

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-05-13** | Period of Report: **1994-03-31**
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FILER

CENTERIOR ENERGY CORP

CIK: **774197** | IRS No.: **341479083** | State of Incorporation: **OH** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **001-09130** | Film No.: **94528103**
SIC: **4911** Electric services

Mailing Address
*PO BOX 94661
CLEVELAND OH 44101-4661*

Business Address
*6200 OAK TREE BLVD
INDEPENDENCE OH 44131
2164473100*

CLEVELAND ELECTRIC ILLUMINATING CO

CIK: **20947** | IRS No.: **340150020** | State of Incorporation: **OH** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **001-02323** | Film No.: **94528104**
SIC: **4911** Electric services

Business Address
*55 PUBLIC SQ
CLEVELAND OH 44101
2166229800*

TOLEDO EDISON CO

CIK: **352049** | IRS No.: **344375005** | State of Incorporation: **OH** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **001-03583** | Film No.: **94528105**
SIC: **4911** Electric services

Business Address
*300 MADISON AVE
TOLEDO OH 43652
4192495000*

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

Quarterly report pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934
For the quarterly period ended March 31, 1994

OR

Transition report pursuant to Section 13 or 15 (d) of the
Securities Exchange Act of 1934
For the transition period from _____ to _____

Commission File Number	Registrant; State of Incorporation; Address; and Telephone Number	I.R.S. Employer Identification No.
1-9130	CENTERIOR ENERGY CORPORATION (An Ohio Corporation) 6200 Oak Tree Boulevard Independence, Ohio 44131 Telephone (216) 447-3100	34-1479083
1-2323	THE CLEVELAND ELECTRIC ILLUMINATING COMPANY (An Ohio Corporation) 55 Public Square Cleveland, Ohio 44113 Telephone (216) 622-9800	34-0150020
1-3583	THE TOLEDO EDISON COMPANY (An Ohio Corporation) 300 Madison Avenue Toledo, Ohio 43652 Telephone (419) 249-5000	34-4375005

Indicate by check mark whether each of the registrants (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

On May 5, 1994, there were 147,929,555 shares of Centerior Energy Corporation Common Stock outstanding. Centerior Energy Corporation is the sole holder of the 79,590,689 shares and 39,133,887 shares of common stock of The Cleveland Electric Illuminating Company and The Toledo Edison Company, respectively, outstanding on that date.

This combined Form 10-Q is separately filed by Centerior Energy Corporation ("Centerior Energy"), The Cleveland Electric Illuminating Company ("Cleveland Electric") and The Toledo Edison Company ("Toledo Edison"). Centerior Energy, Cleveland Electric and Toledo Edison are sometimes referred to collectively as the "Companies". Cleveland Electric and Toledo Edison are sometimes collectively referred to as the "Operating Companies". Information contained herein relating to any individual registrant is filed by such registrant on its behalf. No registrant makes any representation as to information relating to any other registrant, except that information relating to either or both of the Operating Companies is also attributed to Centerior Energy.

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CENTERIOR ENERGY CORPORATION AND SUBSIDIARIES,
THE CLEVELAND ELECTRIC ILLUMINATING COMPANY AND SUBSIDIARIES,
AND THE TOLEDO EDISON COMPANY
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

(1) Interim Financial Statements

Centerior Energy Corporation (Centerior Energy) is a holding company of Centerior Service Company (Service Company) and two electric utilities, The Cleveland Electric Illuminating Company (Cleveland Electric) and The Toledo Edison Company (Toledo Edison). These two utilities are referred to collectively herein as the "Operating Companies". Centerior Energy, Cleveland Electric and Toledo Edison are referred to collectively herein as the "Companies".

Each comparative income statement and balance sheet and the related statement of cash flows have been prepared from the records of each of the Companies without audit by independent public accountants. In the opinion of management, all adjustments necessary for a fair statement of financial position at March 31, 1994 and results of operations for the three months ended March 31, 1994 and 1993 have been included. All such adjustments were normal recurring adjustments, except for those related to the adoption of the new accounting standard discussed in Note 2.

These financial statements and notes should be read in conjunction with the financial statements and notes included in the Companies' combined Annual Report on Form 10-K for the year ended December 31, 1993 (1993 Form 10-K). These interim period financial results are not necessarily indicative of results for a 12-month period.

(2) New Accounting Standard

Effective January 1, 1994, the Companies adopted the new accounting standard for certain investments in debt and equity securities (SFAS 115). SFAS 115 addresses the accounting and reporting for investments in equity securities that have readily determinable fair values and for all investments in debt securities. The adoption of SFAS 115 did not materially affect the financial positions or first quarter 1994 results of operations of the Companies.

(3) Equity Distribution Restrictions

The Operating Companies can make cash available for the funding of Centerior Energy's common stock dividends by paying dividends on their respective common stock, which are held solely by Centerior Energy. Federal law prohibits the Operating Companies from paying dividends out of capital accounts. However, the Operating Companies may pay preferred and common stock dividends out of appropriated retained earnings and current earnings. At March 31, 1994, Cleveland Electric and Toledo Edison had \$139.6 million and \$56 million, respectively, of appropriated retained earnings for the payment of dividends. However, Toledo Edison is prohibited from paying a common stock dividend by a provision in its mortgage.

(4) Common Stock Dividends

Dividends per common share declared by Centerior Energy during the three months ended March 31, 1994 and 1993 were as follows:

	1994	1993
Paid February 15	\$.20	\$.40
Paid May 15	.20	.40

Common stock dividends declared by Cleveland Electric during the three months ended March 31, 1994 and 1993 were as follows:

	1994	1993
	(millions)	
Paid in February	\$18.6	\$46.7

Toledo Edison did not declare any common stock dividends during the three months ended March 31, 1994 and 1993.

(5) Financing Activity

During the three months ended March 31, 1994, the Operating Companies retired debt and preferred stock as follows:

Cleveland Electric

Mandatory redemptions consisted of \$15 million of Serial Preferred Stock, \$9.125 Series N and \$1.1 million of bank loans and other long-term debt.

Toledo Edison

Mandatory redemptions consisted of \$3.2 million of unsecured notes, bank loans and other long-term debt.

