September 4, 2013

VIA eFILING

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C.  20426-0001

Re:  FirstEnergy Service Company
Pennsylvania Electric Company
Docket No. ER13-2315-000
Assignment of Original Service Agreement No. 3596

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act (“FPA”)\(^1\) and Part 35 of the regulations of the Federal Energy Regulatory Commission (“Commission”),\(^2\) FirstEnergy Service Company, (“FirstEnergy”), on behalf of its affiliate Pennsylvania Electric Company (“Penelec”) (collectively, “Applicants”),\(^3\) respectfully submits this application to reflect in the PJM Interconnection, L.L.C. (“PJM”) Service Agreements Tariff the assignment, pursuant to the attached Assignment and Consent to Assignment, of an existing, non-conforming transmission service agreement, known as the Facilities Agreement – Kinzua Project (“Facilities Agreement”).\(^4\) This assignment is part of a larger transaction (“Proposed Transaction”), pursuant

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\(^3\) Pursuant to Order No. 714, this filing is submitted by PJM on behalf of FirstEnergy Service Company and Penelec as part of an XML filing package that conforms with the Commission’s regulations. PJM has agreed to make all filings on behalf of the PJM Transmission Owners in order to retain administrative control over the PJM Tariff. FirstEnergy Service Company and Penelec have requested that PJM submit the Assignment and Consent to Assignment in the eTariff system, as part of PJM’s electronic Service Agreements Tariff.

\(^4\) As discussed in Penelec’s July 2, 2013 filing in Docket No. ER13-1887-000, Penelec and The Cleveland Electric Illuminating Company (“CEI”) entered into the Facilities Agreement, pursuant to which Penelec agreed to provide transmission services relating to the Seneca Pumped Storage Unit, which was then owned jointly by Penelec and CEI. Penelec filed the agreement with the Federal Power Commission pursuant to Section 205 of the FPA, with
to which FirstEnergy Generation, LLC (“FE Gen”) intends to sell the Seneca Pumped Storage Unit (“Seneca Facility”), FERC Project No. 2280, to Seneca Generation, LLC (“Seneca Gen”).

Under the Facilities Agreement, Penelec provides transmission service to and from the Seneca Facility. The rates and terms and conditions of service under the Facilities Agreement are not being modified, and the assignment of a transmission service agreement by one customer to another customer does not require Commission approval. This filing is being made solely to update the filed rate agreement to reflect that FE Gen is assigning the Facilities Agreement to Seneca Gen and that Penelec has consented to this assignment. The Facilities Agreement remains unchanged in all respects.

Because the Assignment and Consent to Assignment does not change Penelec’s cost of service or terms and conditions of service, Applicants request a waiver from the requirements of 18 C.F.R. § 35.13(a) and 18 C.F.R. § 35.13(b)(7), relating to cost of service information. To the extent not already provided above, the information required by Section 35.13(b) of the Commission’s regulations is provided below:

1. Contents of this Filing – Section 35.13(b)(1)

In addition to this cover letter, the application includes the following materials:

- Assignment and Consent to Assignment in RTF format with metadata attached
The Honorable Kimberly D. Bose  
September 4, 2013  
Page 3

- Attachment 1: Assignment and Consent to Assignment of Original Service Agreement No. 3596, in .PDF format
- Attachment 2: Original Service Agreement No. 3596, marked to show changes from the version that became effective on July 1, 2013

2. **Proposed Effective Date – Section 35.13(b)(2)**

Penelec requests that the Commission allow the Assignment and Consent to Assignment to become effective as of the closing of the Proposed Transaction. Penelec will make a compliance filing within thirty days of closing to reflect the actual effective date of the agreement. Pending submission of that compliance filing, the effective date will be entered in the eTariff system as 12/31/9998.

3. **Persons Receiving a Copy of This Filing – Section 35.13(b)(3)**

Rhonda Ferguson  
Vice President and Corporate Secretary  
Pennsylvania Electric Company  
76 South Main Street  
Akron, Ohio 44308  
rferguson@firstenergycorp.com

K. Jon Taylor  
Vice President and Controller  
FirstEnergy Generation, LLC  
76 South Main Street  
Akron, Ohio 44308  
taylorj@firstenergycorp.com

Harbor Hydro Holdings, LLC  
c/o LS Power Equity Advisors, LLC  
1700 Broadway, 35th Floor  
New York, NY 10019  
Attention: General Counsel  
jstaikos@lspower.com
Conclusion

Applicant respectfully requests that the Commission accept the Assignment and Consent to Assignment for filing, effective as of the closing of the Proposed Transaction.

Please contact the undersigned if you have any questions concerning this filing.

Respectfully submitted,

/s/ Julia E. Sullivan

Julia E. Sullivan
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Counsel for FirstEnergy Service Co. and Pennsylvania Electric Co.

Attachments
ATTACHMENT 1

Assignment and Consent to Assignment

First Revised Service Agreement No. 3596

(Clean Tariff)
ASSIGNMENT AND CONSENT TO ASSIGNMENT
Among
Pennsylvania Electric Company
And
FirstEnergy Generation, LLC
And
Seneca Generation, LLC
ASSIGNMENT AND CONSENT TO ASSIGNMENT

This Assignment and Consent to Assignment ("Assignment") is made and entered into this 29th day of August, 2013, by and among Pennsylvania Electric Company, a Pennsylvania corporation ("Penelec"), FirstEnergy Generation, LLC, an Ohio limited liability company ("FE Genco"), and Seneca Generation, LLC ("Buyer").

