

UNITED STATES OF AMERICA
ATOMIC ENERGY COMMISSION

Regulatory File Cy.

Received w/ Ltr Dated 5-1-69

In the Matter of
THE TOLEDO EDISON COMPANY
and
THE CLEVELAND ELECTRIC ILLUMINATING COMPANY
Davis-Besse Nuclear Power Station

Docket No. 50-50-346

APPLICATION FOR LICENSES
UNDER THE
ATOMIC ENERGY ACT OF 1954
AS AMENDED
FOR
DAVIS-BESSE NUCLEAR POWER STATION

AUGUST 1, 1969



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THE TOLEDO EDISON COMPANY

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY

Application for Utilization Facility

Construction Permit and Operating License

General Information - 10 CFR 750.33

1. Names and Addresses of Applicants

- a. The Toledo Edison Company
420 Madison Avenue
Toledo, Ohio 43601
- b. The Cleveland Electric Illuminating Company
P.O. Box 5000
55 Public Square
Cleveland, Ohio 44101

The Toledo Edison Company (Toledo) and The Cleveland Electric Illuminating Company (Cleveland) will share, in the ratios indicated below, undivided ownership of the utilization facility, to be known as the Davis-Besse Nuclear Power Station, and its site. Toledo has complete responsibility for the design and installation of the Davis-Besse station and for the prosecution of this application and all related licensing activities and proceedings before the Atomic Energy Commission. Toledo will also have complete responsibility for the operation and maintenance of the Davis-Besse station. Toledo and Cleveland are not acting as the agents or representatives of any other persons in filing this application.

2. Description of Business and Organization of Applicants

a. Toledo is a public utility incorporated under the laws of the State of Ohio and is engaged primarily in the production, purchase, transmission, distribution and sale of electricity in northwestern Ohio. Toledo supplies electrical power within a service area of 2,500 square miles which has an estimated population of 708,000. Retail power is supplied within the corporation limits of 47 municipalities in the service area including the City of Toledo and wholesale power is supplied to 15 municipally-owned systems. Toledo has a total system capability of more than 1.2 million kilowatts.

Toledo is not owned, controlled or dominated by an alien, foreign corporation, or foreign government. The names and business addresses of Toledo's directors and principal officers, all of whom are citizens of the United States, are as follows:

Directors

Dr. William S. Carlson
University of Toledo
2801 W. Bancroft Street
Toledo, Ohio 43606

Samuel G. Carson
The Toledo Trust Company
Summit and Madison
Toledo, Ohio 43603

John K. Davis
The Toledo Edison Company
420 Madison Avenue
Toledo, Ohio 43601

Charles E. Flahie
The Toledo Edison Company
420 Madison Avenue
Toledo, Ohio 43601

Fred E. Fuller
Fuller, Seney, Henry & Hodge
405 Madison Avenue
Toledo, Ohio 43604

Virgil A. Gladioux
Gladioux Food Services, Inc.
2630 W. Alexis Road
Toledo, Ohio 43613

William M. Hankins, Jr.
The Kiemle-Hankins Company
30335 Oregon Road
Perrysburg, Ohio

Marvin S. Kobacker
Federal's, Inc.-Department Stores
408 Summit Street
Toledo, Ohio 43603

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J. Preston Levis
Owens-Illinois, Inc.
405 Madison Avenue
Toledo, Ohio 43601

W. Royse Moran
The Toledo Edison Company
420 Madison Avenue
Toledo, Ohio 43601

Henry A. Page, Jr.
Page Dairy Company
Wade and Knapp Streets
Toledo, Ohio 43601

William R. Poole
The Toledo Edison Company
420 Madison Avenue
Toledo, Ohio 43601

Glenn J. Sampson
The Toledo Edison Company
420 Madison Avenue
Toledo, Ohio 43601

Willard I. Webb, III
Ohio Citizens Trust Company
405 Madison Avenue
Toledo, Ohio 43603

John P. Williamson
The Toledo Edison Company
420 Madison Avenue
Toledo, Ohio 43601

Officers

John K. Davis
President
420 Madison Avenue
Toledo, Ohio 43601

Charles E. Flahie
Executive Vice President
420 Madison Avenue
Toledo, Ohio 43601

John P. Williamson
Senior Vice President
420 Madison Avenue
Toledo, Ohio 43601

John H. Barker
Vice President, Public Relations
420 Madison Avenue
Toledo, Ohio 43601

Frank W. Keith
Vice President, Personnel
420 Madison Avenue
Toledo, Ohio 43601

Thaddeus A. Kostanski
Controller
420 Madison Avenue
Toledo, Ohio 43601

Thomas J. Kozak
Vice President, Electrical
420 Madison Avenue
Toledo, Ohio 43601

W. Royse Moran
Vice President,
Administrative Services
420 Madison Avenue
Toledo, Ohio 43601

Donald G. Nicholson
Secretary and Treasurer
420 Madison Avenue
Toledo, Ohio 43601

William R. Poole
Vice President, Marketing
420 Madison Avenue
Toledo, Ohio 43601

Glenn J. Sampson
Vice President, Power
420 Madison Avenue
Toledo, Ohio 43601

b. Cleveland is a public utility incorporated under the laws of the State of Ohio and is engaged primarily in the generation and distribution of electricity in a 1,700 square mile area in northeastern Ohio. Cleveland provides retail power to an estimated population of 2,171,000 in the City of Cleveland and 88 other incorporated municipalities, and surrounding territory. Cleveland has a total installed generating capacity of 3,235,000 kilowatts.

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Cleveland is not owned, controlled or dominated by an alien, foreign corporation, or foreign government. The names and business addresses of Cleveland's directors and principal officers, all of whom are citizens of the United States, are as follows:

Directors

Ralph M. Besse
The Cleveland Electric
Illuminating Company
55 Public Square
Cleveland, Ohio 44113

John E. Kusik
The Chesapeake & Ohio Railway Co.
3500 Terminal Tower
Cleveland, Ohio 44113

John Lansdale, Jr.
Squire, Sanders & Dempsey
Union Commerce Building, Room 1857
Cleveland, Ohio 44114

Elmer L. Lindseth
55 Public Square
Cleveland, Ohio 44113

Hugh D. Luke
The Reliance Electric Company
24701 Euclid Avenue
Cleveland, Ohio 44117

Morton L. Mandel
Premier Industrial Corporation
4415 Euclid Avenue
Cleveland, Ohio 44103

Robert W. Morse
Case Western Reserve University
2040 Adelbert Road
Cleveland, Ohio 44106

Karl H. Rudolph
The Cleveland Electric
Illuminating Company
55 Public Square
Cleveland, Ohio 44113

Charles E. Spahr
The Standard Oil Company (Ohio)
1750 Midland Building
Cleveland, Ohio 44115

Herbert E. Strawbridge
The Higbee Company
100 Public Square
Cleveland, Ohio 44113

Richard B. Tullis
Harris-Intertype Corporation
55 Public Square
Cleveland, Ohio 44113

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Officers

Ralph M. Besse
Chairman of the Board
55 Public Square
Cleveland, Ohio 44113

Harold L. Williams
Vice President-Engineering
55 Public Square
Cleveland, Ohio 44113

Karl H. Rudolph
President
55 Public Square
Cleveland, Ohio 44113

Raymond W. Wyman
Vice President-Marketing
55 Public Square
Cleveland, Ohio 44113

Richard A. Miller
Vice President-Finance
55 Public Square
Cleveland, Ohio 44113

Clement T. Loshing
Treasurer
55 Public Square
Cleveland, Ohio 44113

Robert M. Ginn
Executive Vice President
55 Public Square
Cleveland, Ohio 44113

Phillip B. Perry
Vice President-General Services
55 Public Square
Cleveland, Ohio 44113

Lee C. Howley
Vice President and
General Counsel
55 Public Square
Cleveland, Ohio 44113

Thornton L. Thurber
Controller
55 Public Square
Cleveland, Ohio 44113

Harry T. Sealy
Vice President-Operations
55 Public Square
Cleveland, Ohio 44113

William R. Vogelsang
Secretary
55 Public Square
Cleveland, Ohio 44113

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3. Class and Period of License Requested

Applicants request a class 104(b) construction permit and operating license for a period of 40 years authorizing Toledo to construct and operate the utilization facility described in Item 5 below.

4. Additional Licenses Requested

Applicants request such additional source, special nuclear, and by-product material licenses as may be necessary and appropriate to the construction and operation of the facility.

5. Description and Use of Facility

The Davis-Besse Nuclear Power Station will be a nuclear electric generating station with a pressurized water reactor steam supply system. The nuclear steam supply system will be operated initially at a reactor power level of 2,633 Mwt and is ultimately expected to operate at a maximum reactor power level of 2,772 Mwt. The corresponding net electrical outputs are 872 Mwe initially and 906 Mwe ultimately.

The Davis-Besse Nuclear Power Station will be located in north-central Ohio on the shores of Lake Erie, approximately 21 miles east of the city of Toledo.

Details concerning the station and the site are contained in the Preliminary Facility Description and Safety Analysis Report (PSAR) which constitutes a part of this application.

6. Financial Qualifications

Applicants will share undivided ownership of the station and the station site as tenants in common without right of partition. The two companies will share in the costs of construction and operation and in the energy production in proportion to their undivided ownership interests as follows:

| | |
|---|-------|
| The Toledo Edison Company | 52.5% |
| The Cleveland Electric Illuminating Company | 47.5% |

a. Estimate of Construction Costs

| | | |
|---|---------------|----|
| (i) Total nuclear production plant costs, including interest during construction | \$266,102,000 | 10 |
| (ii) Transmission, distribution and general plant costs, including interest during construction | \$ 14,030,000 | |

| | | |
|--|---------------|----|
| (iii) Nuclear fuel inventory cost for first core, including interest | \$ 25,610,000 | 10 |
| TOTAL | \$305,742,000 | |

The items included in the foregoing categories are the same as those defined in the applicable electric plant and nuclear fuel inventory accounts prescribed by the Federal Power Commission. The bases for such items are the contract prices, with estimated escalation, for the nuclear steam supply system and for the uranium and fabrication of the initial core, the published prices for uranium enrichment, and Toledo's estimate of the balance of plant costs.

b. Source of Construction Funds

Construction of the nuclear station will be financed as an integral part of the total construction programs of the two companies in the same general manner as other additions to their generating facilities are financed. Estimated overall construction expenditures for the six-year period of 1970-1975 (the latest period for which budgeted figures are available) for Toledo and Cleveland are projected to total approximately \$332,279,000 and \$794,000,000, respectively. A portion of the funds required for the construction programs of the two companies will be provided from internal sources such as depreciation and retained earnings; the remainder is to be provided by issuance of new debt and equity securities and short-term borrowing.

c. Financial Statements

The 1968 and 1969 annual reports of Toledo and Cleveland are attached to this application as Appendices A and B, respectively.

7. Technical Qualifications

A description of the technical qualifications of Toledo and its principal contractors is contained in Section 1 of the PSAR. A description of Toledo's training program is contained in Section 12 of the PSAR.

8. Completion Date

The earliest completion date of the nuclear station is estimated to be April 1, 1974 and the latest completion date is estimated to be April 1, 1975.

9. Security Agreement

The application does not contain any Restricted Data or other defense information. Applicants agree that they will not permit any individual to have access to Restricted Data until the Civil Service Commission shall have made an investigation and a report to the Atomic Energy Commission on the character, associations, and loyalty of such individual, and the Atomic Energy Commission shall have determined that permitting such person to have access to Restricted Data will not endanger the common defense and security.

10. Communications

Toledo, on behalf of itself and Cleveland, will hereafter submit all further information required in connection with this application. Applicants request that all communications pertaining to this application be sent to:

Glenn J. Sampson
Vice President, Power
The Toledo Edison Company
420 Madison Avenue
Toledo, Ohio 43601

In addition, it is requested that copies of each communication be sent to Toledo's counsel:

Leslie Henry, Esq.
Fuller, Seney, Henry & Hodge
800 Owens-Illinois Building
405 Madison Avenue
Toledo, Ohio 43604

George F. Trowbridge, Esq.
Shaw, Pittman, Potts, Trowbridge & Madden
910 17th Street, N. W.
Washington, D. C. 20006

and to Cleveland's counsel:

Donald H. Hauser, Esq.
The Cleveland Electric Illuminating Company
P.O. Box 5000, Room 610
Cleveland, Ohio 44101

THE TOLEDO EDISON COMPANY

By *William J. Sampson*
(Name)
Vice President, Power
(Title)

Sworn to and subscribed before me, this 24th day of

July, 1969.

Geneva I. Leake
Notary Public
GENEVA I. LEAKE
Notary Public in and for Lucas County, Ohio

My Commission Expires:

September 24, 1969

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY

By Harold L. Williams
(Name)

Vice President-Engineering
(Title)

Sworn to and subscribed before me, this 30th day of
July, 1969.