(6) Long-Term Debt and Other Borrowing Arrangements

As discussed in Centerior Energy's Note 11(e) and the Operating Companies' respective Note 11(d) in the Notes to the Financial Statements for 1993 in the 1993 Form 10-K, certain unsecured debt agreements contain covenants relating to capitalization, fixed charge coverage ratios and secured financings. The write-offs recorded at December 31, 1993 caused Centerior Energy and the Operating Companies to violate certain of those covenants. The affected creditors have waived those violations in exchange for commitments to provide them with a second mortgage security interest on the Operating Companies' property and other considerations. The Companies expect to complete this process in the second quarter of 1994. The Companies will provide the same security interest to certain other creditors because their agreements require equal treatment. The Companies expect to provide second mortgage collateral for \$219 million of unsecured debt (\$47 million for Cleveland Electric and \$172 million for Toledo Edison), \$228 million of bank letters of credit and a \$205 million revolving credit facility. The bank letters of credit and revolving credit facility are joint and several obligations of the Operating Companies.

(7) Commitments and Contingencies

Various legal actions, claims and regulatory proceedings covering several matters are pending against the Companies. See "Item 3. Legal Proceedings" in the 1993 Form 10-K.

<TABLE>

CENTERIOR ENERGY CORPORATION AND SUBSIDIARIES
INCOME STATEMENT
(Unaudited)
(Thousands, Except Per Share Amounts)

<CAPTION>

	Three Months Ended March 31,	
	1994	1993
<S>	<C>	<C>
OPERATING REVENUES	\$ 587,567	\$ 598,082
OPERATING EXPENSES		
Fuel and Purchased Power	115,353	123,876
Other Operation and Maintenance	186,818	200,629
Depreciation and Amortization	68,314	65,959
Taxes, Other Than Federal Income Taxes	83,008	83,077
Deferred Operating Expenses, Net	(14,851)	(16,800)
Federal Income Taxes	20,282	19,021
Total Operating Expenses	458,924	475,762
OPERATING INCOME	128,643	122,320
NONOPERATING INCOME		
Allowance for Equity Funds Used During Construction	842	1,348
Other Income and Deductions, Net	2,555	1,629
Deferred Carrying Charges	9,917	13,849
Federal Income Taxes - Credit (Expense)	(1,263)	386
Total Nonoperating Income	12,051	17,212
INCOME BEFORE INTEREST CHARGES	140,694	139,532
INTEREST CHARGES		
Long-term Debt	88,347	87,027
Short-term Debt	1,466	2,211
Allowance for Borrowed Funds Used During Construction	(782)	(1,020)
Net Interest Charges	89,031	88,218
INCOME AFTER INTEREST CHARGES	51,663	51,314
Preferred Dividend Requirements of Subsidiaries	16,660	16,097
NET INCOME	\$ 35,003	\$ 35,217
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	147,446	143,364
EARNINGS PER COMMON SHARE	\$.24	\$.25

<FN>

The accompanying notes to financial statements as they relate to Centerior Energy are an integral part of this statement.

</TABLE>

<TABLE>

CENTERIOR ENERGY CORPORATION AND SUBSIDIARIES
BALANCE SHEET

(Thousands)

<CAPTION>

	March 31, 1994 (Unaudited)	December 31, 1993
<S>	<C>	<C>
ASSETS		
PROPERTY, PLANT AND EQUIPMENT		
Utility Plant In Service	\$ 9,529,622	\$ 9,571,124
Accumulated Depreciation and Amortization	(2,619,867)	(2,677,368)
	6,909,755	6,893,756
Construction Work In Progress	140,793	180,931
	7,050,548	7,074,687
Nuclear Fuel, Net of Amortization	327,641	344,642
Other Property, Less Accumulated Depreciation	29,436	40,808
	7,407,625	7,460,137
CURRENT ASSETS		
Cash and Temporary Cash Investments	183,458	225,253
Amounts Due from Customers and Others, Net	244,586	220,500
Unbilled Revenues	109,844	123,844
Materials and Supplies, at Average Cost	138,639	135,511
Fossil Fuel Inventory, at Average Cost	27,221	32,159
Taxes Applicable to Succeeding Years	214,163	249,544
Other	11,470	6,235
	929,381	993,046
DEFERRED CHARGES AND OTHER ASSETS		
Amounts Due from Customers for Future Federal Income Taxes	986,207	968,267
Unamortized Loss from Beaver Valley Unit 2 Sale	104,067	105,190
Unamortized Loss on Reacquired Debt	90,106	92,385
Carrying Charges and Operating Expenses	886,347	861,660
Nuclear Plant Decommissioning Trusts	61,597	55,682
Other	170,717	173,463
	2,299,041	2,256,647
	\$ 10,636,047	\$ 10,709,830
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION		
Common Stock Equity	\$ 1,771,108	\$ 1,785,122
Preferred Stock		
With Mandatory Redemption Provisions	298,575	313,575
Without Mandatory Redemption Provisions	450,871	450,871
Long-Term Debt	4,013,905	4,018,554
	6,534,459	6,568,122
OTHER NONCURRENT LIABILITIES		
Nuclear Fuel Lease Obligations	254,954	253,666
Other	192,924	195,377
	447,878	449,043
CURRENT LIABILITIES		
Current Portion of Long-Term Debt and Preferred Stock	127,685	127,253
Current Portion of Lease Obligations	101,687	111,490
Accounts Payable	159,611	188,409
Accrued Taxes	309,103	377,887
Accrued Interest	99,747	87,394
Dividends Declared	50,165	15,795
Other	60,508	57,399
	908,506	965,627
DEFERRED CREDITS		
Unamortized Investment Tax Credits	316,674	329,290
Accumulated Deferred Federal Income Taxes	1,617,140	1,578,955
Unamortized Gain from Bruce Mansfield Plant Sale	544,706	551,268
Accumulated Deferred Rents for Bruce Mansfield Plant and Beaver Valley Unit 2	131,855	127,661
Other	134,829	139,864
	2,745,204	2,727,038
COMMITMENTS AND CONTINGENCIES (Note 7)		

 \$ 10,636,047 \$ 10,709,830
 =====

<FN>

The accompanying notes to financial statements as they relate to Centerior Energy are an integral part of this statement.