WITNESSETH

WHEREAS, Penelec and FE Genco are parties to a Facilities Agreement – Kinzua Project dated October 21, 1966, as amended by a Partial Assignment, Assumption and Consent Agreement dated October 30, 1998, as further amended by an Affirmation of Assignment and Consent to Assignment dated July 1, 2013 ("Facilities Agreement");

WHEREAS, Buyer is purchasing the Kinzua Project otherwise commonly known and referred to as the Seneca Facility (the "Project");

WHEREAS, pursuant to Article 6 of the Facilities Agreement, FE Genco wishes to assign all of its rights and obligations under the Facilities Agreement to Buyer subject to the terms hereof with such assignment to be effective as of the closing of the purchase by Buyer of the Project (such date, the “Effective Date”); and

NOW, THEREFORE, the parties wish to affirm such assignment and Penelec’s consent thereto.

1. ASSIGNMENT BY FE GENCO. FE Genco irrevocably, unconditionally, and without any recourse whatsoever assigns as of the Effective Date to Buyer all of FE Genco’s rights, holdings, and obligations under the Facilities Agreement but only, in respect of FE Genco’s obligations, to the extent such obligations arise from and after the Effective Date.

2. ASSUMPTION BY BUYER. Buyer unconditionally affirms its assumption as of the Effective Date of all of FE Genco’s rights, liabilities and obligations under the Facilities Agreement but only, in respect of FE Genco’s liabilities and obligations, to the extent such liabilities or obligations arise from and after the Effective Date. Buyer affirms that it is bound by all the terms of, and undertakes all the obligations contained in the Facilities Agreement from and after the Effective Date.

3. CONSENT BY PENELEC. Penelec affirms its consent to the assignment of the Facilities Agreement by FE Genco to Buyer as of the Effective Date. Penelec affirms that, from and after the Effective Date, it has released and discharged FE Genco from any and all liabilities, obligations, claims, actions, damages, costs and expenses whatsoever under the Facilities Agreement to the extent arising on or after the Effective Date.
IN WITNESS WHEREOF, the parties hereto have each caused this Assignment and Consent to Assignment to be duly executed as of the date set forth above.

PENNSYLVANIA ELECTRIC CO.

/s/

Name: Rhonda S. Ferguson
Title: Vice President & Corporate Secretary

FIRSTENERGY GENERATION, LLC

/s/

Name: K. Jon Taylor
Title: Vice President & Controller

BUYER

SENeca GENERATION, LLC

/s/

Name: Dardan Kapada
Title: Managing Director
AFFIRMATION OF ASSIGNMENT AND CONSENT TO ASSIGNMENT

This Affirmation of Facilities Agreement (“Affirmation”) is made and entered into this 1st day of July, 2013, by and among Pennsylvania Electric Company, a Pennsylvania corporation (“Penelec”), The Cleveland Electric Illuminating Company, an Ohio corporation (“CEI”), and FirstEnergy Generation, LLC, an Ohio limited liability company (“FE Gen”).

WITNESSETH

WHEREAS, Penelec and CEI are parties to a Facilities Agreement – Kinzua Project dated October 21, 1966, as amended by a Partial Assignment, Assumption and Consent Agreement dated October 30, 1998, copies of which are attached hereto (“Facilities Agreement”);

WHEREAS, pursuant to Article 6 of the Facilities Agreement, CEI intended to memorialize its assignment of the Facilities Agreement to FE Gen effective January 1, 2001;

WHEREAS, pursuant to that assignment, FE Gen began exercising CEI’s rights and performing CEI’s obligations under the Facilities Agreement as of January 1, 2001; and

NOW, THEREFORE, the parties wish to affirm such assignment and Penelec’s consent thereto.

1. ASSIGNMENT BY CEI. CEI irrevocably, unconditionally, and without any recourse whatsoever, affirms its January 1, 2001 assignment to FE Gen of all of CEI’s rights, holdings, and obligations under the Facilities Agreement.

2. ASSUMPTION AND INDEMNITY BY FE GEN. FE Gen unconditionally affirms its January 1, 2001 assumption of all of CEI’s rights, liabilities and obligations under the Facilities Agreement. FE Gen affirms that it is bound by all the terms of, and undertakes all the obligations of CEI contained in the Facilities Agreement. FE Gen shall indemnify and defend CEI from and against any and all liabilities, obligations, claims, actions, damages, costs and expenses whatsoever arising out of or in any way relating to the Facilities Agreement after December 31, 2000.

3. CONSENT BY PENELEC. Penelec affirms its consent to the assignment of the Facilities Agreement by CEI to FE Gen effective January 1, 2001. Penelec affirms that, effective January 1, 2001, it released and discharged CEI from any and all liabilities, obligations, claims, actions, damages, costs and expenses whatsoever under the Facilities Agreement.

IN WITNESS WHEREOF, the parties hereto have each caused this Affirmation to be duly executed as of the date set forth above.
PENNSYLVANIA ELECTRIC CO.

/s/

Name: Rhonda S. Ferguson
Title: Vice President & Corporate Secretary

THE CLEVELAND ELECTRIC ILLUMINATING CO.

/s/

Name: Rhonda S. Ferguson
Title: Vice President & Corporate Secretary

FIRSTENERGY GENERATION, LLC

/s/

Name: K. Jon Taylor
Title: Vice President & Controller
0.01 This Agreement made and entered into this 21st day of October, 1966, between Pennsylvania Electric Company, a Pennsylvania corporation, and The Cleveland Electric Illuminating Company, an Ohio corporation (hereinafter sometimes respectively called “Penelec” and “C.E.I.” and hereinafter sometimes collectively called the “Contracting Parties”),

WITNESSETH

0.0 WHEREAS, the Contracting Parties have, by letter dated March 31, 1964, agreed to join in an Application to the Federal Power Commission (and other agencies as necessary) for a license to construct and operate an electric generating station and related facilities, referred to as the Kinzua Project; and

0.03 WHEREAS, the Contracting Parties have filed said Application (an Amendment Of and Supplement To the Application previously filed individually by Penelec on February 14, 1962) on May 26, 1964; and