Judith A. Coll
Notary Public

My Commission Expires:
JUDITH A. COLL
Notary Public for Cleveland County
My Comm. Expires: _____



**Patterns
of
Growth**



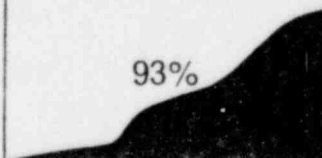
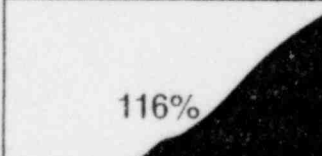
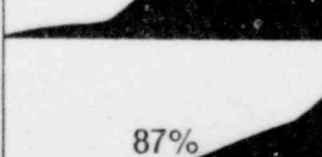

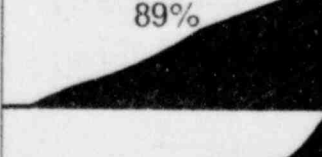
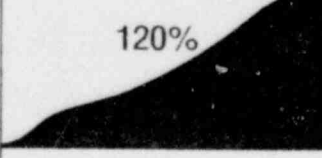
**POOR
ORIGINAL**

**The
Toledo Edison
Company**

1968 ANNUAL REPORT

8002200891

HIGHLIGHTS

| 10-Year Growth Pattern | | 1968 | 1967 | Change |
|---|---|---------------|--------|--------|
|  93% | EARNINGS PER COMMON SHARE Up due to outstanding sales growth which more than offset the 4¢ per share effect of the 10% Federal income tax surcharge in 1968. | \$2.35 | \$2.28 | + 3% |
|  116% | DIVIDENDS PER COMMON SHARE Up for the eighth consecutive year. The quarterly dividend declared in December was increased 3¢ to 40¢ per share. This is equivalent to \$1.60 on an annualized basis. | \$1.51 | \$1.42 | + 6% |
|  87% | REVENUES (Millions) Reflected continued vigorous industrial activity plus excellent growth and high usage in residential and commercial classifications. Included were about \$3 million of new short-term power sales to neighboring utilities in the latter part of year. | \$80.1 | \$70.3 | + 14% |
|  89% | OPERATING EXPENSES (Millions) Increased due to 10% tax surcharge, more generation, higher coal, freight and labor costs, increased property tax rates, and depreciation on additional property. | \$63.0 | \$54.8 | + 15% |
|  120% | ENERGY SALES (Millions of Kilowatt-Hours) Established a new annual growth record due to continuously increasing sales in our service area as well as new short-term sales to neighboring utilities. | 4,961 | 4,158 | + 19% |
|  92% | PEAK LOAD (Megawatts) Record system peak load of 860 megawatts was established during the summer as a result of accelerated industrial activity combined with air-conditioning loads during unusually hot, humid weather. | 860 | 763 | + 13% |

1958

1968

To Our Shareowners:

Patterns of growth—in energy sales, revenues, earnings, dividends and physical facilities—continued and was the basic theme of our operations in 1968.

The quarterly dividend declared in December was increased three cents to 40 cents per common share, marking the eighth consecutive year in which dividends have been raised. On an annual basis this is now equivalent to \$1.60 per share.

Earnings per common share in 1968 increased seven cents to \$2.35. Inflationary pressures evidenced themselves in every expense category, and the newly imposed 10 per cent Federal income tax surcharge for the full year had the effect of reducing our earnings gain by 24 cents per common share.

Annual revenues of \$80 million were 14 per cent higher than in 1967. This resulted both from a gratifying 12 per cent sales increase within our Northwestern Ohio service area along with new short-term energy sales to other Ohio utility companies.

Total energy sales amounted to nearly 5 billion kilowatt-hours, an increase of 19 per cent, the highest gain in the company's history.

A new 213,000-kilowatt generating unit, the largest on our system, was put into service in June. This highly-efficient equipment and other changes increased our net capability by over one-fourth to more than one million kilowatts, and made available the capacity of older units to help supply the power needs of other utilities on a short-term sales basis. Thus we were able to utilize our system generating capacity more fully, and profitably, than is normally the case immediately after the addition of a new unit. These sales will continue through 1969 and into 1970 at reducing levels as our own system power requirements increase.

Operating expenses increased 15 per cent in 1968. This was due not only to the 19 per cent

increased generation of energy, but also in part to continuing increases in the cost of fuel, labor and materials. Tax expense was much greater because of the new 10 per cent Federal income tax surcharge, higher taxable income, and numerous new local property tax levies passed in 1968 and effective for the full year. The completion of our new \$33 million generating unit resulted in greater depreciation charges on the increased plant investment.

Interest costs were up sharply for the year reflecting large borrowings necessary to finance the new generating unit and other necessary construction projects. Another factor was the level of interest rates.

The growth in our company's sales has been, and will continue to be, primarily the result of a sustained, aggressive marketing effort. This is concentrated upon the uses of electricity which produce high-volume sales around the clock and across the calendar, giving us a very good system load factor and thereby an efficient use of your investment. We tailor our sales program and rates to promote the all-electric concept, with a success that is evident in this year's annual report. Industrial development is another productive area of marketing concentration. New and expanded industries not only produce more kilowatt-hour sales, but also attract related industries and bring high employment, which results in boosting commercial and residential developments and customer usage.

Northwestern Ohio's thriving economy is expected to bring an eight per cent average annual kilowatt-hour sales growth in your Company's service area over the next five years, according to our most recent projections. The challenge to your management is to provide an ample supply of reliable electric power at rates to our customers that are reasonable, economically sound, and profitable yet competitive with other energy sources. Meeting such a challenge requires ac-



John K. Davis

tion on several fronts. We are planning to invest \$188 million, under our construction program for the next five years, to provide the facilities needed to meet the growing energy demands. The largest single project is an 872,000 kilowatt nuclear power plant, the Davis-Besse Nuclear Power Station, to be situated on Lake Erie, 25 miles east of Toledo. We will build and operate this plant, sharing its cost with The Cleveland Electric Illuminating Company. We now estimate the cost at \$207 million, including \$25 million for the initial nuclear fuel loading. Toledo Edison's 52.5 per cent ownership calls for an investment on our part of \$109 million, of which \$91 million will be spent in the 1969-1973 period. This plant is scheduled for completion in 1974.

About 40 per cent of the \$188 million needed for the five-year construction program will come from internal sources. About \$20 million will be needed in 1969, of which approximately \$6 million of short-term borrowings are planned. We do not expect that long-term financing will be required before 1971.

Economic production of the large future power requirements and maximum reliability of bulk power supply calls for intercompany action in such fields as system planning, power pooling and high-voltage transmission interconnections. Substantial "economy-of-scale" benefits will result from such mutual efforts. Toledo Edison is one of five companies (CAPCO Group), serving Northern Ohio and Western Pennsylvania, which



are jointly planning construction of four large generating units initially, as well as interconnecting high voltage transmission lines. The Davis-Besse nuclear plant will be the fourth unit in this power-pooling arrangement. Also, we are participating in a 268-mile transmission project which will link electric systems in Ohio, Indiana and Illinois with Michigan over a 345,000-volt transmission system. It will be completed in 1969. In addition, the Company is one of 26 electric utilities involved in the East Central Area Reliability agreement, with the sole purpose of improving bulk power reliability in an 8-state area serving a population of 32 million.

As we announced to you in April, your Company and seven other utilities in Ohio, Pennsylvania and Kentucky, including the CAPCO group, are discussing possible formation of a holding company. Work is progressing on this proposed plan but it will require many more months of study before a recommendation can be made to you.

In meeting the challenges ahead, we will maintain close surveillance of our own company operation. This includes effecting economies wherever possible, combating the upward pressure of costs, and constantly surveying our rate structures and their relationship to a proper return on your investment, giving consideration to all factors involved.

In closing, let me extend appreciation of the Board of Directors and management to the many people who helped to make the year 1968 a continuation of our Patterns of Growth for Toledo Edison: our 1,600 employees, our 58,000 investors and our 225,000 customers. We appreciate the confidence our shareowners have expressed through their continued faith in the company.

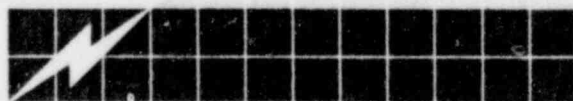
Sincerely,

President

PATTERNS OF GROWTH:



Earnings and Dividends Grow, Despite 10% Surcharge and Mounting Costs



Earnings per share of common stock were \$2.35 compared with \$2.28 in 1967. Without the new 1968 Federal tax surcharge, earnings would have shown an exceptionally good increase of 14 per cent to \$2.59.

In December your Board of Directors voted to increase quarterly dividends on common stock three cents to 40 cents per share. This is equivalent to \$1.60 per share on an annual basis. The common dividend rate has been raised in each of the past eight years.

Revenues Move Up 14 Per Cent

The major factor in this earnings growth was a 14 per cent gain in total revenues which increased \$9.8 million, to \$80 million, in 1968. All classifications of customers showed substantial gains, including exceptionally large sales to other utilities in 1968.

The revenue from the short-term sales of power to neighboring Ohio utilities during the last half of the year totaled about \$3 million. These sales, from our older generating equipment, were made possible by the on-schedule

completion in June of a new major generating unit at Bay Shore Station.

Usually the addition of a new unit is followed by a period during which system capacity is not fully utilized. However, these interim sales to other utilities enabled us to utilize more fully and profitably our total generating capacity immediately after completion of the new unit.

An outstanding revenue gain was recorded by the industrial customer classification. This revenue was up about \$3 million, or 12 per cent.

Revenues from commercial customers increased 10 per cent, well above our industry's average, or \$1.1 million, while residential revenues increased more than seven per cent, or \$1.8 million.

Operating Expenses Increase

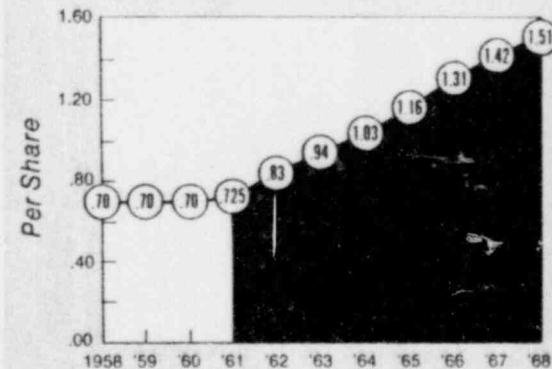
The higher level of power production, higher taxes and higher labor, material and fuel costs pushed total operating expenses up 15 per cent.

Fuel expense was up 28 per cent. About three-fourths of this increase was the result of more power generation. Virtually all of the remainder was due to higher coal costs and coal freight rates; however, most of this was offset by increased revenues resulting from application of fuel escalator clauses in most of our rates. Another factor contributing to higher fuel expense was a somewhat less efficient system heat rate. The change from 9,899 BTU per kilowatt-hour in 1967 to 10,095 BTU per kilowatt-hour in 1968 was due to more use of older, less-efficient generating units for short-term, cost-plus power sales to other Ohio utilities.

Higher labor and employee benefit costs,

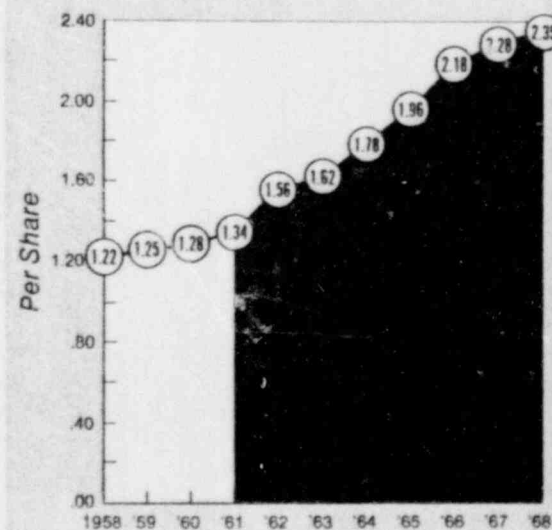
Common Dividends Declared

*increased for eighth consecutive year
(current quarterly rate of 40¢
equivalent to \$1.60 annually)*



Earnings On Common Stock

Over 8% annual growth since 1961





plus increased prices of nearly everything we buy, were important factors in increasing operation expenses, \$1.5 million, or 12 per cent. A major factor contributing to the size of the increase was the necessary personnel training in connection with the start-up and operation costs of the new generating unit along with the operation of older generating units to provide the power for cost-plus sales to other Ohio utility companies. These and a combination of other factors made 1968 a higher-than-normal operation expense year.

Maintenance expense increased only a nominal 3 per cent, \$143,000, however, because 1968 did not see a repetition of the damaging winter storms of 1967.

Depreciation was up 12 per cent, or \$1 million, due to increased plant investment in facilities. The 1968 depreciation on the new \$33 million generating unit, in operation since June, amounted to \$590,000.

Total taxes increased \$2.6 million in 1968. Of this amount the Federal income tax surcharge was \$1.2 million. Also, higher taxable income added \$523,000 to the Federal income tax. The voters of Northwestern Ohio approved numerous property tax increases, causing a sharp rise in the 1968 general tax expense of your Company.

In addition to the operating expenses described above, bond interest expense increased \$1.3 million, or 37 per cent, due to the full-year effect of the \$35-million bond issue sold in August, 1967. This was partially offset by an increase in interest charged to construction, most of which was credited in the first half of the year while the new generating unit was still under construction.

