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November 17, 2006

The Public Utilities Commission of Ohio  
Attn: Docketing  
Borden Building  
180 E. Broad Street  
Columbus, OH 43215

06-1384-EL-A 15

Gentlemen:

Enclosed for filing, are one executed copy and six conformed copies of an Application of American Transmission Systems Incorporated, for Authority to Issue, Renew or Assume Liability on Notes and Other Evidences of Indebtedness Pursuant to Ohio Revised Code ("O.R.C.") § 4905.401.

Also enclosed are one executed and one conformed copy of the Application and a self-addressed, stamped envelope for these copies to be returned with the filing information appropriately reflected.

Your cooperation in this matter is appreciated.

Very truly yours,



John C. Clark  
Asst. Business Analyst

sb  
Enclosures

cc: Mr. Shahid Mahmud - PUCO - w/encl.  
JFPearson  
RScilla  
JJFeudner

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Technician 70 Date Processed 11-21-06

*Specified*

RECEIVED-DOCKETING DIV

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Before

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of )  
American Transmission Systems Incorporated )  
for Authority to Issue, Renew or )  
Assume Liability on Notes )  
and Other Evidences of Indebtedness )  
Pursuant to Ohio Revised )  
Code ("O.R.C.") § 4905.401 )

Case No. 06-1384-EL-A15

Ebony L. Miller  
Attorney for  
The American Transmission Systems Inc.  
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Akron, OH 44308  
(Tel) (330) 384-5969  
(Fax) (330) 384-3875

[elmiller@firstenergycorp.com](mailto:elmiller@firstenergycorp.com)

Before

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of )  
American Transmission Systems Incorporated )  
for Authority to Issue, Renew or )  
Assume Liability on Notes and )  
Other Evidences of Indebtedness )  
Pursuant to O.R.C. §4905.401 )

Case No. 06-~~1384~~- EL-AIS

Applicant, American Transmission Systems Incorporated (the "Company") respectfully represents:

1. The Company, an Ohio corporation, is a "public utility" as defined in O.R.C. §4905.02, engaged primarily in the transmission of electric energy for sale, and is subject to the jurisdiction of this Honorable Commission.
2. Under provisions of O.R.C. §4905.401, the Company, without action by this Commission, could issue, renew or assume liability on notes and other evidences of indebtedness maturing not more than twelve months after the date of such issuance, renewal or assumption of liability (collectively, "Short-Term Notes") of not more than 5% of the par value of the other outstanding stocks, bonds, notes and other evidences of indebtedness of the Company (the "Statutory Exemption Limit"). The Statutory Exemption Limit for the Company at September 30, 2006 is \$25,924,112. During the period January 1, 2006 through December 31, 2006 (the "2006 Fiscal Year"), this Commission, in its Finding and Order in Case No. 05-1426-EL-AIS, authorized the Company to have short-term notes outstanding including the Statutory Exemption Limit, in aggregate principal amount of not more than \$50,000,000. During the period January 1, 2007 through December 31,

2007 (the "2007 Fiscal Year"), the Company estimates that it may again need to exceed the Statutory Exemption Limit.

3. Pursuant to the provisions of O.R.C. §4905.401, the Company requests the Commission to permit the Company to have Short-Term Notes outstanding at any one time during the 2007 Fiscal Year in an aggregate principal amount up to \$50,000,000 (the "Authorized Principal") (such Authorized Principal to include the Statutory Exemption Limit).
4. The Company further requests that the Commission approve that the Authorized Principal, or any part thereof issued, renewed or assumed or to be issued, renewed or assumed, be in addition to any long-term financing that the Company may require during the 2007 Fiscal Year and which this Commission may approve pursuant to O.R.C. §4905.40.
5. The Company respectfully represents that the issuance and renewal of, or assumption of liability on, Short-Term Notes, from time to time, and the money to be procured therefrom, are reasonably required and necessary for the Company's lawful capital purposes. Such Short-Term Notes may be issued to provide funds for regulated utility purposes including: current maturities of existing obligations, retirement of securities through open market purchases, redemption of securities through applicable redemption provisions, loans to the Money Pool (as defined in Paragraph 6 below), working capital and for general corporate purposes. Prior to their use, such funds may be invested in highly liquid short-term investments. Pursuant to O.R.C. §4905.41, the Company incorporates herein by reference the following exhibits:

- a. "Exhibit A," Balance Sheet including Statement of Capitalization as of September 30, 2006, and

b. "Exhibit B," Statement of Income for the Twelve Months Ended  
September 30, 2006.