0.04 WHEREAS, the Contracting Parties, by Memorandum of Agreement dated October 15, 1964, have agreed that the Contracting Parties shall own the Kinzua Project as tenants in common and that, initially, C.E.I. shall own an undivided interest of 80% and Penelec shall own an undivided interest of 20% in said Project; and

0.05 WHEREAS, a License dated December 28, 1965, effective as of December 1, 1965, has been issued by the Federal Power Commission for construction and operation of the Kinzua Project by the Contracting Parties, and said License has been accepted by the Contracting Parties;

0.06 NOW, THEREFORE, in consideration of the premises and the mutual agreements of the Contracting Parties hereinafter set forth, it is agreed by and between Penelec
and C.E.I. as follows:

ARTICLE 1

FACILITIES

1.1 The Contracting Parties hereby agree that, as joint licensees of a combined hydroelectric and pumped storage development called the “Kinzua Project” (Project 2280 – Pennsylvania), each will own undivided licensee and contractual interests in real estate and shall construct and will own undivided interests in the Kinzua Project facilities (including the Upper Reservoir, water conduits, a Pumping and Generating Station, and a 230 KV transmission line approximately 3,100 feet long, all located in Kinzua Township, Warren County, Pennsylvania, on lands owned by the United States all of which are more fully defined in the Amendment Of and Supplement To the Application for License for the Kinzua Project, filed May 26, 1964, which document is hereby made a part of this Agreement) and as improved and expanded from time to time, as tenants in common, with C.E.I. owning an undivided interest of 80% and Penelec owning an undivided interest of 20%. The Contracting Parties further agree that their respective shares of capital and operating costs and their entitlements to the use of the facilities shall likewise be in said respective percentages.

1.2 The Contracting Parties shall be obligated to operate, maintain and manage the Kinzua Project for the benefit of the Contracting Parties, and to make such replacements thereto as shall from time to time be necessary (1) to provide adequately for the contemplated uses of the Kinzua Project; (2) to comply with all lawful requirements of the Federal Power Commission, the U.S. Department of Agriculture, the Pennsylvania Public Utility Commission, the U.S. Army Corps of Engineers, and all other authorities having jurisdiction in the premises; and (3) to provide for efficient operation of the Kinzua Project.
1.3 Prior to the start of full-scale operation, the Parties shall enter into an Operating Agreement to provide for the operation, management and maintenance of the Project.

ARTICLE 2

EASEMENTS AND WAIVER OF PARTITION

2.1 Each Party hereto hereby grants to the other such easements and rights in and to the interests in real property and the structures, equipment and facilities constructed or hereafter constructed or installed in or on said real estate, comprising the Kinzua Project, as each requires in respect of its said undivided interest, for the construction and operation of the Kinzua Project. Each Party hereto shall so use its rights and property hereby granted or reserved and any structures, equipment or facilities now or hereafter constructed or installed in or on said property, as not unreasonably to interfere with the use by the other Party of the rights and ownership interests herein provided for.

2.2 The Contracting Parties agree that the interests in real property and the structures, equipment and facilities comprising the Kinzua Project shall not, during the period hereinafter specified, be subject to any partition or sale for division, either voluntary or involuntary, by either judicial or non-judicial action, and all right to effect such a partition or sale for division during said period is hereby waived, surrendered and released by each Party. This agreement, waiver, surrender and release shall be binding upon and inure to the benefit of the respective Parties, and their respective successors and assigns, and the mortgagees, receivers, trustees or other representatives of the respective Parties and of their respective successors and assigns, and shall be applicable not only to the interests in real estate, structures, equipment and facilities comprising the Kinzua Project, which is being constructed by the Parties, but shall also be applicable to all improvements now or hereafter made by the Parties on or to said interests in
real property, structures, equipment and facilities for use in connection with said Kinzua Project. This agreement, waiver, surrender and release shall be effective during the period commencing with the date of execution of this Facilities Agreement and continuing after the completion and commencement of the operation in the public service of said Kinzua Project during the term of the License under which the Project is being operated, and any extensions or renewals thereof pursuant to which the Parties retain undivided ownership interests in the Project; provided, that if at any one or more times during said period the Parties by appropriate instrument executed and delivered by the Parties, shall dispose of and convey any portion thereof or interest therein, said agreement, waiver, surrender and release shall, upon such delivery, cease to be binding with respect to such portion or interest so disposed of and conveyed, but shall nevertheless remain effective during the aforesaid period with respect to the balance of said property and improvements not so disposed of and conveyed. This agreement, waiver, surrender and release shall not, and is not intended to, prohibit or limit in any way the right of each Party at any time owning an undivided interest in said interests in real property, structures, equipment and facilities, and improvements, to sell, convey, mortgage and otherwise freely transfer and alienate its own respective undivided interest therein, either in whole or in part, subject, however, to said agreement, waiver, surrender and release, and subject to the provisions of Article 6 of this Agreement.

ARTICLE 3

BILLING AND ACCOUNTING

3.1 Each Contracting Party shall bill the other monthly for its pro rata share of the cost, including applicable overheads, of purchasing and other services performed or furnished
by the billing Party which are directly related to the construction of the Project.

3.2 Each of the Contracting Parties shall keep accurate books of account containing in detail the items of cost applicable to the construction of the Project, and each shall cooperate with the other in furnishing such statements of original cost, and supplements thereto, as are necessary to verify the allocation of costs provided for in this Agreement.

ARTICLE 4

GENERAL

4.1 At any time the Contracting Parties may jointly agree to make capital improvements in the original Project, either by way of reconstruction, replacement, extension, enlargement or otherwise. The cost of construction of such capital improvements and the ownership thereof shall be allocated between the Parties in accordance with the undivided ownership interests of each. In the event a proposed capital improvement is desired by one Party and not the other, the proposing Party may proceed with the improvement at its own cost, provided, however, that ownership of any such improvement shall nevertheless be allocated between the Parties in accordance with the undivided ownership interest of each.