Accounting Changes Made

Effective July 1 the annual rate of credit for interest charged to construction was increased from 6 to 6½ per cent, reflecting more nearly today's cost of money. Because the interest charges on the new generating unit ended with its completion in June, the bulk of the interest charged to construction was at the lower rate. Thus the rate change had little effect on earnings in 1968. However, it will become more important as we again move into a period of large construction expenditures.

Our book depreciation accrual rate was reduced January 1, 1969, from 3.4 to 3.2 per cent.

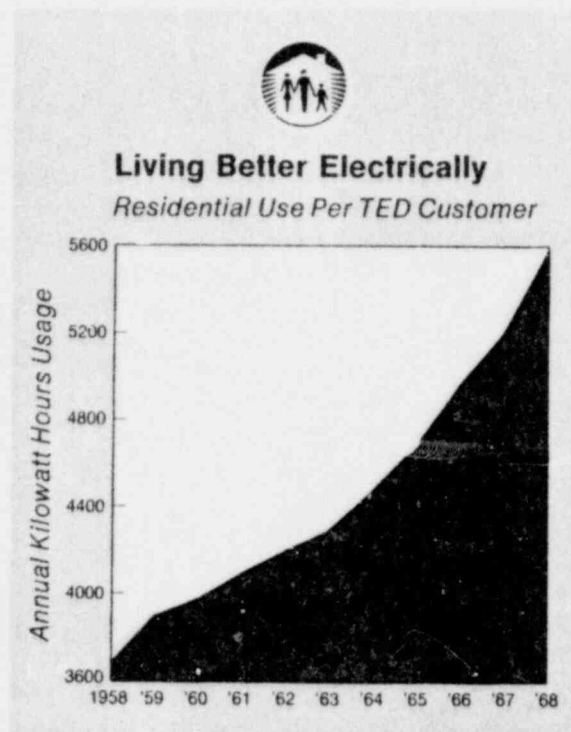
This depreciation reduction presently is equivalent to an expense decrease of about 12 cents per common share on an annualized basis. The change was based on results of recent studies of property service lives and other factors by independent engineering consultants. The new rate is still slightly higher than depreciation rates generally used by comparable electric utility companies.

Holding Company Study Continues

In April, 1968, we announced to you that we were involved in discussions toward the possible formation of a holding company which would encompass Toledo Edison and seven other electric companies in Ohio, Pennsylvania and Kentucky. Many more months of work and study will be required before your Board of Directors and management will be prepared to make a recommendation for your consideration. In the meantime you can be assured that we will be working toward a plan which will be in the best interest of our shareowners.

Growth Described At Financial Meetings

In 1968 your Company's management continued the program of discussing our operations and plans with members of the financial community in various cities across the country. We were privileged to again appear in New York at the invitation of the New York Society of Security Analysts. Also, as a part of our program, meetings were held before financial groups in Detroit and Cleveland. These programs are presented to keep the financial community apprised of your Company's excellent growth record and potential.



PATTERNS OF GROWTH:



Record Sales Gains Achieved



Excellent progress in sales to each electric customer classification marked 1968 as a year of exceptional growth. Sales totaled nearly five billion kilowatt-hours in the year, an increase of more than 800 million kilowatt-hours for the greatest annual gain in the history of your company. Of this 19 per cent increase, almost two-thirds was provided by our own customers and the remainder by new short-term sales to other utility systems.

In the past we have reported the success of industrial development efforts in Northwestern Ohio. A compilation of announced new plants and expansions gives some measure of the record rate at which Northwestern Ohio industry is growing. As these are completed, they are expected to add more than \$3 million a year to Toledo Edison's industrial revenues.

Such development of the general economy of Northwestern Ohio continues to be basic to our marketing philosophy. Through this industrial growth, coupled with aggressive promotional programs, sales to all classifications of our customers are stimulated. Our marketing programs are concentrated on these energy applications which are both advantageous to

the customer and profitable to your Company. Special emphasis is given to the all-electric concept.

Diversity Marks Industrial Growth

In 1968 the industrial expansion of the area continued. Plans were announced for new plants to manufacture products as diverse as carbon black and noodles. We are particularly pleased that we will be serving another of the nation's foremost companies, Phillips Petroleum, which recently announced plans to construct a multi-million dollar carbon black plant and research facility in our area. Incidentally, the noodle factory, which will initially employ about 30 workers, is typical of the many small factories with growth potential which contribute to the economic vitality and diversity of the area. In addition to major manufacturing units, small industries of this type are much sought after by Toledo Edison's area development people.

The position of Toledo as one of the nation's major petroleum refining centers was further enhanced by the completion of a \$50 million expansion of Sun Oil's Toledo refinery. Petroleum refining has long been an important part of this area's economy and a major user of electric power. Because of the 24-hour-a-day character of their operations and the broad diversity of products they produce, the petroleum companies provide a very desirable load for your Company.

By the end of 1968 the new machining plant of Chrysler Corporation was employing approximately 2,000 workers. Late in the year Chrysler announced plans to double the size of the plant by adding 800,000 square feet of production space. Chrysler officials predict

that employment at the plant will reach 5,000 workers in the next few years.

The development of 350-acre Fort Industry Industrial Park is indicative of the growing number of smaller industries in the Toledo area. The park development is nearing full occupancy, four years ahead of schedule, with 37 firms now established there. Your Company was a leading participant in establishing and supporting the local non-profit organization which developed this park.

Such industrial expansion stimulates our sales growth in other ways. We are experiencing the follow-up expansion of related industries, commercial enterprises and home building.

All-Electric Concept Growing

In recognition of the economic desirability of balanced seasonal load growth, we continue to actively promote electric space heating and the all-electric concept. This concentrated marketing program has been aided by four promotional electric rate decreases which we have put into effect in the past five years and by the increasing prices of gas and other competing fuels. More than one-third of the new apartment units started in our service area last year were all-electric, as a result of our marketing concentration on this concept. Our goal is to further increase the level in construction of all-electric dwellings. By the end of 1968 there were more than 2,600 all-electric residential customers on our system. We estimate that in the coming year we will increase the number of our all-electric residential customers by about 50 per cent.

The small price differential in favor of gas versus electric heat is being narrowed con-



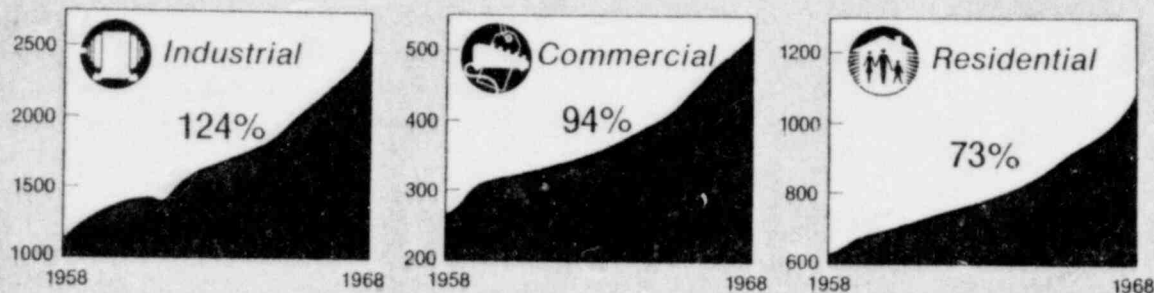
Industrial expansion provides the basis for much of the growth in kilowatt-hour sales by your Company. One of the recent new industries was Chrysler Corporation's Toledo Machining Plant which had an employment of approximately 2,000 at the end of 1968. They recently announced plans for doubling the size of the plant and forecast that employment would reach 5,000.

tinuously. Among the factors favoring electricity are lower installation and maintenance costs, cleanliness, comfort, more flexible temperature control, and silent operation.

Promotion of central, whole-house air conditioning was very successful during 1968. A major factor was a new financing plan, which we offer to customers through dealers, for purchase and installation of central air conditioning equipment. In addition, there were hundreds of room air conditioning units installed which will be producing additional revenue in future summers. In our area, electric air conditioning costs the customer less to install and operate, as well as offering the other inherent advantages, when compared with gas air conditioning.

The need for year-around climate control for greater office efficiency and higher retail sales in commercial operations is now well established. Our promotional emphasis is now concentrated on strengthening buyer preference for electric systems over those using other fuels. In 1968 we achieved a gain of about 10 per cent in the commercial air conditioning load on our system. This load is very advantageous to your Company because of the many hours of use throughout a large part of the year. It is estimated that the 1968 increase in commercial air conditioning alone will add about \$300,000 to revenues each year.

10 Year Growth in Electrical Energy Sales (In Millions of Kilowatt Hours)





The fundamentals of electric process heating for industry were presented to representatives of area companies in an extensive course conducted by our industrial sales engineers.

We also continued our success in the field of commercial cooking with a gain in 1968 of about 10 per cent in the load of this type connected to our system. This gain is expected to yield about \$60,000 a year in revenues. Your Company again sponsored a six-day professional cooking seminar designed to directly acquaint area chefs with the advantages of electric cooking equipment. This program, which uses a nationally-recognized cooking instructor, is now being emulated by utilities in other parts of the country.

The growth in numbers and sizes of shopping centers contributed significantly to the increase in commercial revenues in 1968, and indications are that this growth will continue. By the end of 1969 we will be serving two totally enclosed controlled-environment shopping centers with a total of more than 1.5



Unique and outstandingly effective marketing techniques earned national recognition for your Company in 1968. Awards for specific programs were granted by the Association of Home Appliance Manufacturers and the Farm Electrification council.

million square feet of floor space. Two other shopping centers of this type have been announced, each with more than one million square feet of space. There are several other smaller centers under construction, or planned, at locations throughout Northwestern Ohio.

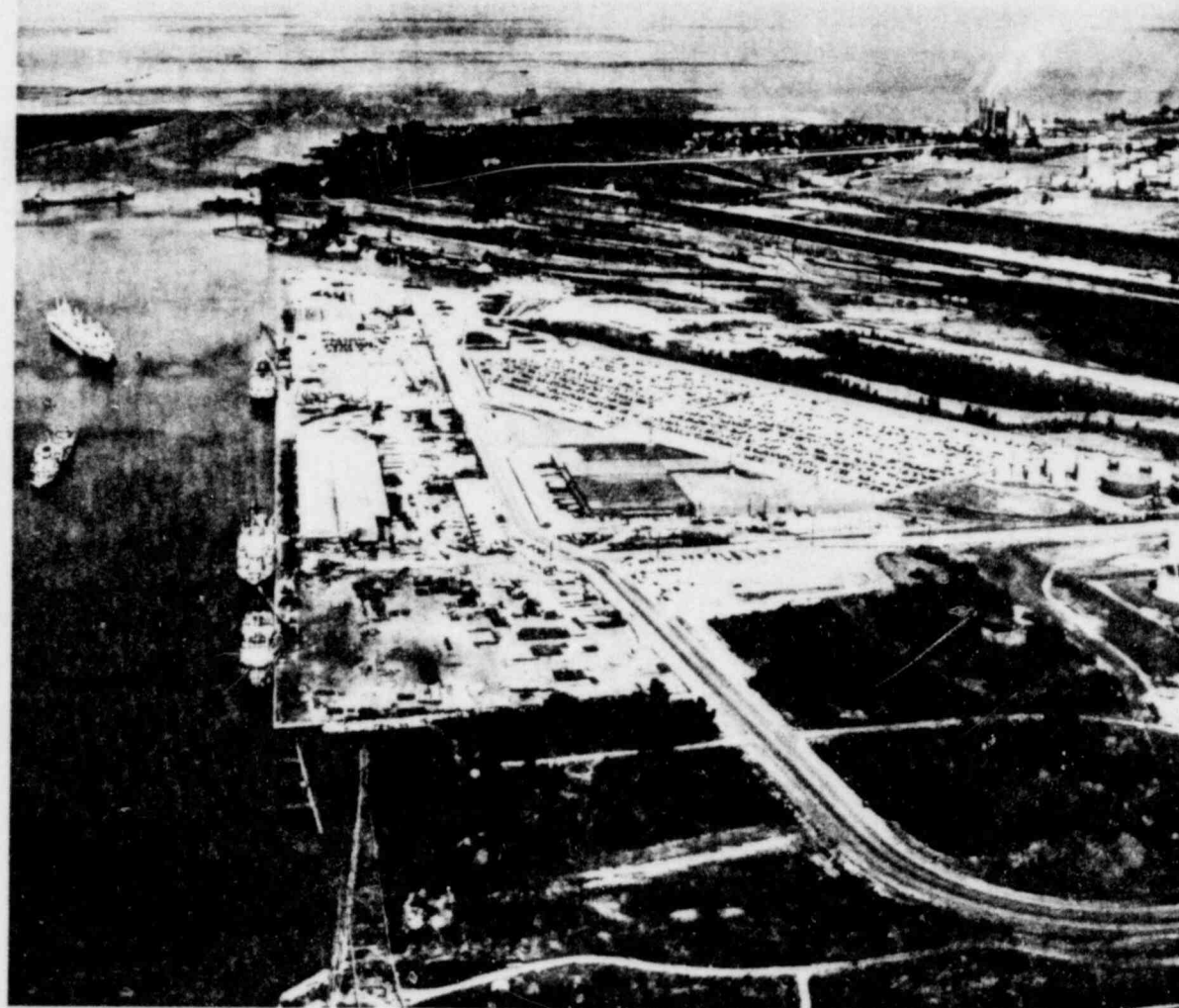
Agriculture and such related businesses as food processing provide a growing source of revenue for your Company, and we devote a great deal of sales effort to this segment of the economy. For example, a recent independent study sponsored by your Company indicates that regional market conditions favor substantial expansion of electrically automated swine raising in Northwestern Ohio. Now we are presenting these facts to agribusiness groups throughout our area. A similar study of egg production made in 1966 has proved to be a most successful sales tool. This marketing approach is unique in the electric utility industry and has earned national recognition for your Company. Such highly-automated farm installations are equivalent to small factories in the amount of electric energy which they use, and add diversity and vitality to our area economy.