</TABLE>

<TABLE>

CENTERIOR ENERGY CORPORATION AND SUBSIDIARIES
 CASH FLOWS
 (Unaudited)
 (Thousands)

<CAPTION>

	Three Months Ended March 31,	
	1994	1993
	-----	-----
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$35,003	\$35,217
	-----	-----
Adjustments to Reconcile Net Income to Cash from Operating Activities:		
Depreciation and Amortization	68,314	65,959
Deferred Federal Income Taxes	12,980	11,308
Unbilled Revenues	14,000	10,000
Deferred Fuel	(3,265)	2,585
Deferred Carrying Charges	(9,917)	(13,849)
Leased Nuclear Fuel Amortization	28,954	16,686
Deferred Operating Expenses, Net	(14,851)	(16,800)
Allowance for Equity Funds Used During Construction	(842)	(1,348)
Changes in Amounts Due from Customers and Others, Net	(24,086)	(4,333)
Changes in Inventories	1,810	17,622
Changes in Accounts Payable	(28,798)	(18,508)
Changes in Working Capital Affecting Operations	(23,176)	(22,472)
Other Noncash Items	6,348	2,088
	-----	-----
Total Adjustments	27,471	48,938
	-----	-----
Net Cash from Operating Activities	62,474	84,155
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank Loans, Commercial Paper and Other Short-Term Debt	--	(7,501)
Debt Issues:		
First Mortgage Bonds	--	200,200
Secured Medium-Term Notes	--	128,000
Common Stock Issues	9,988	18,348
Reacquired Common Stock	--	249
Maturities, Redemptions and Sinking Funds	(19,322)	(237,807)
Nuclear Fuel Lease Obligations	(20,122)	(35,943)
Common Stock Dividends Paid	(29,432)	(57,184)
Premiums, Discounts and Expenses	--	(4,499)
	-----	-----
Net Cash from Financing Activities	(58,888)	3,863
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Applied to Construction	(37,843)	(45,309)
Interest Capitalized as Allowance for Borrowed Funds Used During Construction	(782)	(1,020)
Other Cash Received (Applied)	(6,756)	1,284
	-----	-----
Net Cash from Investing Activities	(45,381)	(45,045)
	-----	-----
NET CHANGE IN CASH AND TEMPORARY CASH INVESTMENTS	(41,795)	42,973
CASH AND TEMPORARY CASH INVESTMENTS AT BEGINNING OF PERIOD	225,253	92,949
	-----	-----
CASH AND TEMPORARY CASH INVESTMENTS AT END OF PERIOD	\$183,458	\$135,922
	=====	=====
Other Payment Information:		
Interest (net of amounts capitalized)	\$64,000	\$60,000
Federal Income Taxes	--	6,000

<FN>

The accompanying notes to financial statements as they relate to Centerior Energy are an integral part of this statement.

CENTERIOR ENERGY CORPORATION AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Capital Resources and Liquidity

Reference is made to "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in Item 7 of the 1993 Form 10-K. The information under "Capital Resources and Liquidity" remains unchanged with the following exceptions:

During the first quarter of 1994, the Operating Companies redeemed various securities as discussed in Note 5.

In the second quarter of 1994, Cleveland Electric and Toledo Edison expect to issue \$46.1 million and \$30.5 million, respectively, of first mortgage bonds as collateral security for the sale by a public authority of equal principal amounts of tax-exempt bonds. The proceeds from the sales of the public authority's bonds will be used to refund equal principal amounts of the authority's tax-exempt bonds that were issued in 1988 and have been continuously remarketed on a floating rate basis. Each new series of bonds will be issued at a fixed rate of interest for the remaining term to July 1, 2023.

Centerior Energy expects to raise about \$35 million in 1994 from the sale of authorized but unissued common stock under certain of its employee and share owner stock purchase plans.

Additional first mortgage bonds may be issued by the Operating Companies under their respective mortgages on the basis of property additions, cash or refundable first mortgage bonds. Under their respective mortgages, each Operating Company may issue first mortgage bonds on the basis of property additions and, under certain circumstances, refundable bonds only if the applicable interest coverage test is met. At March 31, 1994, Cleveland Electric and Toledo Edison would have been permitted to issue approximately \$139 million and \$323 million of additional first mortgage bonds, respectively. After the fourth quarter of 1994, Cleveland Electric's ability to issue first mortgage bonds is expected to increase substantially when its interest coverage ratio will no longer be affected by the write-offs recorded at December 31, 1993.

Results of Operations

Factors contributing to the 1.8% decrease in first quarter 1994 operating revenues are shown as follows:

Factors	Millions
Sales Volume and Mix	\$ 24.6
Wholesale Revenues	(7.7)
Fuel Cost Recovery Revenues	(15.5)
Base Rates and Miscellaneous Revenues	(11.9)
Total	\$(10.5)

Percentage changes between 1994 and 1993 first quarter billed electric kilowatt-hour sales are summarized as follows:

Customer Categories	% Change
Residential	5.0%
Commercial	5.1
Industrial	4.9
Other	(4.2)
Total	4.1

First quarter 1994 total kilowatt-hour sales increased as a result of increased economic activity and weather-related demand. Industrial sales increased on the strength of increased sales to large automotive manufacturers, large steel industry customers and the broad-based, smaller industrial customer group. Residential and commercial sales increased as a result of colder weather in the first quarter of 1994 than in the first quarter of 1993, which increased heating-related demand. Other sales decreased as lower wholesale sales were partially offset by higher sales to public authorities.

The decreases in first quarter 1994 wholesale sales and revenues were attributable to the expiration of a wholesale power agreement, softer market conditions and limited power availability for bulk power transactions because of generating plant outages.

The decrease in first quarter 1994 fuel cost recovery revenues included in customer bills resulted from decreases in the fuel cost recovery factors used by the Operating Companies to calculate these revenues. The weighted averages of the fuel cost recovery factors used for the first quarter of 1994 decreased about 19% and 2% for Cleveland Electric and Toledo Edison, respectively, compared to those used in the 1993 first quarter.

The decrease in first quarter 1994 base rates and miscellaneous revenues was primarily attributable to three factors: lower base rate revenues in 1994 from certain large industrial customers under economic incentive contracts; lower base rate revenues in 1994 from certain large commercial customers as a result of lower tariff rates based on changes in their load characteristics; and a disproportionate increase in kilowatt-hour sales to residential customers in 1994 at lower incremental rates under the declining rate schedules based on usage.