4.2 The Contracting Parties appreciate that changing concepts and circumstances may indicate the desirability of subsequent changes in cost responsibilities and ownership interests. In the event the Contracting Parties mutually agree the conditions so warrant, they will use their best efforts to arrive at agreements regarding these matters which will be fair to each Party.

4.3 Upon termination of the License under which the Contracting Parties are occupying the Project site neither Party shall separately apply for or otherwise prosecute renewal or extension of the License without first offering to the other the right to join in said renewal or
extension with ownership rights as herein provided for or as may be changed pursuant to this Agreement, and neither shall jointly with any other party apply for or otherwise prosecute renewal or extension of the License without first offering a similar right to participate in such renewal or extension to the other Contracting Party.

4.4 The performance of each provision of this Agreement is conditioned upon the due receipt of all regulatory approvals necessary to permit the performance thereof.

ARTICLE 5

DELIVERY OF CAPACITY AND ENERGY, AND PUMPING POWER

5.1 The parties have made provision for the interconnected operation of the systems of the Parties through an Operating Agreement between C.E.I. and a group of utilities commonly known as the PJM Group (of which Penelec is a member), dated September 30, 1965. The Parties recognize that optimum utilization of both the Project and the operations of the systems of the Parties requires C.E.I.’s Project capacity and energy entitlements and pumping power to be delivered over the interconnected system of which both Parties are a part. The Parties agree to use their best efforts to continue interconnected operation of their systems.

5.2 In any event, in order for the Parties to realize the benefits of the Project, and in consideration of the payment set forth in paragraph 5.3 of this Article, Penelec agrees for the duration of the life of the Project (a) to provide transmission services from the Kinzua Project to the present interconnection point between the Parties at the Ohio-Pennsylvania border, or to another mutually agreeable interconnection point, which are adequate to deliver C.E.I.’s capacity and energy entitlements from the Project, (b) to deliver such capacity and energy entitlements to C.E.I., and (c) to receive power supplied for the Project by C.E.I. and deliver the same to the Project.
5.3 The consideration called for by paragraph 5.2 of this Article is the payment by C.E.I. to Penelec of Two Hundred and Sixty-Six Thousand Dollars ($266,000.00) per year, over the life of the Project plus such compensation for losses as shall be provided in the Operating Agreement. The first such payment shall be made within thirty (30) days after the start of full-scale operation of the Project, and the remaining payments shall be made annually thereafter.

ARTICLE 6

ASSIGNMENT

6.1 Neither Contracting Party shall, without the prior written consent of the other, assign this Agreement, except as the same may be assigned voluntarily or otherwise, under its first mortgage. Subject to such provision, this Agreement shall inure to the benefit of and be binding upon the parties and their respective successors and assigns, and any indenture trustee foreclosing upon substantially all the properties of either Party may, at its election, be deemed to be a successor of said Party.

ARTICLE 7

ARBITRATION

7.1 Any controversy, claim, counterclaim, dispute, difference or misunderstanding arising out of, or relating to this Agreement shall be submitted to arbitration upon the request of either Contracting Party.

The Party submitting such request shall serve notice in writing upon the other Party setting forth in detail the subject or subjects to be arbitrated, and the Contracting Parties thereupon shall endeavor to agree upon and appoint one person, to act as sole arbitrator. If the Parties fail to agree upon such an arbitrator within fifteen days from the receipt of such notice,
either of the Parties may request the American Arbitration Association to appoint the sole arbitrator pursuant to its rules then obtaining.

The arbitration shall be conducted in accordance with the rules of the American Arbitration Association then in effect. The findings and award of the arbitrator shall be binding and conclusive with respect to the matter or matters submitted to arbitration, except as such findings and award may be modified, corrected or vacated as provided by law. The costs of arbitration shall be divided equally between the Parties.

Performance of this provision shall be a condition precedent to the institution of any proceeding in any court concerning any controversy, claim, counterclaim, dispute, difference or misunderstanding arising out of, or relating to this Agreement or the breach thereof.
IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed in duplicate this 21st day of October, 1966.

ATTEST: PENNSYLVANIA ELECTRIC COMPANY

/s/ Secretary                   By: /s/ President

ATTEST: THE CLEVELAND ELECTRIC ILLUMINATING COMPANY

/s/ Assistant Treasurer        By: /s/ Chairman of the Board
PARTIAL ASSIGNMENT, ASSUMPTION AND CONSENT AGREEMENT

This Partial Assignment and Assumption Agreement ("Agreement") is made and entered into as of this 30th day of October, 1998, by and among Pennsylvania Electric Company, a Pennsylvania corporation ("Penelec"), FE Acquisition Corp., an Ohio corporation ("FEAC"), and The Cleveland Electric Illuminating Company, an Ohio corporation ("CEI").

WITNESSETH

WHEREAS, Penelec and CEI are parties to a certain Facilities Agreement – Kinzua Project dated October 21, 1966 (the “Facilities Agreement”), relating to several matters including the facilities constituting the Seneca Pumped-storage Hydro-electric Generating Station ("Seneca") and certain related transmission services to be provided by Penelec thereunder;

WHEREAS, Penelec and FEAC have entered into a certain Purchase and Sale Agreement dated as of this date (the “Purchase Agreement”) which provides for the sale by Penelec of its 20% undivided ownership interest in Seneca (the “Interest”) to FEAC;

WHEREAS, Penelec is retaining ownership and control of the transmission facilities which interconnect with Seneca and with CEI; and

WHEREAS, CEI is retaining its ownership in Seneca and has a continuing need to receive the transmission services provided by Penelec under the Facilities Agreement and desires that the provisions in the Facilities Agreement relating to such transmission services remain in full force and effect as between CEI and Penelec.

