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November 17, 2006

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

06-1383-EL-AIS

Gentlemen:

Enclosed for filing, are one executed copy and six conformed copies of an Application of The Cleveland Electric Illuminating Company, 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

*Exempted*

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Before

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of )  
The Cleveland Electric Illuminating )  
Company 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. 06-1333-EL-A15

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Ebony L. Miller  
Attorney for  
The Cleveland Electric Illuminating Company  
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Akron, OH 44308  
(Tel) (330) 384-5969  
(Fax) (330) 384-3875

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

Before

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of )  
The Cleveland Electric )  
Illuminating Company for )  
Authority to Issue, Renew or )  
Assume Liability on Notes and )  
Other Evidences of Indebtedness )  
Pursuant to O.R.C. §4905.401 )

Case No. 06-1383 - EL-AIS

Applicant, The Cleveland Electric Illuminating Company (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 distribution 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 \$154,742,868. During the period January 1, 2006 through December 31, 2006 (the "2006 Fiscal Year"), this Commission, in its Finding and Order in Case No. 05-1424-EL-AIS, authorized the Company to have short-term

notes outstanding including the Statutory Exemption Limit, in aggregate principal amount of not more than \$500,000,000. 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 \$500,000,000 (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 Nos. 05-1424-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") and The Toledo Edison Company ("TE"), American Transmission Systems, Incorporated ("ATSI"), 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

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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.

"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 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. 05-1424-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, TE, and ATSI). 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, ATSI and TE to the Participating Companies (other than

the Company, OE, ATSI 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, TE and ATSI 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

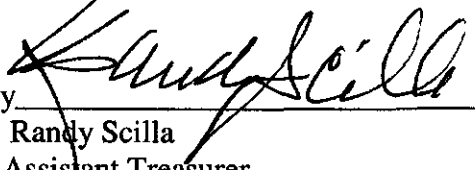
(1) That this Commission approve the extension of the Company's participation in the Money Pool through December 31, 2007 and that the Authorized Principal shall include Short-Term Notes of the Company outstanding under the Money Pool by the Company

(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 TE to the Participating Companies (other than the Company, OE, ATSI and TE) 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.

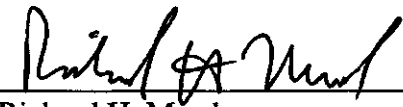
By   
Richard H. Marsh  
Senior Vice President and Chief Financial Officer

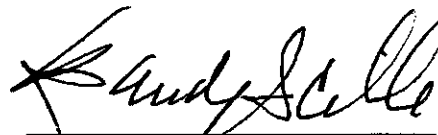
By   
Randy Scilla  
Assistant Treasurer



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 The Cleveland Electric Illuminating Company, 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 1<sup>st</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**  
**THE CLEVELAND ELECTRIC ILLUMINATING COMPANY**  
**CONSOLIDATED BALANCE SHEETS**  
(Unaudited)

	September 30, 2006 (In thousands)
<b>ASSETS</b>	
<b>CURRENT ASSETS:</b>	
Cash and cash equivalents	\$ 223
Receivables-	
Customers (less accumulated provisions of \$6,819,000 and \$5,180,000, respectively, for uncollectible accounts)	283,267
Associated companies	63,928
Other	24,075
Notes receivable from associated companies	29,184
Prepayments and other	2,290
	<u>402,965</u>
<b>UTILITY PLANT:</b>	
In service	2,082,224
Less - Accumulated provision for depreciation	808,728
	<u>1,273,496</u>
Construction work in progress	75,127
	<u>1,348,623</u>
<b>OTHER PROPERTY AND INVESTMENTS:</b>	
Long-term notes receivable from associated companies	940,786
Investment in lessor notes	519,613
Other	13,831
	<u>1,474,030</u>
<b>DEFERRED CHARGES AND OTHER ASSETS:</b>	
Goodwill	1,688,521
Regulatory assets	854,525
Prepaid pension costs	136,116
Property taxes	63,500
Other	26,261
	<u>2,768,923</u>
	<u>\$ 5,994,541</u>
<b>LIABILITIES AND CAPITALIZATION</b>	
<b>CURRENT LIABILITIES:</b>	
Currently payable long-term debt	\$ 120,556
Short-term borrowings-	
Associated companies	302,588
Other	-
Accounts payable-	
Associated companies	103,449
Other	5,889
Accrued taxes	106,899
Accrued interest	31,313
Lease market valuation liability	60,200
Other	48,661
	<u>779,555</u>
<b>CAPITALIZATION:</b>	
Common stockholder's equity-	
Common stock, without par value, authorized 105,000,000 shares - 79,590,689 shares outstanding	1,355,957
Retained earnings	716,077
Total common stockholder's equity	<u>2,072,034</u>
Long-term debt and other long-term obligations	1,766,195
	<u>3,838,229</u>
<b>NONCURRENT LIABILITIES:</b>	
Accumulated deferred income taxes	547,307
Accumulated deferred investment tax credits	21,185
Lease market valuation liability	562,900
Retirement benefits	83,615
Deferred revenues - electric service programs	57,638
Other	104,112
	<u>1,376,757</u>
<b>COMMITMENTS AND CONTINGENCIES (Note 10)</b>	
	<u>\$ 5,994,541</u>

The preceding Notes to Consolidated Financial Statements as they relate to The Cleveland Electric Illuminating Company are an integral part of these balance sheets.

**Exhibit B**  
**THE CLEVELAND ELECTRIC ILLUMINATING COMPANY**  
**CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME**  
**(Unaudited)**

**Three Months Ended**  
**September 30,**  
**2006**  
*(In thousands)*

**STATEMENTS OF INCOME**

<b>REVENUES</b>	<b>\$ 1,815,924</b>
<b>EXPENSES:</b>	
Fuel	61,579
Purchased power	677,717
Nuclear operating costs	20,933
Other operating costs	296,448
Provision for depreciation	73,132
Amortization of regulatory assets	149,556
Deferral of new regulatory assets	(138,020)
General taxes	137,940
Total expenses	<u>1,279,285</u>
<b>OPERATING INCOME</b>	<u>536,639</u>
<b>OTHER INCOME (EXPENSE):</b>	
Investment income	97,397
Miscellaneous income (expense)	5,531
Interest expense	(139,962)
Capitalized interest	2,867
Total other income (expense)	<u>(34,167)</u>
<b>INCOME BEFORE INCOME TAXES</b>	502,472
<b>INCOME TAXES</b>	<u>189,065</u>
<b>INCOME BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGES</b>	313,407
<b>CUMULATIVE EFFECT OF ACCOUNTING CHANGE</b>	(3,724)
<b>NET INCOME</b>	<u>309,683</u>
<b>PREFERRED STOCK DIVIDEND REQUIREMENTS</b>	<u>-</u>
<b>EARNINGS ON COMMON STOCK</b>	<u><u>\$ 309,683</u></u>