First quarter operating expenses in 1994 decreased 3.5% from the 1993 amount. Other operation and maintenance expenses decreased primarily as a result of cost reduction measures, including the work force reduction in 1993. Fuel and purchased power expenses decreased because of lower fuel expense, including less amortization of previously deferred fuel costs than the amount amortized in 1993. A change in the system generation mix (more nuclear generation and less coal-fired generation in the 1994 first quarter than in the 1993 period) accounted for a large part of the lower fuel expense for the first quarter of 1994. Depreciation and amortization expense increased because of higher nuclear plant decommissioning expense accruals related to revisions in the

cost estimates in 1993. A decrease in deferred operating expenses resulted primarily from the cessation in 1994 of deferrals related to the rate phase-in plans for the investments in Perry Nuclear Power Plant Unit 1 and Beaver Valley Power Station Unit 2 under a 1989 rate agreement for the Operating Companies. Federal income taxes increased as a result of higher pretax operating income.

First quarter credits for carrying charges in 1994 decreased from the 1993 amount primarily because of the cessation in 1994 of accruals related to the phase-in plans. The first quarter federal income tax provision for non-operating income in 1994 increased from the 1993 amount because the expense increase resulting from a lower tax allocation of interest charges to non-operating activities exceeded the decrease related to the lower carrying charge credits.

First quarter net income in 1994 decreased \$0.2 million, or 0.6%, from the 1993 amount. Quarterly earnings per common share decreased \$.01 per share, or 4%.

<TABLE>

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY AND SUBSIDIARIES
INCOME STATEMENT
(Unaudited)
(Thousands)

<CAPTION>

	Three Months Ended March 31,	
	1994	1993
<S> OPERATING REVENUES	\$ 407,855	\$ 421,107
OPERATING EXPENSES		
Fuel and Purchased Power (1)	99,939	112,540
Other Operation and Maintenance	112,052	118,804
Depreciation and Amortization	47,992	46,460
Taxes, Other Than Federal Income Taxes	59,085	58,963
Deferred Operating Expenses, Net	(9,719)	(9,872)

Federal Income Taxes	12,994	12,102
Total Operating Expenses	322,343	338,997
OPERATING INCOME	85,512	82,110
NONOPERATING INCOME		
Allowance for Equity Funds Used During Construction	630	1,024
Other Income and Deductions, Net	1,899	2,005
Deferred Carrying Charges	6,237	7,648
Federal Income Taxes - Credit (Expense)	(1,056)	138
Total Nonoperating Income	7,710	10,815
INCOME BEFORE INTEREST CHARGES	93,222	92,925
INTEREST CHARGES		
Long-term Debt	60,433	59,994
Short-term Debt	626	1,007
Allowance for Borrowed Funds Used During Construction	(744)	(813)
Net Interest Charges	60,315	60,188
NET INCOME	32,907	32,737
Preferred Dividend Requirements	11,502	10,181
EARNINGS AVAILABLE FOR COMMON STOCK	\$ 21,405	\$ 22,556

(1) Includes purchased power expense for purchases from Toledo Edison. \$ 29,669 \$ 30,418

<FN>

The accompanying notes to financial statements as they relate to Cleveland Electric are an integral part of this statement.

</TABLE>

<TABLE>

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY AND SUBSIDIARIES
BALANCE SHEET
(Thousands)

<CAPTION>

	March 31, 1994 (Unaudited)	December 31, 1993
	-----	-----
<S>	<C>	<C>
ASSETS		
PROPERTY, PLANT AND EQUIPMENT		
Utility Plant In Service	\$ 6,685,254	\$ 6,734,130
Accumulated Depreciation and Amortization	(1,816,016)	(1,889,584)
	-----	-----
Construction Work In Progress	4,869,238	4,844,546
	107,477	141,422
	-----	-----
	4,976,715	4,985,968
Nuclear Fuel, Net of Amortization	193,459	202,200
Other Property, Less Accumulated Depreciation	29,848	41,041
	-----	-----
	5,200,022	5,229,209
CURRENT ASSETS		
Cash and Temporary Cash Investments	14,604	77,374
Amounts Due from Customers and Others, Net	172,383	155,899
Amounts Due from Affiliates	10,047	5,399
Unbilled Revenues	89,000	99,000
Materials and Supplies, at Average Cost	92,732	92,659
Fossil Fuel Inventory, at Average Cost	15,397	20,188
Taxes Applicable to Succeeding Years	153,043	178,577
Other	3,664	2,967
	-----	-----
	550,870	632,063

DEFERRED CHARGES AND OTHER ASSETS		
Amounts Due from Customers for Future Federal Income Taxes	598,392	586,494
Unamortized Loss on Reacquired Debt	59,186	60,293
Carrying Charges and Operating Expenses	534,550	518,613
Nuclear Plant Decommissioning Trusts	33,114	29,955
Other	96,561	102,546
	-----	-----
	1,321,803	1,297,901
	-----	-----
	\$ 7,072,695	\$ 7,159,173
	=====	=====
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION		
Common Stock Equity	\$ 1,054,266	\$ 1,039,947
Preferred Stock		
With Mandatory Redemption Provisions	270,225	285,225
Without Mandatory Redemption Provisions	240,871	240,871
Long-Term Debt	2,792,437	2,793,162
	-----	-----
	4,357,799	4,359,205
OTHER NONCURRENT LIABILITIES		
Nuclear Fuel Lease Obligations	152,119	150,775
Other	95,596	96,352
	-----	-----
	247,715	247,127
CURRENT LIABILITIES		
Current Portion of Long-Term Debt and Preferred Stock	70,057	70,394
Current Portion of Lease Obligations	57,439	62,610
Accounts Payable	94,503	122,385
Accounts Payable to Affiliates	54,299	60,956
Accrued Taxes	257,333	304,621
Accrued Interest	70,225	60,376
Dividends Declared	7,533	19,258
Other	34,159	32,632
	-----	-----
	645,548	733,232
DEFERRED CREDITS		
Unamortized Investment Tax Credits	224,508	235,293
Accumulated Deferred Federal Income Taxes	1,129,950	1,104,859
Unamortized Gain from Bruce Mansfield Plant Sale	339,120	343,183
Accumulated Deferred Rents for Bruce Mansfield Plant	77,902	77,304
Other	50,153	58,970
	-----	-----
	1,821,633	1,819,609
COMMITMENTS AND CONTINGENCIES (Note 7)		
	-----	-----
	\$ 7,072,695	\$ 7,159,173
	=====	=====

<FN>

The accompanying notes to financial statements as they relate to Cleveland Electric are an integral part of this statement.