NOW THEREFORE, in consideration of the mutual promises set forth in this Agreement and other valuable consideration, the receipt and sufficiency of which is acknowledged by the
parties, the parties to this Agreement intending to be legally bound agree as follows:

SECTION 1. ASSIGNMENT AND REAFFIRMATION BY PENELEC

Penelec hereby irrevocably, unconditionally and without any recourse whatsoever, assigns to FEAC all of Penelec’s rights, holdings and obligations under Articles 1 through 4, inclusive, of the Facilities Agreement (such articles being referred to as the “Assigned Provisions”). Penelec hereby retains and reaffirms to CEI its rights and obligations under Articles 5, 6 and 7 of the Facilities Agreement (the “Retained Provisions”).

SECTION 2. ASSUMPTION AND INDEMNITY BY FEAC

FEAC hereby unconditionally assumes all of Penelec’s rights, liabilities and obligations under the Assigned Provisions. FEAC agrees that it shall be bound by all the terms of, and shall undertake all the obligations of Penelec contained in the Assigned Provisions. FEAC shall indemnify and defend Penelec from and against any and all liabilities, obligations, claims, actions, damages, costs and expenses whatsoever arising out of or in any way relating to the Assigned Provisions.

SECTION 3. CONSENT, RELEASE AND REAFFIRMATION BY CEI

CEI hereby consents to the assignment of the Assigned Provisions by Penelec to FEAC pursuant to Article 6 of the Facilities Agreement. CEI hereby releases and discharges Penelec from any and all liabilities, obligations, claims, actions, damages, costs and expenses whatsoever under the Assigned Provisions. CEI hereby reaffirms its rights and obligations under the Facilities Agreement, including under the Assigned Provisions and the Retained Provisions (including CEI’s obligations to compensate Penelec for transmission losses thereunder).

SECTION 4. EFFECTIVE DATE, OTHER
This Agreement shall become effective upon the Closing (as defined) under the Purchase Agreement. If the Purchase Agreement is terminated for any reason prior to such Closing, this Agreement shall become null and void.

This Agreement may be executed in several counterparts and shall be governed by and construed in accordance with Pennsylvania law, without giving effect to conflict of law principles.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]
IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be duly executed as of the date set forth above.

PENNSYLVANIA ELECTRIC COMPANY

By: /s/ 
Name: Terrance G. Howson 
Title: Vice President & Treasurer

FE ACQUISITION CORP.

By: /s/ 
Name: Guy L. Pipitone 
Title: Vice President

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY

By: /s/ 
Name: Guy L. Pipitone 
Title: Agent
ATTACHMENT 2

Assignment and Consent to Assignment

First Revised Service Agreement No. 3596

(Marked Tariff)
AFFIRMATION OF ASSIGNMENT AND CONSENT TO ASSIGNMENT
Among
Pennsylvania Electric Company
And
The Cleveland Electric Illuminating Company
And
FirstEnergy Generation, LLC
And
Seneca Generation, LLC
ASSIGNMENT AND CONSENT TO ASSIGNMENT

This Assignment and Consent to Assignment (“Assignment”) is made and entered into this 29th day of August, 2013, by and among Pennsylvania Electric Company, a Pennsylvania corporation (“Penelec”), FirstEnergy Generation, LLC, an Ohio limited liability company (“FE Genco”), and Seneca Generation, LLC (“Buyer”).

WITNESSETH

WHEREAS, Penelec and FE Genco are parties to a Facilities Agreement – Kinzua Project dated October 21, 1966, as amended by a Partial Assignment, Assumption and Consent Agreement dated October 30, 1998, as further amended by an Affirmation of Assignment and Consent to Assignment dated July 1, 2013 (“Facilities Agreement”);

WHEREAS, Buyer is purchasing the Kinzua Project otherwise commonly known and referred to as the Seneca Facility (the “Project”);

WHEREAS, pursuant to Article 6 of the Facilities Agreement, FE Genco wishes to assign all of its rights and obligations under the Facilities Agreement to Buyer subject to the terms hereof with such assignment to be effective as of the closing of the purchase by Buyer of the Project (such date, the “Effective Date”); and

NOW, THEREFORE, the parties wish to affirm such assignment and Penelec’s consent thereto.

1. ASSIGNMENT BY FE Genco. FE Genco irrevocably, unconditionally, and without any recourse whatsoever assigns as of the Effective Date to Buyer all of FE Genco’s rights, holdings, and obligations under the Facilities Agreement but only, in respect of FE Genco’s obligations, to the extent such obligations arise from and after the Effective Date.

2. ASSUMPTION BY BUYER. Buyer unconditionally affirms its assumption as of the Effective Date of all of FE Genco’s rights, liabilities and obligations under the Facilities Agreement but only, in respect of FE Genco’s liabilities and obligations, to the extent such liabilities or obligations arise from and after the Effective Date. Buyer affirms that it is bound by all the terms of, and undertakes all the obligations contained in the Facilities Agreement from and after the Effective Date.

3. CONSENT BY PENELEC. Penelec affirms its consent to the assignment of the Facilities Agreement by FE Genco to Buyer as of the Effective Date. Penelec affirms that, from and after the Effective Date, it has released and discharged FE Genco from any and all liabilities, obligations, claims, actions, damages, costs and expenses whatsoever under the Facilities Agreement to the extent arising on or after the Effective Date.
IN WITNESS WHEREOF, the parties hereto have each caused this Assignment and Consent to Assignment to be duly executed as of the date set forth above.

PENNSYLVANIA ELECTRIC CO.

/s/

Name: Rhonda S. Ferguson
Title: Vice President & Corporate Secretary

FIRSTENERGY GENERATION, LLC

/s/

Name: K. Jon Taylor
Title: Vice President & Controller

BUYER

SENeca GENERATION, LLC

/s/

Name: Dardan Kapada
Title: Managing Director
AFFIRMATION OF ASSIGNMENT AND CONSENT TO ASSIGNMENT

This Affirmation of Facilities Agreement ("Affirmation") is made and entered into this 1st day of July, 2013, by and among Pennsylvania Electric Company, a Pennsylvania corporation ("Penelec"), The Cleveland Electric Illuminating Company, an Ohio corporation ("CEI"), and FirstEnergy Generation, LLC, an Ohio limited liability company ("FE Gen").