Municipal Electric System Purchased

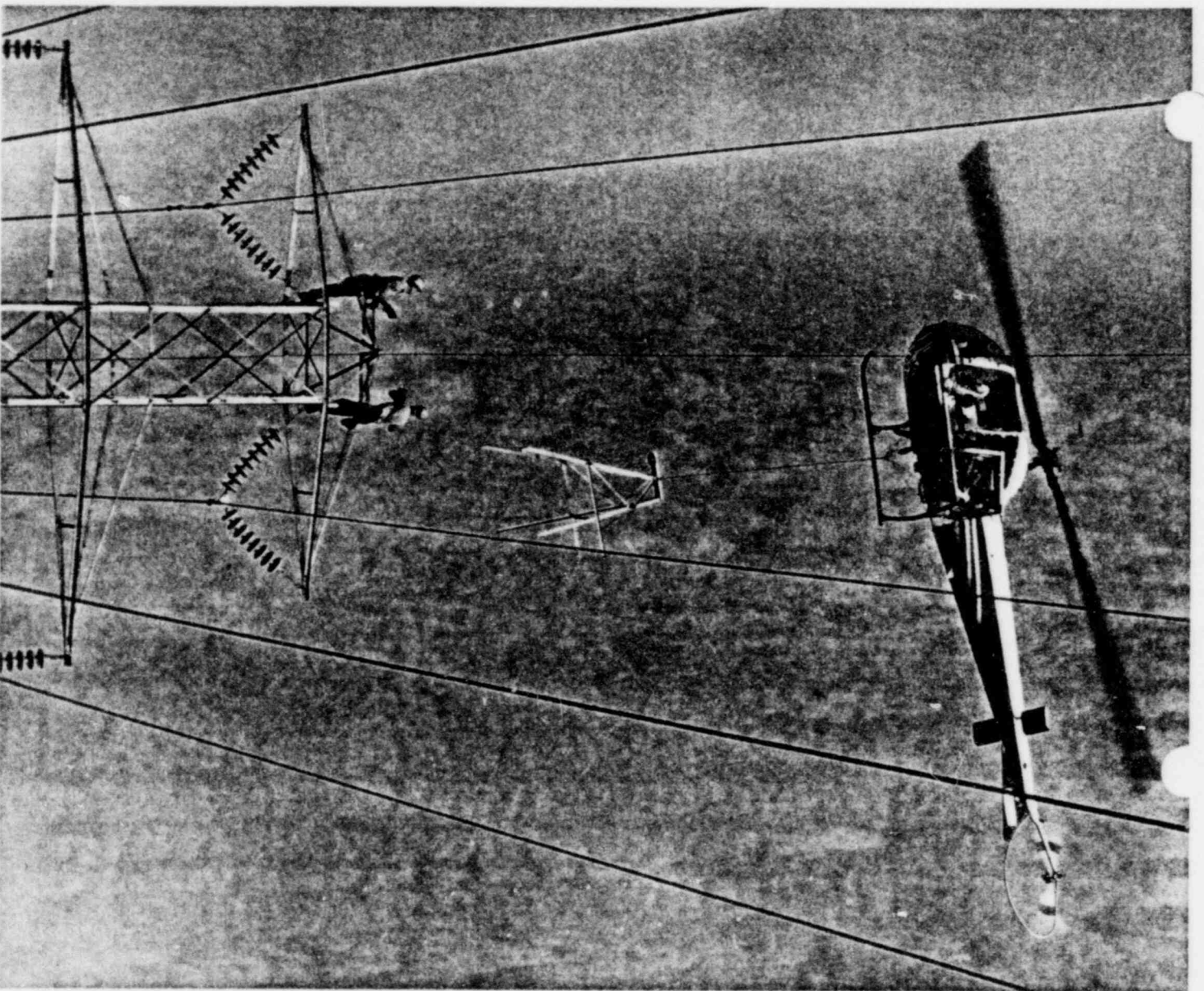
The Village of Waterville, one of the fast-growing communities in Northwestern Ohio, was added to the Toledo Edison system in August. Our public information campaign led to a vote favoring the sale of the municipal electrical system, which serves about 900 customers. By modernizing the system, and thereby providing better service, we expect to increase the per-customer usage substantially.



Growth of facilities and increases in cargo handled is the continuing story of the Port of Toledo. Large dual-purpose carriers steamed into the port at an unprecedented rate in 1968. Many of them unloaded cargoes from overseas and then moved to nearby grain handling facilities to load for the return trip in what shippers call the "perfect turnaround." Grain movements through the Port for the year increased 50 per cent to about 2.4 million tons.



| Industrial Diversity | <i>Per Cent of Total Industrial Sales</i> |
|---|---|
| PETROLEUM REFINING | 24% |
| METAL CASTING, FORMING AND FABRICATING | 18 |
| FLAT GLASS, GLASSWARE AND GLASS FIBER PRODUCTION | 13 |
| MOTOR VEHICLE, COMPONENT, PART AND ACCESSORY MANUFACTURING | 11 |
| DIVERSE OTHER MANUFACTURING, including processed foods and grains, electric appliances, scales, elevators, spray equipment, machine tools and fixtures, spark plugs, and housing components | 22 |
| VARIOUS NON-MANUFACTURING, including research centers, seaport docks, railroads, pipelines and service industries | 12 |
| <i>Total Industrial Sales</i> | 100% |



PATTERNS OF GROWTH:



**All-Time High Reached in Production;
Generating Capacity Increased**



Unprecedented growth and preparation for still further growth characterized the pattern of Toledo Edison operations in 1968. Energy output and peak electrical loads both reached all-time highs. As a result of thorough planning and preparation, meeting these demands was accomplished with a minimum of problems.

During the heat wave in August our own system peak load reached 860,000 kilowatts, an increase of nearly 13 per cent over the preceding year. In addition to meeting this peak load we were able to sell a large additional block of short-term bulk power to other Ohio utilities, bringing the total load to 1,060,000 kilowatts.

Construction expenditures totaled \$30.9 million in 1968. This amount is second only to the record high in the preceding year when the peak of cash outlays were being made on the newest generating unit at Bay Shore Station.

Modifications to transmission towers for the improvement of power reliability were accomplished more efficiently, faster and more safely with the use of a helicopter.



This 213,000-kilowatt unit, the largest on the Toledo Edison system, was put into service in June, on schedule. This unit, and other power source additions, increased your Company's net capability during the year by over one-fourth to more than 1.2 million kilowatts. This major addition of highly-efficient generating equipment to our system was made at a total cost of \$33 million. It was completed after a construction period of about 28 months despite a shortage of some types of skilled construction tradesmen. Your management anticipated this problem and pushed earlier phases of the construction ahead to avoid the competition for these workmen as the project neared completion.

Power Purchase Right Exercised

Your Company owns four percent of the common stock of the Ohio Valley Electric Corporation (OVEC) which was formed in 1952 by 15 investor-owned electric companies. OVEC built two steam generating stations with a combined capacity of 2.2 million kilowatts, to provide the power needed by the Atomic Energy Commission for operation of its Portsmouth, Ohio, gaseous diffusion plant.

In December, 1968, your Company elected to exercise its right to receive, and assumed an obligation to take and pay for, its proportionate share of OVEC power not required by the AEC plant. Our four per cent share of the available power not required by AEC will vary from time to time, but at present it amounts to approximately 60 megawatts.

The long-term power sales contracts of OVEC are designed to provide proceeds sufficient for OVEC to earn a return on its com-

mon stock after meeting all of its costs, including (in lieu of depreciation) amortization of debt capital. At December 31, 1968, debt capital of approximately \$201.5 million remained to be amortized by OVEC over the period ending in 1981.

Interconnection Project Nears Completion

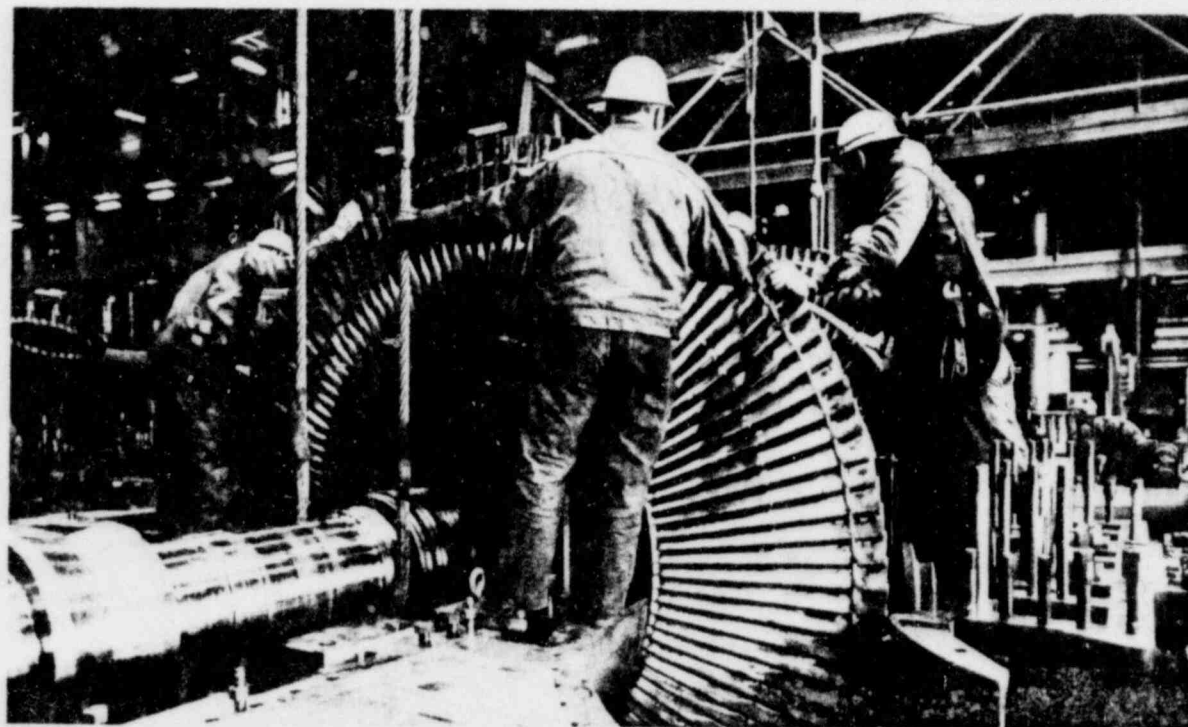
Construction began early in the year on Toledo Edison's 24-mile portion of a 268-mile regional transmission interconnection project which will link power systems in Ohio, Indiana and Illinois with those of Michigan. When completed in mid-1969, this 345,000-volt line

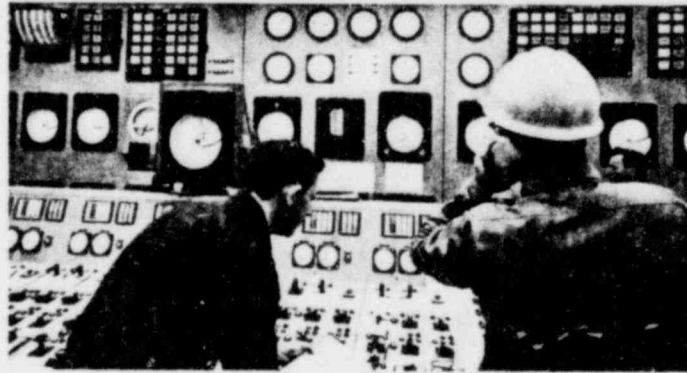
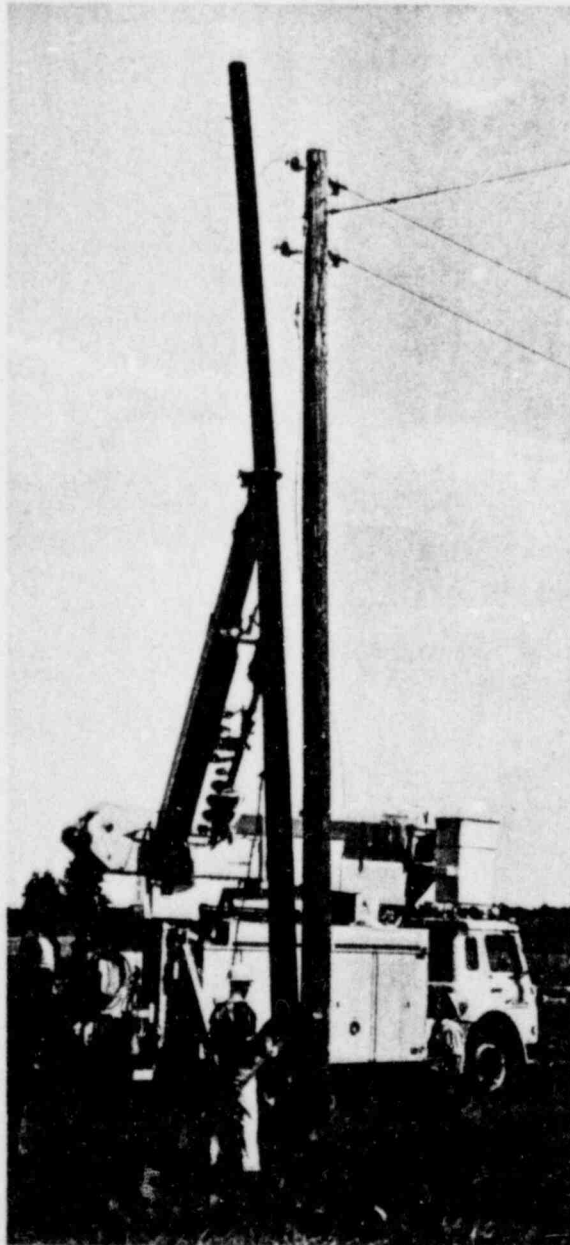
will provide for the economical exchange of power for increased reliability.