6. This Commission, in its Finding and Order in Case No. 05-1426-EL-AIS<sup>1</sup>, the Securities and Exchange Commission ("SEC") pursuant to the Public Utility Holding Company Act of 1935 (repealed on February 8, 2006), and the Federal Energy Regulatory Commission ("FERC"), previously approved a utility money pool contract (the "Money Pool") in order to establish an intra-system financing arrangement, by and among the Company, Ohio Edison Company ("OE"), OE's wholly-owned subsidiary, Pennsylvania Power Company ("Penn Power"), The Toledo Edison Company ("TE"), The Cleveland Electric Illuminating Company ("CEI"), FirstEnergy Corp., the Company's parent company, FirstEnergy Service Company, Jersey Central Power & Light Company, Pennsylvania Electric Company, Metropolitan Edison Company, York Haven Power Company and Waverly Electric Power & Light Company, (each a "Participating Company", collectively called the "Participating Companies"), and the issuance and acquisition of Short-Term Notes of Participating Companies in connection therewith, through December 31, 2006 (FERC approval extends through December 31, 2007). The Company hereby requests that the Commission's approval of the Money Pool be extended through December 31, 2007 and that the Authorized Principal shall include Short-Term Notes of the Company outstanding under the Money Pool by the Company.
7. The Participating Companies may contribute funds to the Money Pool from the following sources: (a) surplus funds from Participating Companies ("Internal

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<sup>1</sup> This Commission's approval of the Money Pool was conditioned upon the Company continuing to seek authorization from this Commission to issue short-term debt.

Funds"), and (b) proceeds from bank borrowings or the sales of commercial paper by the Participating Companies for loan to the Money Pool ("External Funds").

8. The Commission, in its Finding and Order in Case No. 05-1426-EL-AIS, authorized the Company to make loans to the Participating Companies through the Money Pool during the 2006 Fiscal Year in an amount not to exceed the Statutory Exemption Limit of the respective Participating Company (other than OE, CEI and TE). During the 2007 Fiscal Year, the Company estimates that it may need to exceed the Statutory Exemption Limit applied to loans to the Money Pool. Thus, the Company hereby requests the Commission to permit the Company to provide Internal or External Funds to Participating Companies through the Money Pool, provided that the aggregate amount loaned to the Money Pool by the Company, OE, CEI and TE to the Participating Companies (other than the Company, OE, CEI and TE) does not exceed \$700,000,000 outstanding at any one time.
9. The Company further agrees any loans to Participating Companies (other than OE, CEI and TE) made through the Money Pool shall be made only to those Participating Companies that have investment grade or higher credit ratings on their senior secured debt from at least one nationally recognized rating agency, or in the absence of such rating, investment grade or higher credit ratings on their corporate credit rating. The Company agrees to continue to report the details of its participation in the Money Pool on a quarterly basis to the Director of the Utilities Department of the Commission.

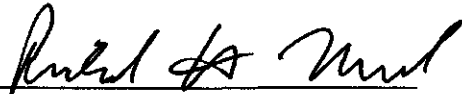
WHEREFORE, the Company prays

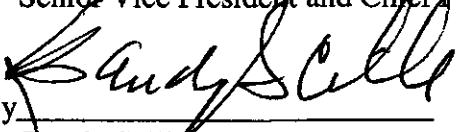
(1) That this Commission approve the extension of the Company's participation in the Money Pool through December 31, 2007 and that the Authorized Principal shall include Short-Term Notes of the Company outstanding under the Money Pool by the Company

(2) That this Commission authorize the Company, during the 2007 Fiscal Year, to issue, renew or assume liability on Short-Term Notes, as requested in this Application, provided however, that the aggregate Short-Term Notes do not exceed \$500,000,000 outstanding at any one time, and provided further that such amount is exclusive of any long-term financing the Company may incur during said period with this Commission's approval.

(3) That this Commission authorize the Company, during the 2007 Fiscal Year, to provide Internal or External Funds to the Money Pool, as requested in this Application, provided however, that the aggregate amount loaned to the Money Pool by the Company, OE, ATSI and CEI to the Participating Companies (other than the Company, OE, ATSI and CEI) does not exceed \$700,000,000 outstanding at any one time.


(4) That due to the time sensitive nature of this request, that this Commission issue such Order on or before December 13, 2006.

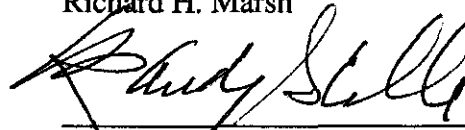
By   
Richard H. Marsh  
Senior Vice President and Chief Financial Officer

By   
Randy Scilla  
Assistant Treasurer

STATE OF OHIO     )  
                              ) ss.:  
SUMMIT COUNTY    )

Richard H. Marsh and Randy Scilla, depose and say that they are Senior Vice President and Chief Financial Officer, and Assistant Treasurer, respectively, of American Transmission Systems Incorporated, Applicant in the above matter, and that they have read and are fully acquainted and familiar with the contents of the foregoing Application and that the statements therein are true as they verily believe.