WITNESSETH

WHEREAS, Penelec and CEI are parties to a Facilities Agreement – Kinzua Project dated October 21, 1966, as amended by a Partial Assignment, Assumption and Consent Agreement dated October 30, 1998, copies of which are attached hereto ("Facilities Agreement");

WHEREAS, pursuant to Article 6 of the Facilities Agreement, CEI intended to memorialize its assignment of the Facilities Agreement to FE Gen effective January 1, 2001;

WHEREAS, pursuant to that assignment, FE Gen began exercising CEI’s rights and performing CEI’s obligations under the Facilities Agreement as of January 1, 2001; and

NOW, THEREFORE, the parties wish to affirm such assignment and Penelec’s consent thereto.

1. ASSIGNMENT BY CEI. CEI irrevocably, unconditionally, and without any recourse whatsoever, affirms its January 1, 2001 assignment to FE Gen of all of CEI’s rights, holdings, and obligations under the Facilities Agreement.

2. ASSUMPTION AND INDEMNITY BY FE GEN. FE Gen unconditionally affirms its January 1, 2001 assumption of all of CEI’s rights, liabilities and obligations under the Facilities Agreement. FE Gen affirms that it is bound by all the terms of, and undertakes all the obligations of CEI contained in the Facilities Agreement. FE Gen shall indemnify and defend CEI from and against any and all liabilities, obligations, claims, actions, damages, costs and expenses whatsoever arising out of or in any way relating to the Facilities Agreement after December 31, 2000.

3. CONSENT BY PENELEC. Penelec affirms its consent to the assignment of the Facilities Agreement by CEI to FE Gen effective January 1, 2001. Penelec affirms that, effective January 1, 2001, it released and discharged CEI from any and all liabilities, obligations, claims, actions, damages, costs and expenses whatsoever under the Facilities Agreement.

IN WITNESS WHEREOF, the parties hereto have each caused this Affirmation to be duly executed as of the date set forth above.
PENNSYLVANIA ELECTRIC CO.

/s/

Name: Rhonda S. Ferguson
Title: Vice President & Corporate Secretary

THE CLEVELAND ELECTRIC ILLUMINATING CO.

/s/

Name: Rhonda S. Ferguson
Title: Vice President & Corporate Secretary

FIRSTENERGY GENERATION, LLC

/s/

Name: K. Jon Taylor
Title: Vice President & Controller
FACILITIES AGREEMENT – KINZUA PROJECT

0.01 This Agreement made and entered into this 21st day of October, 1966, between Pennsylvania Electric Company, a Pennsylvania corporation, and The Cleveland Electric Illuminating Company, an Ohio corporation (hereinafter sometimes respectively called “Penelec” and “C.E.I.” and hereinafter sometimes collectively called the “Contracting Parties”),

WITNESSETH

0.0 WHEREAS, the Contracting Parties have, by letter dated March 31, 1964, agreed to join in an Application to the Federal Power Commission (and other agencies as necessary) for a license to construct and operate an electric generating station and related facilities, referred to as the Kinzua Project; and

0.03 WHEREAS, the Contracting Parties have filed said Application (an Amendment Of and Supplement To the Application previously filed individually by Penelec on February 14, 1962) on May 26, 1964; and

0.04 WHEREAS, the Contracting Parties, by Memorandum of Agreement dated October 15, 1964, have agreed that the Contracting Parties shall own the Kinzua Project as tenants in common and that, initially, C.E.I. shall own an undivided interest of 80% and Penelec shall own an undivided interest of 20% in said Project; and

0.05 WHEREAS, a License dated December 28, 1965, effective as of December 1, 1965, has been issued by the Federal Power Commission for construction and operation of the Kinzua Project by the Contracting Parties, and said License has been accepted by the Contracting Parties;

0.06 NOW, THEREFORE, in consideration of the premises and the mutual
agreements of the Contracting Parties hereinafter set forth, it is agreed by and between Penelec and C.E.I. as follows:

ARTICLE 1

FACILITIES

1.1 The Contracting Parties hereby agree that, as joint licensees of a combined hydroelectric and pumped storage development called the “Kinzua Project” (Project 2280 – Pennsylvania), each will own undivided licensee and contractual interests in real estate and shall construct and will own undivided interests in the Kinzua Project facilities (including the Upper Reservoir, water conduits, a Pumping and Generating Station, and a 230 KV transmission line approximately 3,100 feet long, all located in Kinzua Township, Warren County, Pennsylvania, on lands owned by the United States all of which are more fully defined in the Amendment Of and Supplement To the Application for License for the Kinzua Project, filed May 26, 1964, which document is hereby made a part of this Agreement) and as improved and expanded from time to time, as tenants in common, with C.E.I. owning an undivided interest of 80% and Penelec owning an undivided interest of 20%. The Contracting Parties further agree that their respective shares of capital and operating costs and their entitlements to the use of the facilities shall likewise be in said respective percentages.

1.2 The Contracting Parties shall be obligated to operate, maintain and manage the Kinzua Project for the benefit of the Contracting Parties, and to make such replacements thereto as shall from time to time be necessary (1) to provide adequately for the contemplated uses of the Kinzua Project; (2) to comply with all lawful requirements of the Federal Power Commission, the U.S. Department of Agriculture, the Pennsylvania Public Utility Commission, the U.S. Army Corps of Engineers, and all other authorities having jurisdiction in
the premises; and (3) to provide for efficient operation of the Kinzua Project.

1.3 Prior to the start of full-scale operation, the Parties shall enter into an Operating Agreement to provide for the operation, management and maintenance of the Project.