</TABLE>

<TABLE>

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY AND SUBSIDIARIES

CASH FLOWS
(Unaudited)
(Thousands)

<CAPTION>

	Three Months Ended March 31,	
	-----	-----
	1994	1993
	-----	-----
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$32,907	\$32,737
	-----	-----
Adjustments to Reconcile Net Income to Cash from Operating Activities:		
Depreciation and Amortization	47,992	46,460
Deferred Federal Income Taxes	5,885	5,700
Unbilled Revenues	10,000	9,000
Deferred Fuel	(5,616)	7,530

Deferred Carrying Charges	(6,237)	(7,648)
Leased Nuclear Fuel Amortization	16,053	9,254
Deferred Operating Expenses, Net	(9,719)	(9,872)
Allowance for Equity Funds Used During Construction	(630)	(1,024)
Changes in Amounts Due from Customers and Others, Net	(16,484)	(2,167)
Changes in Inventories	4,718	7,011
Changes in Accounts Payable	(27,882)	(34,741)
Changes in Working Capital Affecting Operations	(22,380)	2,375
Other Noncash Items	968	(1,123)
	-----	-----
Total Adjustments	(3,332)	30,755
	-----	-----
Net Cash from Operating Activities	29,575	63,492
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank Loans, Commercial Paper and Other Short-Term Debt	--	10,001
Notes Payable to Affiliates	--	7,000
Debt Issues:		
First Mortgage Bonds	--	180,000
Secured Medium-Term Notes	--	35,000
Maturities, Redemptions and Sinking Funds	(16,138)	(188,637)
Nuclear Fuel Lease Obligations	(11,140)	(20,110)
Dividends Paid	(30,328)	(56,705)
Premiums, Discounts and Expenses	--	(3,617)
	-----	-----
Net Cash from Financing Activities	(57,606)	(37,068)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Applied to Construction	(30,366)	(36,311)
Interest Capitalized as Allowance for Borrowed Funds Used During Construction	(744)	(813)
Other Cash Applied	(3,629)	(542)
	-----	-----
Net Cash from Investing Activities	(34,739)	(37,666)
	-----	-----
NET CHANGE IN CASH AND TEMPORARY CASH INVESTMENTS	(62,770)	(11,242)
CASH AND TEMPORARY CASH INVESTMENTS AT BEGINNING OF PERIOD	77,374	33,524
	-----	-----
CASH AND TEMPORARY CASH INVESTMENTS AT END OF PERIOD	\$14,604	\$22,282
	=====	=====
Other Payment Information:		
Interest (net of amounts capitalized)	\$43,000	\$38,000
Federal Income Taxes	--	4,700

<FN>

The accompanying notes to financial statements as they relate to Cleveland Electric are an integral part of this statement.

</TABLE>

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Capital Resources and Liquidity

Reference is made to "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in Item 7 of the 1993 Form 10-K. The information under "Capital Resources and Liquidity" remains unchanged with the following exceptions:

During the first quarter of 1994, Cleveland Electric redeemed various securities as discussed in Note 5.

In the second quarter of 1994, Cleveland Electric expects to issue \$46.1 million of first mortgage bonds as collateral security for the sale by a public authority of an equal principal amount of tax-exempt bonds. The proceeds from the sale of the public authority's bonds will be used to refund \$46.1 million of the authority's tax-exempt bonds that were issued in 1988 and have been continuously remarketed on a floating rate basis. The new series of bonds will be issued at a fixed rate of interest for the remaining term to July 1, 2023.

Additional first mortgage bonds may be issued by Cleveland Electric under its mortgage on the basis of property additions, cash or refundable first mortgage bonds. Under its mortgage, Cleveland Electric may issue first mortgage bonds

on the basis of property additions and, under certain circumstances, refundable bonds only if the applicable interest coverage test is met. At March 31, 1994, Cleveland Electric would have been permitted to issue approximately \$139 million of additional first mortgage bonds. After the fourth quarter of 1994, Cleveland Electric's ability to issue first mortgage bonds is expected to increase substantially when its interest coverage ratio will no longer be affected by the write-offs recorded at December 31, 1993.

Results of Operations

Factors contributing to the 3.1% decrease in first quarter 1994 operating revenues are shown as follows:

Factors	Millions
Sales Volume and Mix	\$ 15.6
Wholesale Revenues	(9.2)
Fuel Cost Recovery Revenues	(14.7)
Base Rates and Miscellaneous Revenues	(5.0)
Total	\$(13.3)

Percentage changes between 1994 and 1993 first quarter billed electric kilowatt-hour sales are summarized as follows:

Customer Categories	% Change
Residential	4.3%
Commercial	4.5
Industrial	3.3
Other	(25.6)
Total	1.3

First quarter 1994 total kilowatt-hour sales increased as a result of weather-related demand and increased economic activity. Residential and commercial sales increased as a result of colder weather in the first quarter of 1994 than in the first quarter of 1993, which increased heating-related demand. Industrial sales increased on the strength of increased sales to large automotive manufacturers and steel industry customers. Other sales decreased as lower wholesale sales were partially offset by higher sales to public authorities.

The decreases in first quarter 1994 wholesale sales and revenues were attributable to the expiration of a wholesale power agreement, softer market conditions and limited power availability for bulk power transactions because of generating plant outages.

The decrease in fuel cost recovery revenues included in customer bills resulted from a 19% decrease in the weighted average of the fuel cost recovery factors used in the first quarter of 1994 to calculate these revenues compared to the 1993 first quarter average.

The decrease in first quarter 1994 base rates and miscellaneous revenues was primarily attributable to three factors: lower base rate revenues in 1994 from certain large industrial customers under economic incentive contracts; lower base rate revenues in 1994 from certain large commercial customers as a result of lower tariff rates based on changes in their load characteristics; and a disproportionate increase in kilowatt-hour sales to residential customers in 1994 at lower incremental rates under the declining rate schedule based on usage.

