and performs special procurement projects. | Multiple Factor – Utility and Non-Utility |
| Goods and services procurement | Procure material, equipment and contractor services. Establish, manage and administer programs, which allow internal customers to obtain goods without having to process the need through Procurement. Develop specifications, construction standards, schedules, and bills of materials. | Multiple Factor – Utility and Non-Utility |
| Materials Management Support | Maintain the computerized purchasing and materials management systems, and material related modules; maintain and/or modify select management reports. Analyze Supply Chain processes and measure performance. Monitor and forecast demand to ensure a continuous supply of materials. | Multiple Factor – Utility and Non-Utility |
| Investment Recovery Projects | Develop and implement plans for disposition of surplus assets. | Multiple Factor – Utility and Non-Utility |
| Process, Refurbish and Sell Materials | Perform recovery processing, investment recovery processing, refurbishing and selling materials. | Multiple Factor – Utility and Non-Utility |
| Provide Warehousing Services - Non-nuclear | Receive and place material into stock, insure quality requirements are met at receipt, maintain inventory counts, and update information systems. Fill customer requests for material from stock. | Multiple Factor – Utility and Non-Utility |
| Provide Warehousing Services - Nuclear | Receive and place material into stock, insure quality requirements are met at receipt, maintain inventory counts, and update information systems. Fill customer requests for material from stock. | None (All direct charged) |
| Warehousing Space Charge | Provide warehousing space to internal customers. | Multiple Factor – Utility and Non-Utility |

CONTROLLERS

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|--|---|---|
| Accounting Research | Provide accounting research and consulting to ensure compliance with existing and proposed financial reporting, and regulatory accounting requirements. | Multiple Factor - All |
| Accounts Payable | Nonpayroll corporate disbursement services including account distribution to the general ledger. Resolve problems associated with invoice processing and maintain the accounts payable system. | Multiple Factor - All |
| Billing Services | Prepare non-retail electric billings. | Multiple Factor Utility |
| Infrastructure and Corporate Reporting, Accounting and Budgeting | Prepare Corporate Sustaining reports, subsidiary accounting and corporate budgeting, which includes reporting and support of the ledger, property records and SAP system. | Multiple Factor - All |
| Due Diligence | Assist value centers to determine whether proposed business acquisitions/combinations and similar transactions are desirable from a financial perspective; extensive review/analysis following preliminary review and firm intent to proceed with transaction through commitment and closing phases. | None (All direct charged) |
| Value Center Accounting and Budgeting | Maintain the property accounting system and provide value center accounting such as management reporting. | Multiple Factor – Utility and Non-Utility |
| Property Record Maintenance | Maintain corporate continuing property records. | Multiple Factor – Utility and Non-Utility or Multiple Factor Utility* |
| Tax Consulting and Research | Conduct tax research and tax consulting to assure compliance with statutes, while evaluating alternative tax strategies within the constraints of regulations that provide additional shareholder value to the company. In addition, provide tax-consulting advice to the value centers on tax compliance and reporting issues, which includes business “start-up” support to organizations requiring assistance. | Multiple Factor – All |

* For services rendered only to the utilities.

| | | |
|----------------|--|---|
| Tax Compliance | Prepare and process all schedules and information associated with corporate and subsidiary tax returns, audits, and tax litigation, assuring compliance with tax regulations and statutes. | Multiple Factor – All or Multiple Factor Utility* |
|----------------|--|---|

* For services rendered only to the utilities.

CREDIT MANAGEMENT

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|--|--|---|
| Credit Analysis and Supporting Functions | Provide detailed written credit analysis issuing recommendations on counterparty creditworthiness and assigning credit limits. | Multiple Factor – Utility and Non-Utility |
| Credit Policies and Procedures | Develop and support credit policies and procedures for managing credit risk. Implement and support standardized credit approval processes. | Multiple Factor – Utility and Non-Utility |
| Credit Management Information System | Develop and support credit management reports and calculate credit exposure on a corporate wide basis. | Multiple Factor - All |

ENTERPRISE RISK MANAGEMENT

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|-------------------------|--|-----------------------------|
| General Risk Management | Develop and maintain an enterprise risk management system. | Multiple Factor - All |