Federal Power Commission Regulation Anticipated

Our Company will become subject to Federal Power Commission regulation when we are interconnected with the Michigan utility systems in 1969. This regulation applies generally to accounting, interstate transmission of power, sales at wholesale for resale, and certain other matters. Our 1968 sales at wholesale, aside from sales to other electric utility companies, represented about three per cent

Sections of the turbine were put in place as construction neared completion on the 213,000-kilowatt addition to Bay Shore Station. Despite its size, the turbine is as precise and finely balanced as a line watch.

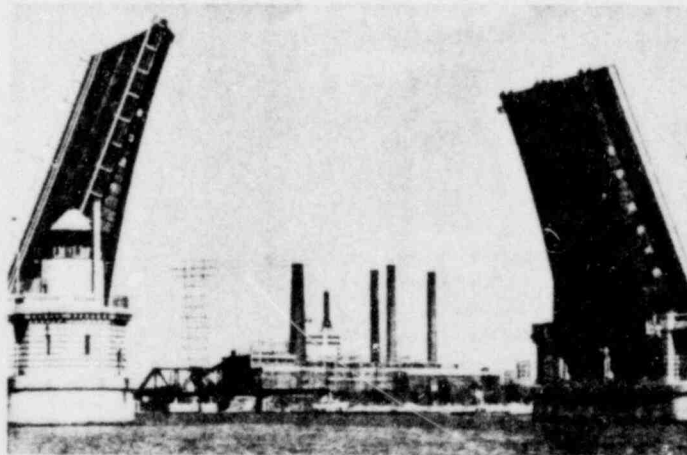




After three years of planning, design and construction on the new 213,000-kilowatt addition to Bay Shore Station, the climax came when the unit was put in service for the first time in June. Hundreds of instruments help the operators to know continuously what is happening during the complex operation of this generating unit.

This unit combining a boom-auger and a hydraulic aerial personnel lift is capable of assisting in most any distribution line maintenance or construction work. Such equipment adds to the work productivity.

Acme Power Station is a familiar landmark in the near downtown Toledo area. This plant will undergo a modernization program beginning in 1969 to increase its efficiency and to aid in the local air purity program.



of our total electric revenue. Our rates relating to retail sales, which cover the bulk of our revenue, will continue to be subject to regulation only by the Public Utilities Commission of Ohio and local authorities. (See Note 1 to the Financial Statements as to the effect of FPC regulation on accounting and other matters.)

Companies Plan Capacity Sharing

Your Company has a power-pooling understanding with The Cleveland Electric Illuminating Company, Duquesne Light Company, Ohio Edison Company and Pennsylvania Power Company. These utilities serve much of Northern Ohio and Western Pennsylvania. The five member companies initially will build two 625,000-kilowatt and two 800,000-kilowatt-class generating units as well as high-voltage transmission interconnection facilities. By sharing the power output of these large units, each company will realize substantial "economy of scale" benefits to help offset continually rising costs. On a predetermined schedule, our forecast requirements for additional generating capacity will be met as these units are completed. As a part of this understanding, we are committed to buy a portion of the generation of the first three units, starting in 1971 when the first of the generating units is scheduled for completion and continuing until 1974. The fourth unit is scheduled to be completed in 1974 and will be jointly owned by Toledo Edison and Cleveland Electric Illuminating. It will be named the Davis-Besse Nuclear Power Station. A portion of our share of the generating capacity of this unit will be sold in diminishing amounts to the other participants until we can fully utilize our share.

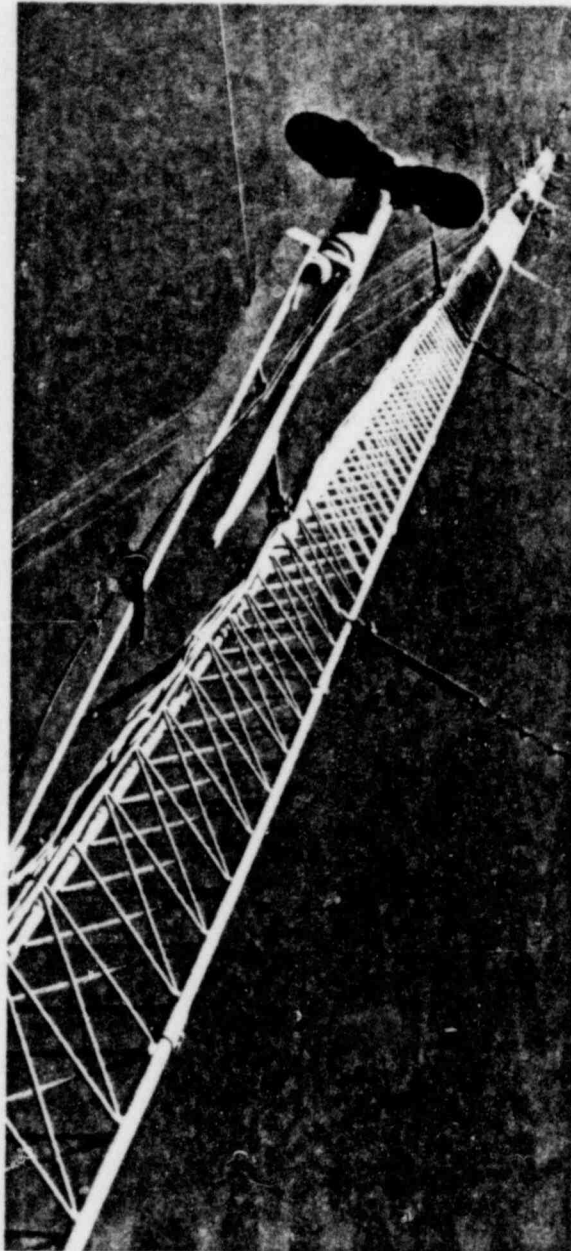


Nuclear Unit Plans Develop

Approximately \$1.4 million will be spent in 1969 on the acquisition and development of the site, and work in preparation for the construction of the Davis-Besse plant. This plant, with an initial net capability of 872,000 kilowatts, will be the first large-scale nuclear unit in Ohio. The site is approximately 25 miles east of Toledo on the shores of Lake Erie. The facility now is estimated to cost \$207 million, including initial nuclear fuel requirements of approximately \$25 million. Our 52.5 per cent ownership will require a total investment on our part of about \$109 million. An agreement with Cleveland Electric Illuminating has been executed covering construction of this jointly-owned plant, which will be built and operated by Toledo Edison.

Efforts are now being concentrated on the preparation of the application for a construction permit which must be issued by the United States Atomic Energy Commission before construction can be started. This application is scheduled to be submitted to the AEC in the late summer of 1969, and is expected to require about a year for consideration and approval.

Studies are being conducted which are designed to help the company maintain or improve the total natural environment of the area during construction and operation of the nuclear plant. One of these studies being conducted by the University of Michigan involves investigation and analysis of water conditions and fish and plant life in that portion of Lake Erie adjacent to the plant site so that any serious adverse effects on this aquatic life may be avoided. Among its other purposes is to guide us in meeting water quality standards



established by the State of Ohio. Other studies underway cover the fields of meteorology, seismology, hydrology and geology.

The long lead-time needed for production of some major components of the unit required us to invite bids in the latter part of 1968. The General Electric Company was the successful bidder for the turbine-generator and Babcock and Wilcox Company has been selected to manufacture the nuclear reactor and steam supply system, and to provide the initial fuel. Letters of intent covering these three major components total about \$78 million.

Concurrent with preparations for the construction of the plant is the training of personnel for its operation. Some of our technical and professional people who are now participating in special nuclear training courses are building on the knowledge gained through your Company's many years of participation in the design and construction of a developmental nuclear power project, the Enrico Fermi Atomic Power Plant in Michigan, 26 miles north of Toledo.

Construction To Total \$20 Million In 1969

Construction plans for 1969 call for the expenditure of about \$20 million, including \$1.4 million for the Davis-Besse plant. The major portion will be spent on the general expansion and improvement of lines and other electrical transmission and distribution facilities. Among the larger projects included in the 1969 plans

A tower at the site of the Davis-Besse Nuclear Power Station supports devices for gathering meteorological data. This is a part of a series of air, water and land studies designed to help Toledo Edison maintain or improve the total natural environment of the area.

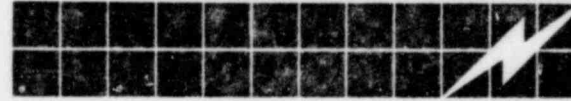
is the beginning of construction of a new general headquarters building in downtown Toledo. Another involves the addition of electrostatic precipitators to three of the boilers at Acme Station, near downtown Toledo, and the replacement of four old coal stoker units with new oil-fired boilers. These modifications to this older power plant will improve substantially the control of air purity. These changes also will make it possible to put the new Acme boilers into service faster during periods of peak load.

Growth Requires Some Outside Financing

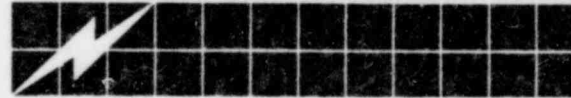
Financing of construction in 1968 was accomplished through funds remaining from a \$35 million issue of 6½ per cent bonds in late 1967, funds provided from internal sources, and from \$5.5 million of short-term borrowings. These short-term borrowings included the issuance of unsecured notes ("commercial paper") sold nationally through an investment banking firm. They were given the top "prime rating" by a national credit rating agency. This is the first time that we have used this source of funds, which has only been available to utilities in very recent years. Through their use we were able to achieve a lower interest cost than available from other types of borrowing.

Construction plans in the next five years call for the expenditure of about \$188 million. About 40 per cent of the money required in this five-year program will come from internal sources. Of the \$188 million, approximately \$20 million will be spent in 1969, when approximately \$6 million in additional short-term borrowing will be required. We do not anticipate requiring long-term financing before 1971.

PATTERNS OF GROWTH:



Executive Responsibilities Realigned



A realignment of top executive responsibilities followed the July retirement of Senior Vice President and General Manager Alois Hoefle.

Mr. Hoefle's retirement concluded a 45-year career in the electric utility industry. He had held numerous engineering and executive positions with Toledo Edison and previously-associated companies before being named senior vice president and general manager in 1965. In the latter position he was responsible for the administrative direction of most of the company activities. He had been a director of the Company since 1961.

The responsibilities of Charles E. Flahie, executive vice president, were enlarged to

encompass the operations of the personnel and the claims and real estate areas, as well as the electrical and power groups, and the Company's three outlying districts. Mr. Flahie has held numerous engineering and operating posts, and was named a vice president in 1962. He was elected executive vice president and a director of the Company in 1965.

John P. Williamson was elected senior vice president with responsibility for the marketing, public relations and administrative services groups, as well as the financial and the accounting groups of the Company. Mr. Williamson, a certified public accountant, held several key positions within the financial, accounting and administrative systems areas before being named vice president, finance, in 1965. He has been a director of the Company since 1962.

Donald G. Nicholson, secretary and treasurer, was given additional responsibilities and became chief financial officer of the Company. T. A. Kostanski, controller, was assigned additional duties and was designated the chief accounting officer.

The 16 members of our top executive group—made up of officers, executive staff members and district managers—average 52 years of age. Their ages range from 42 to 62.