  
Richard H. Marsh

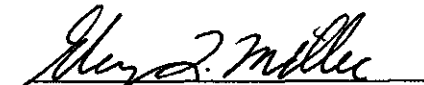
  
Randy Scilla

Subscribed and sworn to before me  
this 17<sup>th</sup> day of November, 2006

  
Michele A. Buchtel

Notary Public, State of Ohio  
Resident of Summit County

My Commission Expires August 28, 2011

  
Ebony L. Miller  
Attorney for Applicant

Michele A. Buchtel  
Resident Summit County  
Notary Public, State of Ohio  
My Commission Expires: 08/28/11



Exhibit A  
AMERICAN TRANSMISSION SYSTEMS, INC.  
CONSOLIDATED BALANCE SHEETS

ASSETS	SEPTEMBER 30, 2006
UTILITY PLANT:	
PLANT IN SERVICE --	1,390,838,629
LESS ACCUMULATED PROVISION FOR DEPRECIATION	754,063,903
	636,774,726
CONSTRUCTION WORK IN PROGRESS --	
ELECTRIC PLANT	26,619,698
NET UTILITY PLANT	663,394,424
CURRENT ASSETS:	
NOTES RECEIVABLE FROM ASSOCIATED COMPANIES	11,279,103
ACCOUNTS RECEIVABLE:	
CUSTOMERS	15,588,875
OTHER	15,891
ASSOCIATED COMPANIES	6,218,779
PREPAYMENTS & OTHER	805,910
TOTAL CURRENT ASSETS	33,908,559
DEFERRED CHARGES:	
PROPERTY TAXES	33,300,000
REGULATORY ASSETS	34,399,457
PREPAID PENSION COSTS	2,242,247
OTHER	12,530
TOTAL DEFERRED CHARGES	69,954,234
TOTAL ASSETS	767,257,217
CAPITALIZATION & LIABILITIES	
CAPITALIZATION:	
COMMON STOCKHOLDER'S EQUITY	
COMMON STOCK	1,000
OTHER PAID-IN CAPITAL	277,981,454
RETAINED EARNINGS	92,127,111
TOTAL COMMON STOCKHOLDER'S EQUITY	370,109,565
OTHER LONG-TERM DEBT	236,011,375
TOTAL CAPITALIZATION	606,120,940
CURRENT LIABILITIES:	
NOTES PAYABLE - ASSOCIATED COMPANIES	2,292,780
ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	12,806,638
ACCOUNTS PAYABLE - OTHER	12
ACCRUED TAXES	36,482,613
OTHER	925,947
TOTAL CURRENT LIABILITIES	52,507,990
NONCURRENT LIABILITIES:	
ACCUMULATED DEFERRED INCOME TAXES	51,798,766
ACCUMULATED DEFERRED INVESTMENT TAX CREDITS	11,461,853
ASSET RETIREMENT OBLIGATION	74,192
PENSIONS AND OTHER POSTRETIREMENT BENEFITS	2,268,963
PROPERTY TAX CREDITS	33,300,000
OTHER	9,724,512
TOTAL NONCURRENT LIABILITIES	108,628,287
TOTAL CAPITALIZATION & LIABILITIES	767,257,217

**Exhibit B**  
**American Transmission Systems, Inc.**  
**Consolidated Statement of Income**  
**Twelve Months Ended September 30, 2006**

***	OPERATING REVENUES	\$ 198,749,625.93
	OPERATING EXPENSES AND TAXES:	
**	Fuel	0.00
*	Purchased Power	0.00
***	Other Operating Expenses	58,789,358.47
****	Total Operating and Maintenance Expenses	58,789,358.47
*	Depreciation	32,532,483.92
*	Amortization	3,404,084.00
**	Provision for Depreciation & Amor tiza	35,936,567.92
*	Goodwill Impairment	0.00
*	General Taxes	29,907,199.94
*	Income Taxes	23,432,778.00
****	Total Operating Expenses and Taxes	148,065,904.33
*****	OPERATING INCOME	50,683,721.60
*	Other Income	371,704.08
*	Equity Earnings	0.00
*	Other Income Deductions	173,082.20
*	Other Income Depreciation	0.00
*	Taxes - Other Income Deductions	0.00
***	OTHER INCOME	544,786.28
*****	INCOME BEFORE INTEREST CHARGES	51,228,507.88
	NET INTEREST CHARGES:	
	Subsidiaries Preferred Dividends	0.00
	Interest On Long-Term Debt	5,816.93
	AFUDC - Borrowed Funds	(2,510,380.32)
*	Deferred Interest Income	0.00
*	Other Interest Expense	18,738,922.77
**	Net Interest Charges	16,234,359.38
*****	INCOME BEFORE EXTRAORDINARY ITEM	34,994,148.50
*	Extraordinary Items	(38,608.00)
*****	Net Income	34,955,540.50
	Preferred Stock Dividend Requirements	0.00
*****	EARNINGS ON COMMON STOCK	\$ 34,955,540.50