First quarter operating expenses in 1994 decreased 4.9% from the 1993 amount. Lower fuel and purchased power expenses resulted primarily from less amortization of previously deferred fuel costs than the amount amortized in 1993. Other operation and maintenance expenses decreased primarily as a result of cost reduction measures, including the work force reduction in 1993. Depreciation and amortization expense increased because of higher nuclear plant decommissioning expense accruals related to revisions in the cost estimates in 1993. Federal income taxes increased as a result of higher pretax operating income.

First quarter credits for carrying charges in 1994 decreased from the 1993 amount primarily because of the cessation in 1994 of accruals related to the rate phase-in plan for the investments in Perry Nuclear Power Plant Unit 1 and

Beaver Valley Power Station Unit 2 under a 1989 rate agreement. The first quarter federal income tax provision for nonoperating income in 1994 increased from the 1993 amount because the expense increase resulting from a lower tax allocation of interest charges to nonoperating activities exceeded the decrease related to the lower carrying charge credits.

First quarter preferred dividend requirements in 1994 increased from the 1993 amount primarily because of the new issue of preferred stock in 1993.

First quarter earnings available for common stock in 1994 decreased \$1 million, or 5.1%, from the 1993 amount.

<TABLE>

THE TOLEDO EDISON COMPANY
INCOME STATEMENT
(Unaudited)
(Thousands)

<CAPTION>

	Three Months Ended March 31,	
	1994	1993
<S>	<C>	<C>
OPERATING REVENUES (1)	\$ 216,572	\$ 214,815
OPERATING EXPENSES		
Fuel and Purchased Power	45,673	42,583
Other Operation and Maintenance	81,583	89,330
Depreciation and Amortization	20,322	19,500
Taxes, Other Than Federal Income Taxes	23,748	23,995
Deferred Operating Expenses, Net	(5,133)	(6,928)
Federal Income Taxes	7,371	6,976
Total Operating Expenses	173,564	175,456
OPERATING INCOME	43,008	39,359
NONOPERATING INCOME		
Allowance for Equity Funds Used During Construction	213	324
Other Income and Deductions, Net	468	273
Deferred Carrying Charges	3,680	6,200
Federal Income Taxes - Credit (Expense)	(26)	421
Total Nonoperating Income	4,335	7,218
INCOME BEFORE INTEREST CHARGES	47,343	46,577
INTEREST CHARGES		
Long-term Debt	27,913	27,033
Short-term Debt	892	1,443
Allowance for Borrowed Funds Used During Construction	(38)	(207)
Net Interest Charges	28,767	28,269
NET INCOME	18,576	18,308
Preferred Dividend Requirements	5,158	5,915
EARNINGS AVAILABLE FOR COMMON STOCK	\$ 13,418	\$ 12,393

(1) Includes revenues from bulk power sales to Cleveland Electric. \$ 29,669 \$ 30,418

<FN>

The accompanying notes to financial statements as they relate to Toledo Edison are an integral part of this statement.

</TABLE>

<TABLE>

THE TOLEDO EDISON COMPANY
BALANCE SHEET

<CAPTION>

	March 31, 1994 (Unaudited)	December 31, 1993
<S>	-----	-----
<C>	<C>	<C>
ASSETS		
PROPERTY, PLANT AND EQUIPMENT		
Utility Plant In Service	\$ 2,844,368	\$ 2,836,993
Accumulated Depreciation and Amortization	(803,852)	(787,784)
	-----	-----
	2,040,516	2,049,209
Construction Work In Progress	33,316	39,509
	-----	-----
	2,073,832	2,088,718
Nuclear Fuel, Net of Amortization	134,182	142,442
Other Property, Less Accumulated Depreciation	(412)	(234)
	-----	-----
	2,207,602	2,230,926
CURRENT ASSETS		
Cash and Temporary Cash Investments	102,746	82,042
Amounts Due from Customers and Others, Net	68,486	62,979
Amounts Due from Affiliates	14,067	15,682
Unbilled Revenues	20,844	24,844
Materials and Supplies, at Average Cost	45,907	42,852
Fossil Fuel Inventory, at Average Cost	11,824	11,971
Taxes Applicable to Succeeding Years	61,120	70,966
Other	266	2,284
	-----	-----
	325,260	313,620
DEFERRED CHARGES AND OTHER ASSETS		
Amounts Due from Customers for Future Federal Income Taxes	387,772	381,729
Unamortized Loss from Beaver Valley Unit 2 Sale	104,067	105,190
Unamortized Loss on Reacquired Debt	30,920	32,093
Carrying Charges and Operating Expenses	351,796	343,046
Nuclear Plant Decommissioning Trusts	28,484	25,727
Other	73,542	77,523
	-----	-----
	976,581	965,308
	-----	-----
	\$ 3,509,443	\$ 3,509,854
	=====	=====
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION		
Common Stock Equity	\$ 636,112	\$ 622,375
Preferred Stock		
With Mandatory Redemption Provisions	28,350	28,350
Without Mandatory Redemption Provisions	210,000	210,000
Long-Term Debt	1,221,468	1,225,392
	-----	-----
	2,095,930	2,086,117
OTHER NONCURRENT LIABILITIES		
Nuclear Fuel Lease Obligations	102,836	102,891
Other	80,841	82,757
	-----	-----
	183,677	185,648
CURRENT LIABILITIES		
Current Portion of Long-Term Debt and Preferred Stock	57,629	56,859
Current Portion of Lease Obligations	44,248	48,880
Accounts Payable	53,875	63,384
Accounts Payable to Affiliates	31,383	26,608
Accrued Taxes	67,702	89,574
Accrued Interest	29,583	27,022
Other	21,430	16,948
	-----	-----
	305,850	329,275
DEFERRED CREDITS		
Unamortized Investment Tax Credits	92,166	93,997
Accumulated Deferred Federal Income Taxes	484,856	471,471
Unamortized Gain from Bruce Mansfield Plant Sale	205,586	208,085
Accumulated Deferred Rents for Bruce Mansfield Plant and Beaver Valley Unit 2	53,953	50,357
Other	87,425	84,904
	-----	-----
	923,986	908,814

-----	-----
\$ 3,509,443	\$ 3,509,854
=====	=====

<FN>

The accompanying notes to financial statements as they relate to Toledo Edison are an integral part of this statement.