INSURANCE SERVICES

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|--|--|---|
| Insurance Policies | Manage and support insurance policies for all the business units . | Multiple Factor – Utility and Non-Utility |
| Loss Control Services | Manage and support property inspections to prevent losses. | Multiple Factor – Utility and Non-Utility |
| Surety Bonds | Manage and support Surety Bonds. | Multiple Factor– Utility and Non-Utility |
| Risk Transfer and Risk Mitigation Services | Manage and support risk transfer and risk mitigation services. | Multiple Factor – Utility and Non-Utility |
| Ancillary Coverages | Manage and support ancillary coverages. | None (All direct charged) |

INTERNAL AUDIT

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|--------------------|--|---|
| Audit Services | Perform the following internal audit services based on risk levels and / or requests: financial, performance analysis, safeguarding of assets, computer- related and fraud investigations. | Multiple Factor – All or Multiple Factor – Utility* |

INVESTMENT MANAGEMENT

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|--|---|---|
| Qualified and Non-qualified Pension and Savings Plan | Establish and implement investment policy and asset allocation strategy and monitor investment performance. | Number of Participating Employees – Utility and Non-Utility |
| FirstEnergy Foundation | Establish and implement investment policy and asset allocation strategy and monitor investment performance. | Multiple Factor - All |
| Voluntary Employee Benefit Association (VEBA) Trust | Establish and implement investment policy and asset allocation strategy and monitor investment performance. | Number of Participating Employees – Utility and Non-Utility |
| Nuclear Decommissioning | Establish and implement investment policy and asset allocation strategy and monitor investment performance. | None (All direct charged) |
| Non-Utility Generator Trust | Establish and implement investment policy and asset allocation strategy and monitor investment performance. | Multiple Factor – Non-Utility |
| Spent Nuclear Fuel | Establish and implement investment policy and asset allocation strategy and monitor investment performance. | None (All direct charged) |
| Low-Income Housing Tax Credit Partnership | Establish and implement investment policy and asset allocation strategy and monitor investment performance. | Multiple Factor - All |

INVESTOR RELATIONS

| Product or Service | Product / Service Description | Indiregct Allocation Methods |
|----------------------|--|--|
| Investor Information | Compile and communicate information to investors. | Multiple Factor – Utility* or Direct Charge to Holding Co. |
| Investor Education | Target and educate potential investors to promote FirstEnergy's valuation characteristics and business strategy. | None (All Direct Charge to Holding Co.) |

* For services rendered only to the utilities.

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|------------------------|---|-----------------------|
| Regulations Compliance | Ensure compliance with SEC Fair Disclosure regulations. | Multiple Factor - All |
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|----------------------------------|--|-----------------------|
| FirstEnergy Management Education | Provide education to management of business concerns and valuation issues of analyst/investors | Multiple Factor – All |
| FirstEnergy Employee Education | Actively promote understanding of financial and investor relations' issues. | Multiple Factor – All |

RATES AND REGULATORY AFFAIRS

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|--------------------------------------|---|---|
| Regulatory Activities and Consulting | Manage regulatory activities and interfaces, including tariff development and interpretation. Monitor and participate in regulatory affairs at the local, state and federal levels. | Multiple Factor – Utility |
| Customer Pricing and Contracting | Develop pricing programs for regulated electric service for retail and wholesale customers, including “unbundled” costs and prices for generation, transmission and distribution service and support justification to regulators. Provide support in developing pricing for special-purpose customer programs and non-regulated energy services (e.g. prepayment, economic development, interruptible load, conjunctive-billing electric service programs). | Multiple Factor – Utility |
| Billing Support | Provide assistance calculating customer (external and internal) invoices and operate and maintain systems to render, collect and account for these invoices. | Multiple Factor – Utility |
| Sales and Load Forecasting | Develop short-term and long-term sales forecast, peak load projections and customer counts | Multiple Factor – Utility and Non-Utility |

TREASURY

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|---|---|------------------------------------|
| Capital Structure Management and Administration | Perform all activities related to acquiring capital and establish and administer funding, legal documentation, and record-keeping activities associated with finance programs | Multiple Factor – All |
| Corporate Funds Management | Plan, manage, and operate the corporate “cash-flow-cycle.” | Multiple Factor – All |
| Corporate Forecasting | Provide regulatory support, strategy support, financial modeling and forecasting, financial and economic analysis and development of annual corporate KPI target. | Multiple Factor – All |