ARTICLE 2

EASEMENTS AND WAIVER OF PARTITION

2.1 Each Party hereto hereby grants to the other such easements and rights in and to the interests in real property and the structures, equipment and facilities constructed or hereafter constructed or installed in or on said real estate, comprising the Kinzua Project, as each requires in respect of its said undivided interest, for the construction and operation of the Kinzua Project. Each Party hereto shall so use its rights and property hereby granted or reserved and any structures, equipment or facilities now or hereafter constructed or installed in or on said property, as not unreasonably to interfere with the use by the other Party of the rights and ownership interests herein provided for.

2.2 The Contracting Parties agree that the interests in real property and the structures, equipment and facilities comprising the Kinzua Project shall not, during the period hereinafter specified, be subject to any partition or sale for division, either voluntary or involuntary, by either judicial or non-judicial action, and all right to effect such a partition or sale for division during said period is hereby waived, surrendered and released by each Party. This agreement, waiver, surrender and release shall be binding upon and inure to the benefit of the respective Parties, and their respective successors and assigns, and the mortgagees, receivers, trustees or other representatives of the respective Parties and of their respective successors and assigns, and shall be applicable not only to the interests in real estate, structures, equipment and facilities comprising the Kinzua Project, which is being constructed by the Parties, but shall also
be applicable to all improvements now or hereafter made by the Parties on or to said interests in real property, structures, equipment and facilities for use in connection with said Kinzua Project. This agreement, waiver, surrender and release shall be effective during the period commencing with the date of execution of this Facilities Agreement and continuing after the completion and commencement of the operation in the public service of said Kinzua Project during the term of the License under which the Project is being operated, and any extensions or renewals thereof pursuant to which the Parties retain undivided ownership interests in the Project; provided, that if at any one or more times during said period the Parties by appropriate instrument executed and delivered by the Parties, shall dispose of and convey any portion thereof or interest therein, said agreement, waiver, surrender and release shall, upon such delivery, cease to be binding with respect to such portion or interest so disposed of and conveyed, but shall nevertheless remain effective during the aforesaid period with respect to the balance of said property and improvements not so disposed of and conveyed. This agreement, waiver, surrender and release shall not, and is not intended to, prohibit or limit in any way the right of each Party at any time owning an undivided interest in said interests in real property, structures, equipment and facilities, and improvements, to sell, convey, mortgage and otherwise freely transfer and alienate its own respective undivided interest therein, either in whole or in part, subject, however, to said agreement, waiver, surrender and release, and subject to the provisions of Article 6 of this Agreement.

ARTICLE 3

BILLING AND ACCOUNTING

3.1 Each Contracting Party shall bill the other monthly for its pro rata share of
the cost, including applicable overheads, of purchasing and other services performed or furnished by the billing Party which are directly related to the construction of the Project.

3.2 Each of the Contracting Parties shall keep accurate books of account containing in detail the items of cost applicable to the construction of the Project, and each shall cooperate with the other in furnishing such statements of original cost, and supplements thereto, as are necessary to verify the allocation of costs provided for in this Agreement.

ARTICLE 4

GENERAL

4.1 At any time the Contracting Parties may jointly agree to make capital improvements in the original Project, either by way of reconstruction, replacement, extension, enlargement or otherwise. The cost of construction of such capital improvements and the ownership thereof shall be allocated between the Parties in accordance with the undivided ownership interests of each. In the event a proposed capital improvement is desired by one Party and not the other, the proposing Party may proceed with the improvement at its own cost, provided, however, that ownership of any such improvement shall nevertheless be allocated between the Parties in accordance with the undivided ownership interest of each.

4.2 The Contracting Parties appreciate that changing concepts and circumstances may indicate the desirability of subsequent changes in cost responsibilities and ownership interests. In the event the Contracting Parties mutually agree the conditions so warrant, they will use their best efforts to arrive at agreements regarding these matters which will be fair to each Party.

4.3 Upon termination of the License under which the Contracting Parties are occupying the Project site neither Party shall separately apply for or otherwise prosecute renewal
or extension of the License without first offering to the other the right to join in said renewal or extension with ownership rights as herein provided for or as may be changed pursuant to this Agreement, and neither shall jointly with any other party apply for or otherwise prosecute renewal or extension of the License without first offering a similar right to participate in such renewal or extension to the other Contracting Party.

4.4 The performance of each provision of this Agreement is conditioned upon the due receipt of all regulatory approvals necessary to permit the performance thereof.

ARTICLE 5
DELIVERY OF CAPACITY AND ENERGY, AND PUMPING POWER

5.1 The parties have made provision for the interconnected operation of the systems of the Parties through an Operating Agreement between C.E.I. and a group of utilities commonly known as the PJM Group (of which Penelec is a member), dated September 30, 1965. The Parties recognize that optimum utilization of both the Project and the operations of the systems of the Parties requires C.E.I.’s Project capacity and energy entitlements and pumping power to be delivered over the interconnected system of which both Parties are a part. The Parties agree to use their best efforts to continue interconnected operation of their systems.

5.2 In any event, in order for the Parties to realize the benefits of the Project, and in consideration of the payment set forth in paragraph 5.3 of this Article, Penelec agrees for the duration of the life of the Project (a) to provide transmission services from the Kinzua Project to the present interconnection point between the Parties at the Ohio-Pennsylvania border, or to another mutually agreeable interconnection point, which are adequate to deliver C.E.I.’s capacity and energy entitlements from the Project, (b) to deliver such capacity and energy entitlements to C.E.I., and (c) to receive power supplied for the Project by C.E.I. and deliver the same to the
5.3 The consideration called for by paragraph 5.2 of this Article is the payment by C.E.I. to Penelec of Two Hundred and Sixty-Six Thousand Dollars ($266,000.00) per year, over the life of the Project plus such compensation for losses as shall be provided in the Operating Agreement. The first such payment shall be made within thirty (30) days after the start of full-scale operation of the Project, and the remaining payments shall be made annually thereafter.