</TABLE>

<TABLE>

THE TOLEDO EDISON COMPANY
CASH FLOWS
(Unaudited)
(Thousands)

<CAPTION>

	Three Months Ended March 31,	
	----- 1994 -----	----- 1993 -----
	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$18,576	\$18,308
Adjustments to Reconcile Net Income to Cash from Operating Activities:		
Depreciation and Amortization	20,322	19,500
Deferred Federal Income Taxes	7,387	5,519
Unbilled Revenues	4,000	1,000
Deferred Fuel	2,351	(4,945)
Deferred Carrying Charges	(3,680)	(6,200)
Leased Nuclear Fuel Amortization	12,901	7,432
Deferred Operating Expenses, Net	(5,133)	(6,928)
Allowance for Equity Funds Used During Construction	(213)	(324)
Changes in Amounts Due from Customers and Others, Net	(5,507)	(1,547)
Changes in Inventories	(2,908)	10,611
Changes in Accounts Payable	(9,509)	7,659
Changes in Working Capital Affecting Operations	3,425	(26,002)
Other Noncash Items	5,380	3,211
Total Adjustments	28,816	8,986
Net Cash from Operating Activities	47,392	27,294
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank Loans, Commercial Paper and Other Short-Term Debt	--	(17,502)
Debt Issues:		
First Mortgage Bonds	--	20,200
Secured Medium-Term Notes	--	93,000
Maturities, Redemptions and Sinking Funds	(3,184)	(49,170)
Nuclear Fuel Lease Obligations	(8,982)	(15,833)
Dividends Paid	(152)	(5,939)
Premiums, Discounts and Expenses	--	(882)
Net Cash from Financing Activities	(12,318)	23,874
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Applied to Construction	(7,477)	(8,998)
Interest Capitalized as Allowance for Borrowed Funds Used		
During Construction	(38)	(207)
Loans to Affiliates	--	(18,000)
Other Cash Received (Applied)	(6,855)	5,943
Net Cash from Investing Activities	(14,370)	(21,262)
NET CHANGE IN CASH AND TEMPORARY CASH INVESTMENTS	20,704	29,906
CASH AND TEMPORARY CASH INVESTMENTS AT BEGINNING OF PERIOD	82,042	15,731
CASH AND TEMPORARY CASH INVESTMENTS AT END OF PERIOD	\$102,746	\$45,637
Other Payment Information:		
Interest (net of amounts capitalized)	\$21,000	\$22,000
Federal Income Taxes	--	1,800

<FN>

The accompanying notes to financial statements as they relate to Toledo Edison are an integral part of this statement.

</TABLE>

THE TOLEDO EDISON COMPANY
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Capital Resources and Liquidity

Reference is made to "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in Item 7 of the 1993 Form 10-K. The information under "Capital Resources and Liquidity" remains unchanged with the following exceptions:

During the first quarter of 1994, Toledo Edison redeemed various securities as discussed in Note 5.

In the second quarter of 1994, Toledo Edison expects to issue \$30.5 million of first mortgage bonds as collateral security for the sale by a public authority of an equal principal amount of tax-exempt bonds. The proceeds from the sale of the public authority's bonds will be used to refund \$30.5 million of the authority's tax-exempt bonds that were issued in 1988 and have been continuously remarketed on a floating rate basis. The new series of bonds will be issued at a fixed rate of interest for the remaining term to July 1, 2023.

Additional first mortgage bonds may be issued by Toledo Edison under its mortgage on the basis of property additions, cash or refundable first mortgage bonds. Under its mortgage, Toledo Edison may issue first mortgage bonds on the basis of property additions and, under certain circumstances, refundable bonds only if the applicable interest coverage test is met. At March 31, 1994, Toledo Edison would have been permitted to issue approximately \$323 million of additional first mortgage bonds.

Results of Operations

Factors contributing to the 0.8% increase in first quarter 1994 operating revenues are shown as follows:

Factors	Millions
Sales Volume and Mix	\$ 9.0
Wholesale Revenues	0.5
Base Rates and Miscellaneous Revenues	(6.9)
Fuel Cost Recovery Revenues	(0.8)
Total	\$ 1.8

Percentage changes between 1994 and 1993 first quarter billed electric kilowatt-hour sales are summarized as follows:

Customer Categories	% Change
Residential	6.6%
Commercial	6.9
Industrial	8.4
Other	17.3
Total	10.1

First quarter 1994 total kilowatt-hour sales increased as a result of increased wholesale sales (included in the "Other" category), increased economic activity and weather-related demand. Industrial sales increased on the strength of increased sales to large automotive manufacturers and the broad-based, smaller industrial customer group. Residential and commercial sales increased as a result of colder weather in the first quarter of 1994 than in the first quarter of 1993, which increased heating-related demand.

The decrease in first quarter 1994 base rates and miscellaneous revenues was primarily attributable to three factors: lower base rate revenues in 1994 from certain large industrial customers under economic incentive contracts; lower base rate revenues in 1994 from certain large commercial customers as a result of lower tariff rates based on changes in their load characteristics; and a disproportionate increase in kilowatt-hour sales to residential customers in 1994 at lower incremental rates under the declining rate schedule based on usage.

The decrease in fuel cost recovery revenues included in customer bills resulted from a 2% decrease in the weighted average of the fuel cost recovery factors used in the first quarter of 1994 to calculate these revenues compared to the 1993 first quarter average.

First quarter operating expenses in 1994 decreased 1.1% from the 1993 amount. Other operation and maintenance expenses decreased primarily as a result of cost reduction measures, including the work force reduction in 1993. Higher fuel and purchased power expenses resulted primarily from increased amortization of previously deferred fuel costs than the amount amortized in 1993. Depreciation and amortization expense increased because of higher nuclear plant decommissioning expense accruals related to revisions in the cost estimates in 1993. A decrease in deferred operating expenses resulted from the cessation in 1994 of deferrals related to the rate phase-in plan for the investments in Perry Nuclear Power Plant Unit 1 and Beaver Valley Power Station Unit 2 under a 1989 rate agreement and less deferrals under the Rate Stabilization Program in the first quarter of 1994. Federal income taxes increased as a result of higher pretax operating income.

First quarter credits for carrying charges in 1994 decreased from the 1993 amount primarily because of the cessation in 1994 of accruals related to the phase-in plan. The first quarter federal income tax provision for non-operating income in 1994 increased from the 1993 amount because the expense

increase resulting from a lower tax allocation of interest charges to non-operating activities exceeded the decrease related to the lower carrying charge credits.