New Directors Elected

Willard I. Webb, III, president of The Ohio Citizens Trust Company in Toledo, was elected to the Board of Directors in May to succeed the late James V. Davidson. Mr. Webb is active in northwestern Ohio business, civic and charitable activities, and has served since 1963 on the Banking Board of the State of Ohio. Mr. Davidson, who served on the Edison board for more than 17 years, was chair-



Charles E. Flahie



John P. Williamson



man of the board of the First Federal Savings and Loan Association of Toledo.

Glenn J. Sampson, vice president, power, was elected to the Board of Directors effective July 1, to fill the vacancy created by Mr. Hoefle's retirement. Mr. Sampson held several engineering and supervisory posts, including that of superintendent of power production, before being named a vice president in 1964.

Labor Agreements Negotiated

Separate labor agreements were signed during 1968 with the unions representing Toledo Edison operating and office employees. Increases negotiated in wages and employee benefits averaged 6.8 per cent.

Recruiting and Training Emphasized

As our business grows and becomes more complex, the need for highly qualified, college-trained employees continues to increase. Attracting people with the potential for management positions is increasingly competitive as the national economy continues to expand. Because of the importance of providing adequate numbers of potential managers in the organization, interviews are conducted throughout the year with seniors in colleges and universities, primarily in the Midwest. Summer employment is provided for undergraduates selected as potential full-time employees.

For many years your Company has had a continuing program aimed at preparing younger men for added responsibilities in management. Selected employees are enrolled in specialized management development courses. Educational assistance from the Company is available to every employee who wishes to enroll in an authorized course

of study for advancement. Under this educational assistance plan, the Company bears a major portion of the cost of work-related academic courses. Many employees are enrolled in undergraduate courses and a number of our professional people have earned advanced academic degrees under this program.

All-Time Safety Record Set

Safety is an important part of every job at Toledo Edison and is actively promoted by your management. It was a source of great pride when an all-time company record of 1,845,206 manhours worked, equal to nearly seven months, without a lost-time accident was established during the past year.



An open house, following completion of the new expansion of Bay Shore Station, gave employees an opportunity to tour the facility.

The Ohio Electric Utility Institute has given your Company the award for having the best safety record in 1968 of the seven Ohio electric utilities competing for the award. Your Company also achieved the best motor vehicle operation safety record in the group.

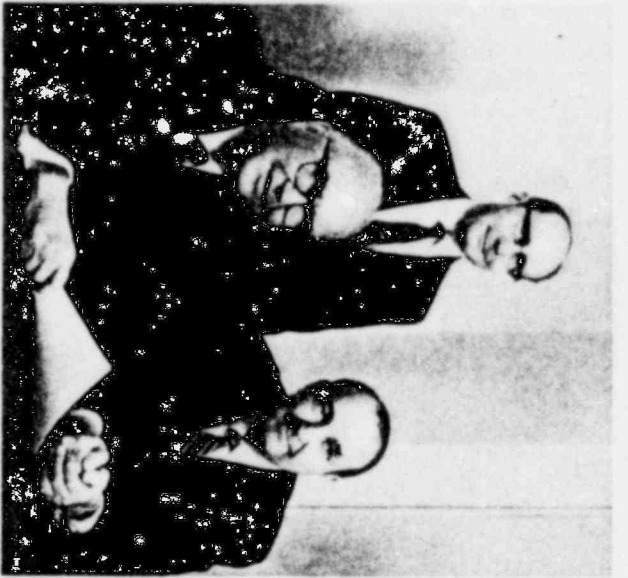
Good Corporate Citizenship Maintained

The good public relations we enjoy throughout our service area has not come about by accident. We work hard at developing and maintaining these relations. Being a good corporate citizen is one of our basic policies. We encourage our employees to participate in civic, charitable, educational and cultural community activities.



About 90 school teachers were given a tour and held discussions on your company and the workings of the free-enterprise system on the occasion of the annual Business-Industry-Education day.

DIRECTORS



Seated: Fred E. Fuller, William M. Hankins, Jr.
Standing: W. Royse Moran



John D. Biggers



Seated: John K. Davis
Standing: Charles E. Flahie, John P. Williamson



Seated: Willard I. Webb, III, Glenn J. Sampson
Standing: Virgil A. Gladieux



Jules D. Lippmann



Seated: Samuel G. Carson, J. Preston Lewis, Henry A. Page, Jr.
Standing: William R. Poole

BOARD OF DIRECTORS

JOHN D. BIGGERS,* *Retired, Honorary Director and formerly Chairman and President, Libbey-Owens-Ford Company*
SAMUEL G. CARSON, *President, The Toledo Trust Company*
JOHN K. DAVIS,* *President*
CHARLES E. FLAHIE,* *Executive Vice President*
FRED E. FULLER, *Senior Partner, Fuller, Seney, Henry & Hodge*
VIRGIL A. GLADIEUX,* *President, Ogden Foods, Inc.*
WILLIAM M. HANKINS, JR.,* *President, The Kiemle-Hankins Company*
J. PRESTON LEVIS, *Chairman of the Executive Committee, Owens-Illinois, Inc.*
JULES D. LIPPMANN, *Consultant to Chemical-Plastics Division, The General Tire and Rubber Company*
W. ROYSE MORAN, *Vice President, Administrative Services*
HENRY A. PAGE, JR., *President, The Page Dairy Company*
WILLIAM R. POOLE, *Vice President, Marketing*
GLENN J. SAMPSON, *Vice President, Power*
WILLARD I. WEBB, III, *President, The Ohio Citizens Trust Company*
JOHN P. WILLIAMSON, *Senior Vice President*

*Members of Executive Committee

OFFICERS AND EXECUTIVE STAFF

JOHN K. DAVIS, *President*
CHARLES E. FLAHIE, *Executive Vice President*
JOHN P. WILLIAMSON, *Senior Vice President*
JOHN H. BARKER, *Vice President, Public Relations*
FRANK W. KEITH, *Vice President, Personnel*
THADDEUS A. KOSTANSKI, *Controller*
THOMAS J. KOZAK, *Vice President, Electrical*
W. ROYSE MORAN, *Vice President, Administrative Services*
DONALD G. NICHOLSON, *Secretary and Treasurer*
WILLIAM R. POOLE, *Vice President, Marketing*
GLENN J. SAMPSON, *Vice President, Power*
H. KENNY BURCH, *Manager, Eastern District*
JOHN B. CLOER, *Manager, Southern District*
HOWARD B. FOX, *Assistant to the President*
JAMES S. GRANT, *Manager, Western District*
WILLIAM H. SCHWALBERT, *Assistant to the President*
CLAUDE L. LEWIS, *Assistant Secretary and Assistant Treasurer*
DONALD H. SAUNDERS, *Assistant Controller*

EXECUTIVE OFFICES

420 Madison Avenue
Toledo, Ohio 43601
Phone (419) 242-5731

STOCK TRANSFER AGENTS

THE TOLEDO TRUST COMPANY
Toledo, Ohio 43603
MORGAN GUARANTY TRUST COMPANY
OF NEW YORK, New York, N.Y. 10015

STOCK REGISTRARS

THE OHIO CITIZENS TRUST COMPANY
Toledo, Ohio 43603
MANUFACTURERS HANOVER TRUST
COMPANY, New York, N.Y. 10022

DIVIDEND DISBURSING AGENT

THE TOLEDO TRUST COMPANY
Toledo, Ohio 43603

MORTGAGE TRUSTEE

THE CHASE MANHATTAN BANK (NA)
New York, N.Y. 10015

AUDITORS

ARTHUR ANDERSEN & CO.
Cleveland, Ohio 44114

GENERAL COUNSEL

FULLER, SENEY, HENRY & HODGE
Toledo, Ohio 43604

STOCK LISTING

COMMON
Listed
NEW YORK STOCK EXCHANGE
MIDWEST STOCK EXCHANGE
AMSTERDAM STOCK EXCHANGE
Unlisted Trading Privileges
BOSTON STOCK EXCHANGE
CINCINNATI STOCK EXCHANGE
DETROIT STOCK EXCHANGE
PREFERRED—4¼%
Unlisted Trading Privileges
AMERICAN STOCK EXCHANGE



FINANCIAL AND STATISTICAL SECTION

Pages 18 through 23

BALANCE SHEET *December 31, 1968 and 1967*

ASSETS

| | 1968 | 1967 |
|--|-----------------------------|----------------|
| | <i>Thousands of Dollars</i> | |
| <i>Utility Plant</i> | | |
| In service, at cost (Note 1) | 318 239 | 269 882 |
| Less accumulated provision for depreciation | 81 203 | 73 443 |
| | <u>237 036</u> | <u>196 439</u> |
| Construction work in progress | 11 524 | 31 344 |
| | <u>248 560</u> | <u>227 783</u> |
| <i>Current Assets</i> | | |
| Cash | 3 089 | 4 237 |
| Temporary cash investments | — | 10 702 |
| Accounts receivable | 9 135 | 7 657 |
| Fuel for use in power plants | 2 649 | 2 322 |
| Materials, supplies and other current assets | 7 538 | 7 106 |
| | <u>22 411</u> | <u>32 024</u> |
| <i>Investments and Other, at cost</i> | | |
| Ohio Valley Electric Corporation (Note 2) | 718 | 718 |
| Area development and other | 790 | 914 |
| | <u>1 508</u> | <u>1 632</u> |
| Total Assets | <u>272 479</u> | <u>261 439</u> |

LIABILITIES

| | 1968 | 1967 |
|--|-----------------------------|----------------|
| | <i>Thousands of Dollars</i> | |
| <i>Capitalization (detail on page 20)</i> | | |
| Common stock equity | 81 965 | 77 626 |
| Cumulative preferred stock | 31 000 | 31 000 |
| First mortgage bonds | 121 089 | 121 552 |
| | <u>234 054</u> | <u>230 178</u> |
| <i>Current Liabilities</i> | | |
| Short-term notes—banks | 4 000 | — |
| Short-term notes—commercial paper | 1 500 | — |
| Accounts payable | 4 781 | 4 689 |
| Accrued taxes | 13 051 | 12 910 |
| Other current liabilities | 5 387 | 5 023 |
| | <u>28 719</u> | <u>22 622</u> |
| <i>Accumulated Provisions</i> | | |
| Deferred Federal income taxes— accelerated amortization | 5 731 | 6 053 |
| Federal investment tax credits (Note 3) | 3 294 | 1 900 |
| Other | 681 | 686 |
| | <u>9 706</u> | <u>8 639</u> |
| Total Liabilities | <u>272 479</u> | <u>261 439</u> |

NOTES TO FINANCIAL STATEMENTS, *December 31, 1968*

1 Federal Power Commission Jurisdiction

Upon completion of the Michigan interconnection in 1969 referred to on Page 11, the Company will become subject to regulation under the Federal Power Act by the Federal Power Commission (FPC) as to accounting, interstate transmission of power, sales at wholesale for resale, and certain other matters. The Company will continue to be subject to regulation by The Public Utilities Commission of Ohio (PUCO) and local authorities, including regulation of retail rates, which cover the bulk of the Company's sales. Federal regulation will include

a requirement that the Company's electric plant accounts be stated at "original cost" (defined by the FPC as the cost of property to the person first devoting it to public service). The plant accounts are now stated at cost, but not necessarily at "original cost" in some instances. In prior years more than \$14 million was eliminated from plant accounts with the approval of the PUCO. Ohio rate regulation is based upon the "reproduction cost" of property. The PUCO does not require a determination of "original cost" and no complete "original cost" study has been made by the Company. No prediction can be made at this time as to the effect,

or timing, of a restatement of all electric properties on an "original cost" basis. The FPC also may require that the \$3,945,000 mentioned in Note 6 be restored from Earnings Reinvested to a reserve account.

2 Ohio Valley Electric Corporation

The Company, beginning in December, 1968, exercised its right to receive, and assumed an obligation to take and pay for, a 4% proportionate share of available Ohio Valley Electric Corporation power not required for supplying the needs of an Atomic Energy Commission Plant under a long-term contract. See Page 11 for further detail.

3 Investment Tax Credits

The Company is amortizing each year's in-

vestment tax credits based on the service lives of the property involved.

4 Retirement Income Plan

The Company has a retirement income plan which covers all employee groups. Net plan cost, after employee contributions, was \$980,000 for 1968. The Company's policy is to fund annual costs as accrued each year, including amortization of unfunded liabilities over a 20-year period. The net unfunded actuarial liability under the plan aggregated \$5,750,000 as of December 31, 1968.