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|--|--|---|
| Capital Project Evaluation and Support | Provide analytical support in the areas of financing, profitability, capital structure and cash flow. | Multiple Factor – Utility and Non-Utility |
| Investor Relations Activities | Provide institutional and retail security holder, buy and sell-side analysts, rating agencies, and other key members of the financial community with qualitative and quantitative information. | Multiple Factor – All |

BUSINESS DEVELOPMENT

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|----------------------------------|---|------------------------------|
| Mergers and Acquisitions Support | Support, evaluate and assist in the management of merger, asset acquisition and asset disposition activities. | None (All direct charged) |
| Internal Consulting | Perform strategic analysis/business fit, and economic analysis. Provide integration and transitional management services as needed. | None (All direct charged) |

GOVERNMENTAL AFFAIRS

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|--------------------------------------|--|------------------------------|
| Federal Governmental Affairs Support | Activities associated with developing and maintaining relationships with federal government institutions; includes lobbying, and other support activities. | None (All direct charged) |
| State Governmental Affairs Support | Activities associated with developing and maintaining relationships with state government institutions; includes lobbying, and other support activities. | None (All direct charged) |

LEGAL

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|--|--|---|
| Provide Governmental Affairs Support | Activities associated with developing and maintaining relationships with government institutions; includes lobbying, litigation, and other support activities. | None (All direct charged) |
| Nuclear Legal Consultation and Case Management | Provide legal advice for federal and state nuclear matters. | None (All direct charged) |
| Human Resources Legal Consultation & Case Management | Provide legal advice for human resource matters (including workers compensation, union negotiations, arbitrations, class action lawsuits, etc.). | Multiple Factor – Utility and Non-Utility |

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|--|--|---|
| Employee Benefits Legal Consultation & Case Management | Provide legal advice for employee benefits matters (including health and welfare benefits, tax-qualified and non-tax qualified benefit plans and programs, pension administration, etc.). | Number of Participating Employees – Utility and Non-Utility |
| Tax Legal Consultation & Case Management | Provide legal advice for tax matters including federal, state & local tax matters (land tax, sales & use tax, IRS, etc.). | Multiple Factor – All |
| Bankruptcy Legal Consultation & Case Management | Provide legal advice for bankruptcy matters. | Multiple Factor – Utility and Non-Utility |
| International Legal Consultation & Case Management | Provide legal advice for international matters– contract negotiations, sale/lease agreements. | None (All direct charged) |
| Non-Utility Legal Consultation & Case Management | Provide legal advice on federal and state matters to Non-Utility Subsidiaries. | Multiple Factor – Non-Utilities |
| Regulatory Legal Consultation & Case Management | Provide legal advice for federal and state regulatory matters. | Multiple Factor – Utility |
| Environmental Legal Consultation & Case Management | Provide legal advice for environmental matters (other than PCB – related matters) - federal (EPA) and state (EPA), regulatory/legislative compliance issues. | None (All direct charged) |
| PCB Environmental Legal Consultation & Case Management | Provide legal advice for PCB-related matters - federal (EPA) and state (EPA), regulatory/legislative compliance issues. | Multiple Factor – Utility |
| Real Estate Legal Consultation & Case Management | Provide legal advice for real estate matters. | Multiple Factor – Utility and Non-Utility |
| Corporate Legal Consultation & Case Management | Provide legal advice for general corporate and transactional matters (including SEC filings, Board of Directors matters, PUHCA, Financings, Securities Matters, Intellectual Property, Technology, General Counsel matters, etc.). | Multiple Factor – All |
| Claims Legal Consultation & Case Management | Provide legal advice for Claims matters. | Multiple Factor - All |

CLAIMS

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|---------------------------|--------------------------------------|------------------------------------|
|---------------------------|--------------------------------------|------------------------------------|

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|---------------------------|---|-----------------------|
| Process Receivable Claims | Provide management, supervision, and performance of tasks associated with the resolution and chargeback of receivable claims. | Multiple Factor - All |
| Provide Corporate Support | Claims support in evaluating claims, and procuring appropriate external/internal legal resources. | Multiple Factor - All |