First quarter preferred dividend requirements in 1994 decreased from the 1993 amount because of the retirement of preferred stock in 1993.

First quarter earnings available for common stock in 1994 increased \$1 million, or 8.3%, from the 1993 amount.

PART II. OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security-Holders

1. Centerior Energy

- a. Centerior Energy's Annual Meeting of share owners was held on April 26, 1994.
- b. Proxies for the Annual Meeting were solicited pursuant to Regulation 14 under the Securities Exchange Act of 1934. There was no solicitation in opposition to management's nominees for directors as listed in the proxy statement dated March 23, 1994, and all such nominees were elected.
- c. Five matters were submitted to share owners for a vote at the Annual Meeting.

Issue 1 was the election of 12 directors of Centerior Energy. The vote on this issue was as follows:

Nominee	For	Withheld	Broker Non-Vote
R. P. Anderson	91,467,251	6,062,438	22,446,350
A. C. Bersticker	91,485,281	6,044,408	22,446,350
L. Carter	91,441,479	6,088,210	22,446,350
T. A. Commes	90,851,749	6,677,940	22,446,350
W. R. Embry	91,266,849	6,262,840	22,446,350
R. J. Farling	91,404,621	6,125,068	22,446,350
G. H. Kaul	91,607,769	5,921,920	22,446,350
R. A. Miller	91,313,524	6,216,165	22,446,350
F. E. Mosier	91,526,326	6,003,363	22,446,350
Sr. M. M. Reinhard	91,161,218	6,368,471	22,446,350
R. C. Savage	91,445,158	6,084,531	22,446,350
W. J. Williams	91,491,285	6,038,404	22,446,350

Issue 2 was the ratification of the appointment by the Board of Directors of Arthur Andersen & Co. as the independent accountants of Centerior Energy, Cleveland Electric and Toledo Edison for 1994. The vote on this issue was as follows:

For	Against	Abstain	Broker Non-Vote
93,897,566	2,172,892	1,459,231	22,446,350

Issue 3 was a share owner proposal recommending that a salary ceiling be instituted such that no senior executive officer or director of Centerior Energy receive a combined salary and other compensation which is more than one hundred and fifty percent of the salary provided to the President of the United States. The vote on this issue was as follows:

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For	Against	Abstain	Broker Non-Vote
26,174,707	52,588,695	2,947,868	38,355,769

Issue 4 was a share owner proposal to cut by ten percent the salaries of, and all the incentives received by, the chief executive officer and all directors of Centerior Energy effective immediately upon approval of the proposal. The vote on this issue was as follows:

For	Against	Abstain	Broker Non-Vote
27,064,568	51,763,516	2,883,186	38,355,769

Issue 5 was a share owner proposal that no expenditure or investment by Centerior Energy of one million dollars or more could be made without the approval of the holders of a majority of the common shares issued and outstanding unless such expenditure or investment would constitute "ordinary business" as that term is used in Rule 14a-8(c)(7) of the Securities and Exchange Commission, and that all such "ordinary business" expenditures or investments of one million dollars or more shall be reported by the board of directors to the share holders at least quarterly. The vote on this issue was as follows:

For	Against	Abstain	Broker Non-Vote
19,888,995	57,825,026	3,997,249	38,355,769

2. Cleveland Electric

- a. In lieu of an Annual Meeting, Cleveland Electric's sole share owner, Centerior Energy (the sole share owner of all 79,590,689 outstanding shares of Cleveland Electric common stock), elected directors of Cleveland Electric through a Written Action of Sole Share Owner on April 26, 1994.
- b. The directors elected pursuant to the Written Action were:
 - Robert J. Farling
 - Murray R. Edelman
 - Fred J. Lange, Jr.
- c. No other matters were addressed in the Written Action in lieu of an Annual Meeting.

3. Toledo Edison

- a. In lieu of an Annual Meeting, Toledo Edison's sole share owner, Centerior Energy (the sole share owner of all 39,133,887 outstanding

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shares of Toledo Edison common stock), elected directors of Toledo Edison through a Written Action of Sole Share Owner on April 26, 1994.

- b. The directors elected pursuant to the Written Action were:
 - Robert J. Farling
 - Murray R. Edelman
 - Fred J. Lange, Jr.

- c. No other matters were addressed in the Written Action in lieu of an Annual Meeting.

Item 5. Other Information

1. Potential Downgrading of Certain Securities of the Operating Companies

On May 9, 1994, Moody's Investors Service, Inc. announced that it had placed the credit ratings of certain securities of Cleveland Electric and Toledo Edison under review for possible downgrade. Moody's indicated that the ratings for the following securities were being reviewed: preferred stock of both Operating Companies, Toledo Edison debentures and secured lease obligation bonds issued by CTC Beaver Valley Funding Corporation, Beaver Valley II Funding Corporation and CTC Mansfield Funding Corporation which are secured by rental payments made by Cleveland Electric and Toledo Edison.

Item 6. Exhibits and Reports on Form 8-K

a. Exhibits

None.

b. Reports on Form 8-K

During the quarter ended March 31, 1994, Centerior Energy, Cleveland Electric and Toledo Edison each filed the following Current Report on Form 8-K:

A Form 8-K dated December 22, 1993 was filed on January 4, 1994 to report, under "Item 5. Other Events", on the following: 1. Cleveland Electric and Toledo Edison Securities Downgraded (Moody's Investors Service, Inc. and Standard & Poor's Corporation lowered their ratings on the Operating Companies' debt and preferred stock) and 2. Strategic Plan, Dividends and Write-offs (Centerior Energy's Board of Directors approved a new strategic plan to strengthen the Companies' financial and competitive condition, reduced Centerior Energy's quarterly common stock dividend by one-half and authorized the write-off of \$1.02 billion, after taxes, in assets).

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Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, each registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized. The person signing this report on behalf of each such registrant is also signing in his capacity as each registrant's Principal Financial Officer.

CENTERIOR ENERGY CORPORATION
(Registrant)

THE CLEVELAND ELECTRIC
ILLUMINATING COMPANY
(Registrant)

THE TOLEDO EDISON COMPANY
(Registrant)

By: PAUL G. BUSBY
Paul G. Busby, Controller and Chief
Accounting Officer of each Registrant

Date: May 12, 1994

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