5 Depreciation

Depreciation rates used in determining book depreciation provisions are based upon age-life studies and averaged 3.4% for 1968 and

RESULTS OF OPERATIONS

for the years ended December 31, 1968 and 1967

| | 1968 | 1967 | % Increase (Decrease) |
|--|-----------------------------|---------|-----------------------------|
| | <i>Thousands of Dollars</i> | | |
| Operating Revenues | | | |
| Electric | 78 083 | 68 389 | 14 |
| Gas | 1 201 | 1 136 | 6 |
| Steam heating | 806 | 767 | 5 |
| Total operating revenues | 80 090 | 70 292 | 14 |
| Operating Expenses | | | |
| Fuel used in power plants | 12 693 | 9 923 | 28 |
| Purchased power | 4 395 | 4 189 | 5 |
| Other operation expenses (Note 4) | 13 987 | 12 505 | 12 |
| Maintenance | 4 356 | 4 213 | 3 |
| Depreciation provisions (Note 5) | 9 614 | 8 614 | 12 |
| Taxes (Notes 3 and 6; Detail on Page 21) | 18 001 | 15 375 | 17 |
| Total operating expenses | 63 046 | 54 819 | 15 |
| Operating Income | 17 044 | 15 473 | 10 |
| Interest and Other | | | |
| Interest on long-term debt | 4 957 | 3 617 | 37 |
| Interest on short-term notes | 125 | 131 | (5) |
| Interest during construction | (1 081) | (818) | 32 |
| Investment income and other—net | (421) | (578) | (27) |
| Total interest and other | 3 580 | 2 352 | 52 |
| Net Income | 13 464 | 13 121 | 3 |
| Preferred stock dividends | 1 333 | 1 333 | — |
| Earnings On Common Stock | 12 131 | 11 788 | 3 |
| Earnings Per Common Share | \$ 2.35 | \$ 2.28 | 3 |



T. A. Kostanski, controller, left, discusses accounting applications with the director of electronic data processing to assure the most accurate and timely information possible to aid management in making their decisions.

1967. The book depreciation rate was reduced January 1, 1969 to 3.2% based upon recent studies by independent consulting engineers. This depreciation reduction presently is equivalent to an expense decrease of about 12 cents per common share on an annualized basis. Rates used in computing depreciation for Federal income tax purposes are based upon standard tax "Guideline Lives" and averaged 3.5% for 1968 and 1967, before adjustment for double declining balance depreciation.

6 Federal Income Taxes

Based upon Ohio court and commission decisions, the Company is of the opinion that taxes deferred resulting from the use of accelerated depreciation will be recoverable out of future revenues. Accordingly, pursuant

to an order of The Public Utilities Commission of Ohio, the Company stopped providing for such deferred taxes in 1962 (i.e., adopted flow-through accounting) and, in effect, made the change retroactive by transferring to Earnings Reinvested the \$3,945,000 of reserve for these deferred taxes accumulated from 1954 through 1961. The use of flow-through accounting lessened the provision for Federal income taxes by \$1,382,000 in 1968 and \$928,000 in 1967. The accumulated amount of such reductions from January 1, 1962 through December 31, 1968 totals \$7,089,000.

7 Power Pooling

The Company has reached an understanding with four other utilities (CAPCO Group) involving substantial future commitments for

joint participation in additional power generation and transmission facilities. Plans include construction of the Davis-Besse Nuclear Power Station, scheduled for completion in 1974. The Company is building the 872,000-kilowatt plant and it will be jointly owned with The Cleveland Electric Illuminating Company. The facility now is estimated to cost about \$207 million, including about \$25 million for the initial nuclear fuel requirements. The Company's 52.5% ownership will require a total investment on its part of about \$109 million. See Page 12 for further detail.

8 Proposed Holding Company

The Company and seven other Ohio, Pennsylvania, and Kentucky electric utility com-

panies are undertaking to work out a plan to establish a holding company system. See Page 5 for further detail.

9 References To Report

Reference is also made to the following subjects in the report: construction program (\$188 million in 1969-1973), Page 14, and financing plan, Page 14.

The additional information presented on pages 20 and 21 is an integral part of the statements on pages 18 and 19.

SOURCE AND APPLICATION OF FUNDS

for the years ended December 31, 1968 and 1967

| | 1968 | 1967 |
|---|----------------------|---------------|
| | Thousands of Dollars | |
| Source of Funds | | |
| Earnings on common stock | 12 131 | 11 788 |
| Income charges not requiring current funds: | | |
| Depreciation provisions | 9 614 | 8 614 |
| Investment tax credits (net) | 1 394 | 279 |
| Principal amount of first mortgage bonds | — | 35 000 |
| Sale of temporary investments | 10 702 | — |
| Short-term borrowings | 5 500 | — |
| Other changes | 121 | (566) |
| | <u>39 462</u> | <u>55 115</u> |
| Application of Funds | | |
| Additions to utility plant | 30 885 | 36 505 |
| Dividends on common stock | 7 792 | 7 205 |
| Purchase of temporary investments | — | 10 702 |
| Acquisition of mortgage bonds for sinking fund purposes | 463 | 381 |
| Payment of Federal income taxes deferred in prior years | 322 | 322 |
| | <u>39 462</u> | <u>55 115</u> |

EARNINGS REINVESTED

for the years ended December 31, 1968 and 1967

| | 1968 | 1967 |
|--|----------------------|---------------|
| | Thousands of Dollars | |
| BALANCE, Beginning of year | 41 749 | 37 166 |
| Earnings on common stock | 12 131 | 11 788 |
| | 53 880 | 48 954 |
| Common stock dividends declared, \$1.51 per share in 1968 and \$1.42 in 1967, net of unclaimed prior dividends | 7 792 | 7 205 |
| BALANCE, End of year (Notes 1, 6 and a) | <u>46 088</u> | <u>41 749</u> |

20

CAPITALIZATION

December 31, 1968 and 1967

| | 1968 | 1967 |
|---|-------------------------|----------------|
| | Thousands of Dollars | |
| Common Stock Equity | | |
| Common stock, \$5 par, authorized 7,500,000 shares, outstanding 5,160,125 shares | 25 801 | 25 801 |
| Premium on capital stock | 10,076 | 10 076 |
| Earnings reinvested (Notes 1, 6 and a) | 46 088 | 41 749 |
| | <u>81 965</u> | <u>77 626</u> |
| | 35% | 34% |
| Cumulative Preferred Stock, \$100 par, authorized 500,000 shares | | |
| | | |
| | <i>Redemption price</i> | |
| | <i>(per share)</i> | |
| Series outstanding | | |
| 4¼%, 160,000 shares | \$104.62½ | 16 000 |
| 4.56%, 50,000 shares | 101.00 | 5 000 |
| 4.25%, 100,000 shares | 102.75 (Note b) | 10 000 |
| | | <u>31 000</u> |
| | 13% | 13% |
| First Mortgage Bonds, excluding bonds acquired and held for sinking fund purposes (Note c) | | |
| | | |
| Series outstanding | | |
| 2⅞%, due 1977 | | 28 103 |
| 3⅞%, due 1978 | | 4 336 |
| 3%, due 1979 | | 2 150 |
| 2⅞%, due 1980 | | 7 500 |
| 3⅞%, due 1984 | | 14 000 |
| 3⅞%, due 1986 | | 15 000 |
| 4%, due 1988 | | 15 000 |
| 6⅞%, due 1997 | | 35 000 |
| | | <u>121 089</u> |
| | 52% | 53% |
| Total Capitalization | <u>234 054</u> | <u>230 178</u> |
| | 100% | 100% |

NOTES:

- (a) Under provisions of the articles of incorporation, \$14,820,000 is not available for cash dividends on common stock.
- (b) Redemption price \$102.00 per share after December 1, 1969.
- (c) Current annual interest requirement on bonds is \$4,946,000.

The notes on pages 18 and 19 are an integral part of these statements.

TAXES

for the years ended December 31, 1968 and 1967

| | 1968 | 1967 | % |
|--|----------------------|---------------|------------------------|
| | Thousands of Dollars | | Increase (Decrease) |
| Federal Income Taxes (Notes 3 and 6) | | | |
| Payable direct—income tax | 8 388 | 8 978 | |
| —tax surcharge | 1 238 | — | |
| Payable by application of investment tax credit | 1 465 | 352 | |
| Total Federal income taxes payable | 11 091 | 9 330 | |
| Amortization of prior years' accumulated provisions: | | | |
| Investment tax credits | (71) | (73) | |
| Deferred taxes-accelerated amortization | (322) | (322) | |
| Total Federal income taxes | 10 698 | 8 935 | 20 |
| General Taxes | | | |
| Local property | 5 196 | 4 512 | 15 |
| State excise | 2 059 | 1 886 | 9 |
| Other | 48 | 42 | 14 |
| Total general taxes | 7 303 | 6 440 | 13 |
| TOTAL TAXES | 18 001 | 15 375 | 17 |

AUDITORS' REPORT



To the Share Owners and Board of Directors:

We have examined the balance sheet and statement of capitalization of The Toledo Edison Company (an Ohio corporation) as of December 31, 1968, and the related statements of results of operations, taxes, earnings reinvested, and source and application of funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We have previously examined and reported on the financial statements for the preceding year.

In our opinion, the accompanying financial statements referred to above present fairly the financial position of The Toledo Edison Company as of December 31, 1968, and the results of its operations and the source and application of funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Cleveland, Ohio,
February 5, 1969

Arthur Anderson & Co.



Donald G. Nicholson, secretary and treasurer, left, communicates with local stock brokers and with members of the financial community throughout the country to answer their questions and keep them informed of the progress of your company.

ELECTRICAL a statistical review

| Year | OPERATING REVENUES . . . in thousands of dollars and per cent of total | | | | | | | | | | CUSTOMERS . . . end of year | | | | RESIDENTIAL | | | |
|------|--|----|-----------------|----|------------|----|--------------------|---|-------|----|-----------------------------|------------------|-----------------|--------------------------------------|-------------------|------------------------|--------------------------------|---|
| | Resi- dential | % | Com- mercial | % | Industrial | % | Other Utilities | % | Other | % | Total Electric | Resi- dential | Com- mercial | Industrial, Utilities, & Other | Total Electric | KWH Per Customer | Price Per KWH (Cents) | Revenue Per Customer (Dollars) |
| 1968 | 25 588 | 33 | 12 705 | 16 | 28 482 | 36 | 3 089 | 4 | 8 219 | 11 | 78 083 | 195 737 | 19 570 | 4 191 | 219 498 | 5 596 | 2.36 | 132.23 |
| 1967 | 23 814 | 35 | 11 565 | 17 | 25 504 | 37 | 32 | — | 7 474 | 11 | 68 389 | 191 881 | 19 178 | 4 101 | 215 160 | 5 207 | 2.40 | 124.90 |
| 1966 | 22 751 | 35 | 11 026 | 17 | 24 199 | 38 | 18 | — | 6 889 | 10 | 64 883 | 189 704 | 18 692 | 4 081 | 212 677 | 4 977 | 2.43 | 120.84 |
| 1965 | 21 339 | 36 | 10 332 | 17 | 21 920 | 37 | — | — | 6 130 | 10 | 59 721 | 186 498 | 18 714 | 3 922 | 209 131 | 4 689 | 2.47 | 115.94 |
| 1964 | 20 469 | 36 | 10 354 | 18 | 20 516 | 36 | — | — | 5 770 | 10 | 57 109 | 181 968 | 18 349 | 3 874 | 204 191 | 4 482 | 2.53 | 113.30 |
| 1963 | 19 536 | 36 | 9 725 | 18 | 19 378 | 36 | — | — | 5 421 | 10 | 54 060 | 179 422 | 18 073 | 3 846 | 201 341 | 4 298 | 2.55 | 109.71 |
| 1962 | 18 827 | 36 | 9 338 | 16 | 18 419 | 36 | — | — | 5 188 | 10 | 51 772 | 177 100 | 17 752 | 3 822 | 198 674 | 4 201 | 2.54 | 106.82 |
| 1961 | 17 352 | 36 | 8 796 | 18 | 17 599 | 36 | — | — | 4 819 | 10 | 48 566 | 175 826 | 17 701 | 3 735 | 197 262 | 4 107 | 2.42 | 99.19 |
| 1960 | 16 318 | 35 | 8 289 | 18 | 18 078 | 38 | — | — | 4 454 | 9 | 47 139 | 174 383 | 17 837 | 3 580 | 195 800 | 3 984 | 2.36 | 94.14 |
| 1959 | 15 819 | 35 | 8 010 | 18 | 17 423 | 38 | — | — | 4 045 | 9 | 45 297 | 172 347 | 17 633 | 3 561 | 193 541 | 3 899 | 2.37 | 92.53 |
| 1958 | 14 941 | 36 | 7 380 | 18 | 15 576 | 37 | — | — | 3 689 | 9 | 41 586 | 169 699 | 17 614 | 3 514 | 190 827 | 3 698 | 2.40 | 88.61 |