ARTICLE 6

ASSIGNMENT

6.1 Neither Contracting Party shall, without the prior written consent of the other, assign this Agreement, except as the same may be assigned voluntarily or otherwise, under its first mortgage. Subject to such provision, this Agreement shall inure to the benefit of and be binding upon the parties and their respective successors and assigns, and any indenture trustee foreclosing upon substantially all the properties of either Party may, at its election, be deemed to be a successor of said Party.

ARTICLE 7

ARBITRATION

7.1 Any controversy, claim, counterclaim, dispute, difference or misunderstanding arising out of, or relating to this Agreement shall be submitted to arbitration upon the request of either Contracting Party.

The Party submitting such request shall serve notice in writing upon the other Party setting forth in detail the subject or subjects to be arbitrated, and the Contracting Parties thereupon shall endeavor to agree upon and appoint one person, to act as sole arbitrator. If the
Parties fail to agree upon such an arbitrator within fifteen days from the receipt of such notice, either of the Parties may request the American Arbitration Association to appoint the sole arbitrator pursuant to its rules then obtaining.

The arbitration shall be conducted in accordance with the rules of the American Arbitration Association then in effect. The findings and award of the arbitrator shall be binding and conclusive with respect to the matter or matters submitted to arbitration, except as such findings and award may be modified, corrected or vacated as provided by law. The costs of arbitration shall be divided equally between the Parties.

Performance of this provision shall be a condition precedent to the institution of any proceeding in any court concerning any controversy, claim, counterclaim, dispute, difference or misunderstanding arising out of, or relating to this Agreement or the breach thereof.
IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed in duplicate this 21st day of October, 1966.

ATTEST: PENNSYLVANIA ELECTRIC COMPANY

/s/ Secretary By: /s/ President

ATTEST: THE CLEVELAND ELECTRIC ILLUMINATING COMPANY

/s/ Assistant Treasurer By: /s/ Chairman of the Board
PARTIAL ASSIGNMENT, ASSUMPTION AND CONSENT AGREEMENT

This Partial Assignment and Assumption Agreement (“Agreement”) is made and entered into as of this 30th day of October, 1998, by and among Pennsylvania Electric Company, a Pennsylvania corporation (“Penelec”), FE Acquisition Corp., an Ohio corporation (“FEAC”), and The Cleveland Electric Illuminating Company, an Ohio corporation (“CEI”).

WITNESSETH

WHEREAS, Penelec and CEI are parties to a certain Facilities Agreement – Kinzua Project dated October 21, 1966 (the “Facilities Agreement”), relating to several matters including the facilities constituting the Seneca Pumped-storage Hydro-electric Generating Station (“Seneca”) and certain related transmission services to be provided by Penelec thereunder;

WHEREAS, Penelec and FEAC have entered into a certain Purchase and Sale Agreement dated as of this date (the “Purchase Agreement”) which provides for the sale by Penelec of its 20% undivided ownership interest in Seneca (the “Interest”) to FEAC;

WHEREAS, Penelec is retaining ownership and control of the transmission facilities which interconnect with Seneca and with CEI; and

WHEREAS, CEI is retaining its ownership in Seneca and has a continuing need to receive the transmission services provided by Penelec under the Facilities Agreement and desires that the provisions in the Facilities Agreement relating to such transmission services remain in full force and effect as between CEI and Penelec.

NOW THEREFORE, in consideration of the mutual promises set forth in this Agreement and other valuable consideration, the receipt and sufficiency of which is acknowledged by the
parties, the parties to this Agreement intending to be legally bound agree as follows:

SECTION 1. ASSIGNMENT AND REAFFIRMATION BY PENELEC

Penelec hereby irrevocably, unconditionally and without any recourse whatsoever, assigns to FEAC all of Penelec’s rights, holdings and obligations under Articles 1 through 4, inclusive, of the Facilities Agreement (such articles being referred to as the “Assigned Provisions”). Penelec hereby retains and reaffirms to CEI its rights and obligations under Articles 5, 6 and 7 of the Facilities Agreement (the “Retained Provisions”).

SECTION 2. ASSUMPTION AND INDEMNITY BY FEAC

FEAC hereby unconditionally assumes all of Penelec’s rights, liabilities and obligations under the Assigned Provisions. FEAC agrees that it shall be bound by all the terms of, and shall undertake all the obligations of Penelec contained in the Assigned Provisions. FEAC shall indemnify and defend Penelec from and against any and all liabilities, obligations, claims, actions, damages, costs and expenses whatsoever arising out of or in any way relating to the Assigned Provisions.

SECTION 3. CONSENT, RELEASE AND REAFFIRMATION BY CEI

CEI hereby consents to the assignment of the Assigned Provisions by Penelec to FEAC pursuant to Article 6 of the Facilities Agreement. CEI hereby releases and discharges Penelec from any and all liabilities, obligations, claims, actions, damages, costs and expenses whatsoever under the Assigned Provisions. CEI hereby reaffirms its rights and obligations under the Facilities Agreement, including under the Assigned Provisions and the Retained Provisions (including CEI’s obligations to compensate Penelec for transmission losses thereunder).

SECTION 4. EFFECTIVE DATE, OTHER
This Agreement shall become effective upon the Closing (as defined) under the Purchase Agreement. If the Purchase Agreement is terminated for any reason prior to such Closing, this Agreement shall become null and void.

This Agreement may be executed in several counterparts and shall be governed by and construed in accordance with Pennsylvania law, without giving effect to conflict of law principles.

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IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be duly executed as of the date set forth above.

PENNSYLVANIA ELECTRIC COMPANY

By: /s/ 
Name: Terrance G. Howson 
Title: Vice President & Treasurer

FE ACQUISITION CORP.

By: /s/ 
Name: Guy L. Pipitone 
Title: Vice President

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY

By: /s/ 
Name: Guy L. Pipitone 
Title: Agent