| Year | SALES—MKWH (thousands of kilowatt hours) | | | | | | SOURCE OF ELECTRICAL ENERGY—MKWH | | | LOAD—MEGAWATTS | | | | PRODUCTION | | |
|------|--|-----------------|------------|--------------------|---------|-----------|----------------------------------|---|-----------|-------------------------------------|-----------------------|------------------------|----|---------------------------------|------|--------------------|
| | Resi- dential | Com- mercial | Industrial | Other Utilities | Other | Total | Generated (Net) | Purchased and Inter- changed (Net) | Total | Net Capa- bility (Yr. End) | Total Peak Load | System Peak Load | | Fuel Cost Per KWH (Mills) | | BTU per KWH* |
| 1968 | 1 082 854 | 529 902 | 2 572 351 | 318 503 | 456 946 | 4 960 556 | 4 386 487 | 895 222 | 5 281 709 | 1 256 | 1 060 | 860 | 66 | 2.9 | 28.6 | 10 094 |
| 1967 | 992 869 | 477 349 | 2 266 027 | 5 563 | 416 656 | 4 158 464 | 3 598 427 | 860 678 | 4 459 105 | 940 | 784 | 763 | 67 | 2.7 | 27.5 | 9 899 |
| 1966 | 937 093 | 447 422 | 2 124 927 | 1 636 | 380 316 | 3 881 394 | 3 998 833 | 215 485 | 4 214 318 | 925 | 779 | 716 | 67 | 2.8 | 27.9 | 9 932 |
| 1965 | 862 946 | 408 682 | 1 877 284 | — | 334 718 | 3 483 630 | 3 733 426 | 33 665 | 3 767 091 | 797 | 653 | 653 | 66 | 2.7 | 27.4 | 9 835 |
| 1964 | 809 647 | 379 090 | 1 749 965 | — | 301 152 | 3 239 854 | 3 440 164 | 42 859 | 3 483 023 | 780 | 593 | 593 | 67 | 2.6 | 27.1 | 9 704 |
| 1963 | 765 261 | 353 742 | 1 638 012 | — | 290 056 | 3 047 071 | 3 248 477 | 45 245 | 3 293 722 | 780 | 568 | 568 | 66 | 2.7 | 26.8 | 9 910 |
| 1962 | 740 322 | 338 475 | 1 520 055 | — | 276 215 | 2 875 067 | 3 056 592 | 50 487 | 3 107 079 | 644 | 522 | 522 | 68 | 2.8 | 27.3 | 10 299 |
| 1961 | 718 460 | 325 470 | 1 393 045 | — | 254 422 | 2 691 397 | 2 869 731 | 48 711 | 2 918 442 | 652 | 505 | 505 | 66 | 2.9 | 28.7 | 10 232 |
| 1960 | 690 696 | 313 784 | 1 436 818 | — | 236 877 | 2 678 175 | 2 841 431 | 59 052 | 2 900 483 | 652 | 501 | 501 | 66 | 3.1 | 29.3 | 10 455 |
| 1959 | 666 517 | 301 293 | 1 370 650 | — | 229 743 | 2 568 203 | 2 705 009 | 69 368 | 2 774 377 | 652 | 482 | 482 | 66 | 3.1 | 29.8 | 10 542 |
| 1958 | 623 619 | 272 371 | 1 153 056 | — | 202 651 | 2 251 697 | 2 404 149 | 59 205 | 2 463 354 | 517 | 449 | 449 | 62 | 3.4 | 30.5 | 11 124 |

*1968 reflects more use of older, less efficient generating units for cost-plus power sales to neighboring utilities.

FINANCIAL a statistical review* in thousands of dollars



| Year | UTILITY PLANT | | | | CAPITALIZATION AND RATIOS | | | | | | COMMON STOCK (5,160,125 Shares—All Years) DOLLARS PER SHARE | | | | |
|------|------------------|--|----------------------------|----------------------------------|---------------------------|----|----------------------------|----|----------------|----|--|----------|-----------------------------|------------|--------------------|
| | Plant In Service | Accumulated Provision For Depreciation | Depreciation As % Of Plant | Annual Construction Expenditures | Common Stock Equity | % | Cumulative Preferred Stock | % | Long Term Debt | % | Total | Earnings | Market Price Range High Low | Book Value | Dividends Declared |
| 1968 | 318 239 | 81 203 | 26 | 30 885 | 81 965 | 35 | 31 000 | 13 | 121 089 | 52 | 234 054 | 2.35 | 38 30 | 15.88 | 1.51 |
| 1967 | 269 882 | 73 443 | 27 | 36 505 | 77 626 | 34 | 31 000 | 13 | 121 552 | 53 | 230 178 | 2.28 | 42 29 | 15.04 | 1.42 |
| 1966 | 260 274 | 67 375 | 26 | 15 177 | 73 043 | 38 | 31 000 | 16 | 86 933 | 46 | 190 976 | 2.18 | 41 29 | 14.16 | 1.31 |
| 1965 | 249 382 | 61 889 | 25 | 13 586 | 68 572 | 37 | 31 000 | 16 | 87 222 | 47 | 186 794 | 1.96 | 41 32 | 13.29 | 1.16 |
| 1964 | 242 584 | 56 880 | 23 | 6 655 | 64 468 | 35 | 31 000 | 17 | 87 599 | 48 | 183 067 | 1.78 | 35 29 | 12.49 | 1.03 |
| 1963 | 239 914 | 51 986 | 22 | 11 192 | 60 609 | 34 | 31 000 | 17 | 88 121 | 49 | 179 730 | 1.62 | 31 26 | 11.75 | .94 |
| 1962 | 215 061 | 48 343 | 22 | 21 104 | 57 090 | 32 | 31 000 | 18 | 88 594 | 50 | 176 684 | 1.56 | 27 20 | 11.06 | .83 |
| 1961 | 210 709 | 43 818 | 21 | 8 925 | 56 308 | 32 | 31 000 | 18 | 88 689 | 50 | 175 997 | 1.34 | 28 19 | 10.91 | .725 |
| 1960 | 206 113 | 38 731 | 19 | 6 051 | 53 430 | 31 | 31 000 | 18 | 89 420 | 51 | 173 850 | 1.28 | 20 15 | 10.35 | .70 |
| 1959 | 200 992 | 34 244 | 17 | 7 020 | 50 750 | 30 | 31 000 | 18 | 89 681 | 52 | 171 431 | 1.25 | 17 15 | 9.84 | .70 |
| 1958 | 174 523 | 30 165 | 17 | 17 282 | 48 280 | 29 | 31 000 | 18 | 90 210 | 53 | 169 490 | 1.22 | 16 12 | 9.36 | .70 |

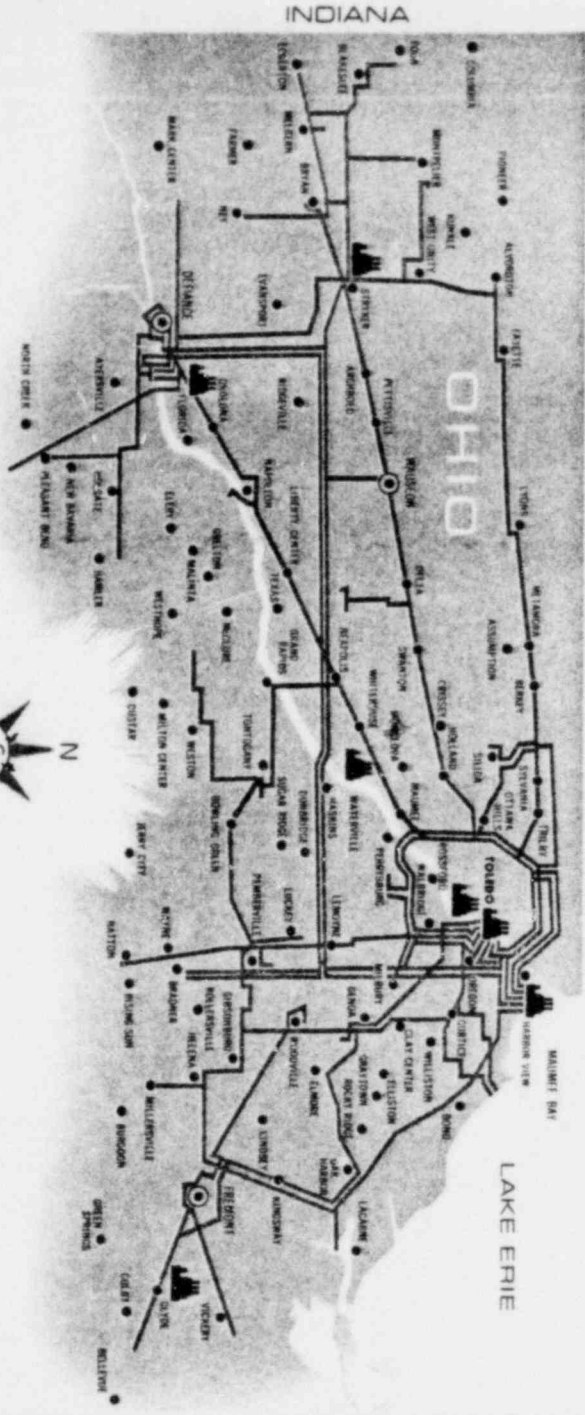
| Year | TOTAL REVENUES | | EXPENSES . . . and Operating Ratios to Revenues | | | | | | | | | | INCOME | | | | | | | | | | |
|------|---------------------------------|--|---|----|-----------------|---|-----------|----|-------------|---|--------------|----|---------------|----|----------------------|----|--------------------------|----|------------------|-----------------------------|----------------------------------|------------|--------------------------|
| | Electric, Gas and Steam Heating | | Fuel | % | Purchased Power | % | Operation | % | Maintenance | % | Depreciation | % | General Taxes | % | Federal Income Taxes | % | Total Operating Expenses | % | Operating Income | Debt Interest & Other (Net) | Construction Interests: (Credit) | Net Income | Earnings On Common Stock |
| 1968 | 80 090 | | 12 693 | 16 | 4 395 | 6 | 13 987 | 18 | 4 356 | 5 | 9 614 | 12 | 7 303 | 9 | 10 698 | 13 | 63 046 | 79 | 170 44 | 4 661 | 1 081 | 13 464 | 12 131 |
| 1967 | 70 292 | | 9 923 | 14 | 4 189 | 6 | 12 505 | 18 | 4 213 | 6 | 8 614 | 12 | 6 440 | 9 | 8 935 | 13 | 54 819 | 78 | 15 473 | 3 170 | 818 | 13 121 | 11 788 |
| 1966 | 66 770 | | 11 173 | 17 | 932 | 2 | 12 165 | 18 | 3 774 | 6 | 8 280 | 12 | 6 224 | 9 | 9 301 | 14 | 51 849 | 78 | 14 921 | 2 557 | 200 | 12 564 | 11 231 |
| 1965 | 61 546 | | 10 175 | 17 | 178 | 0 | 11 584 | 19 | 3 745 | 6 | 8 065 | 13 | 5 671 | 9 | 8 308 | 14 | 47 726 | 78 | 13 820 | 2 460 | 62 | 11 422 | 10 089 |
| 1964 | 58 808 | | 9 205 | 16 | 266 | 0 | 11 167 | 19 | 3 656 | 6 | 7 578 | 13 | 5 737 | 10 | 8 056 | 14 | 45 665 | 78 | 13 143 | 2 660 | 24 | 10 507 | 9 174 |
| 1963 | 55 736 | | 8 847 | 16 | 273 | 1 | 10 764 | 19 | 3 082 | 6 | 7 137 | 13 | 5 564 | 10 | 7 976 | 13 | 43 643 | 78 | 12 093 | 2 830 | 440 | 9 703 | 8 370 |
| 1962 | 53 435 | | 8 762 | 16 | 286 | 0 | 10 024 | 19 | 3 559 | 7 | 6 659 | 13 | 4 926 | 9 | 7 775 | 15 | 41 991 | 79 | 11 444 | 2 689 | 615 | 9 370 | 8 037 |
| 1961 | 50 160 | | 8 681 | 17 | 284 | 1 | 9 553 | 19 | 3 268 | 7 | 5 903 | 12 | 4 618 | 9 | 7 171 | 14 | 39 478 | 79 | 10 682 | 2 516 | 100 | 8 266 | 6 933 |
| 1960 | 48 661 | | 8 914 | 18 | 329 | 1 | 9 333 | 19 | 3 284 | 7 | 5 340 | 11 | 4 503 | 9 | 6 383 | 13 | 38 086 | 78 | 10 575 | 2 677 | 42 | 7 940 | 6 607 |
| 1959 | 46 697 | | 8 650 | 19 | 358 | 1 | 9 059 | 19 | 3 194 | 7 | 4 842 | 10 | 4 066 | 9 | 6 166 | 13 | 36 335 | 78 | 10 362 | 2 868 | 281 | 7 775 | 6 442 |
| 1958 | 42 868 | | 8 268 | 19 | 332 | 1 | 8 550 | 20 | 2 714 | 6 | 4 272 | 10 | 3 806 | 9 | 5 425 | 13 | 33 367 | 78 | 9 501 | 2 850 | 1 002 | 7 653 | 6 320 |

*Federal income taxes deferred through use of accelerated depreciation are "flowed-through" into earnings (1958-61 restated).

The Toledo Edison Company
 420 Madison Avenue - Toledo, Ohio 43601



MICHIGAN



LEGEND

- Power Transmission Lines
34,500 Volts and Above
- ⚡ Power Generation Stations
- ⊙ District Headquarters

This report, including the financial statements, is submitted for the general information of The Toledo Edison Company's shareholders. It is not intended to be used in connection with any sale or purchase of any securities.

Annual Meeting

The annual meeting of The Toledo Edison Company will be held at 10 A.M. (E.S.T.) on Tuesday, April 15, 1969, in the Company offices, 420 Madison Avenue, Toledo, Ohio. Formal notice of the meeting will be sent to shareholders with the proxy statement.

BULK RATE
 U. S. POSTAGE
 PAID
 Permit No. 2300
 Toledo, Ohio

