

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)	Case No. 09- <u>1013</u> - EL-AIS
Assume Liability on Notes and)	
Other Evidences of Indebtedness)	
Pursuant to O.R.C. §4905.401)	

Applicant, The Cleveland Electric Illuminating Company (the "Company"), respectfully represents:

1. The Company is an Ohio corporation engaged in the distribution of electric energy for sale to customers in Ohio under rates and tariffs approved by this Commission.
2. O.R.C. §4905.401(A) provides an exception which permits the Company, without action by this Commission, to 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 June 30, 2009 is \$149,594,593.00. During the period January 1, 2009 through December 31, 2009 (the "2009 Fiscal Year"), this Commission, in its Finding and Order in Case No. 08-1262-EL-AIS, *et al.*, 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, 2010

through December 31, 2010 (the “2010 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 2010 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 2010 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 June 30, 2009, and
 - b. "Exhibit B," Statement of Income for the Twelve Months Ended June 30, 2009.
6. Previously this Commission, in its Finding and Order in Case Nos. 08-1261-EL-AIS, et al., 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., FirstEnergy Service Company (as servicer), 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, 2009. The Company hereby requests that the Commission's approval of the Money Pool be extended through December 31, 2010 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. 08-1262-EL-AIS, *et al.*, authorized the Company, through December 31, 2009, to have short-term notes outstanding including the Statutory Exemption, in the aggregate principal amount of not more than \$500,000,000 at any one time and to participate in the Money Pool. During the 2010 Fiscal Year, the Company estimates that it may again 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 have short-term notes outstanding including the Statutory Exemption, in the aggregate principal amount of not more than \$500,000,000 at any one time and to participate in the Money Pool by providing Internal or External Funds to Participating Companies through the Money Pool.
9. The Company hereby agrees that the aggregate amount it loans to the Money Pool will not when aggregated with the amounts loaned by ATSI, OE and TE exceed the amount of \$700,000,000 outstanding to the Participating Companies (other than the Company, ATSI, OE and TE) at any one time.
10. 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

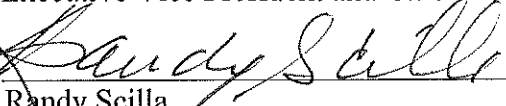
(1) That this Commission approve the extension of the Company's participation in the Money Pool through December 31, 2010 and that the Authorized Principal shall include Short-Term Notes of the Company outstanding under the Money Pool by the Company

(2) That this Commission authorize the Company, during the 2010 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 2010 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.

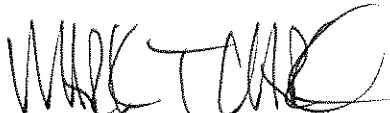
(4) That due to the time sensitive nature of this request, that this Commission issue such Order on or before December 2, 2009.

By 
Mark T. Clark
Executive Vice President and Chief Financial Officer

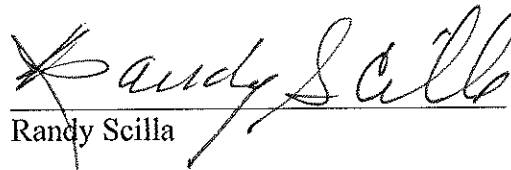
By 
Randy Scilla
Assistant Treasurer

STATE OF OHIO)
) ss.:
SUMMIT COUNTY)

Mark T. Clark and Randy Scilla, depose and say that they are Executive 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.




Mark T. Clark

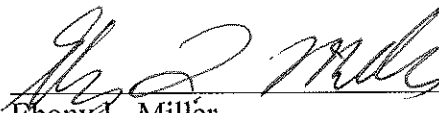


Randy Scilla

Subscribed and sworn to before me
this 27th day of October, 2009



Michele A. Buchtel
Notary Public, State of Ohio
Resident of Summit County
My Commission Expires August 28, 2011



Ebony L. Miller
Attorney for Applicant

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY
CONSOLIDATED BALANCE SHEET
(Unaudited)

	June 30, 2009 <i>(In thousands)</i>
ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	\$ 230
Receivables-	
Customers (less accumulated provisions of \$6,252,000 for uncollectible accounts)	317,526
Associated companies	158,425
Other	11,934
Notes receivable from associated companies	24,510
Prepayments and other	3,933
	<u>516,558</u>
UTILITY PLANT:	
In service	2,258,897
Less - Accumulated provision for depreciation	870,038
	<u>1,388,859</u>
Construction work in progress	40,553
	<u>1,429,412</u>
OTHER PROPERTY AND INVESTMENTS:	
Investment in lessor notes	388,645
Other	10,227
	<u>398,872</u>
DEFERRED CHARGES AND OTHER ASSETS:	
Goodwill	1,688,521
Regulatory assets	628,068
Property taxes	71,500
Other	10,343
	<u>2,398,432</u>
	<u>\$ 4,743,274</u>
LIABILITIES AND CAPITALIZATION	
CURRENT LIABILITIES:	
Currently payable long-term debt	\$ 150,721
Short-term borrowings-	
Associated companies	293,574
Accounts payable-	
Associated companies	61,603
Other	45,657
Accrued taxes	63,500
Accrued interest	14,165
Other	47,890
	<u>677,110</u>
CAPITALIZATION:	
Common stockholder's equity-	
Common stock, without par value, authorized 105,000,000 shares - 67,930,743 shares outstanding	878,735
Accumulated other comprehensive loss	(106,293)
Retained earnings	801,401
Total common stockholder's equity	<u>1,573,843</u>
Noncontrolling interest	20,592
Total equity	<u>1,594,435</u>
Long-term debt and other long-term obligations	1,573,094
	<u>3,167,529</u>
NONCURRENT LIABILITIES:	
Accumulated deferred income taxes	665,370
Accumulated deferred investment tax credits	12,433
Retirement benefits	90,331
Lease assignment payable to associated companies	40,827
Other	89,674
	<u>898,635</u>
COMMITMENTS AND CONTINGENCIES (Note 8)	
	<u>\$ 4,743,274</u>

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

**THE CLEVELAND ELECTRIC ILLUMINATING
COMPANY**

**CONSOLIDATED STATEMENT OF INCOME
TWELVE MONTHS ENDED JUNE 30, 2009
(Unaudited)
(in thousands)**

REVENUES:	
Electric sales	\$ 1,799,099
Excise tax collections	69,902
Total revenues	<u>1,869,001</u>
EXPENSES:	
Purchased power from affiliates	872,961
Purchased power from non-affiliates	122,195
Other operating costs	235,668
Provision for depreciation	71,695
Amortization of regulatory assets	373,070
Deferral of new regulatory assets	(186,891)
General taxes	145,547
Total expenses	<u>1,634,245</u>
OPERATING INCOME	<u>234,756</u>
OTHER INCOME (EXPENSE):	
Investment income	32,844
Miscellaneous income	1,459
Interest expense	(128,600)
Capitalized interest	520
Total other expense	<u>(93,777)</u>
INCOME BEFORE INCOME TAXES	140,979
INCOME TAXES	<u>37,636</u>
NET INCOME	103,343

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Case No(s). 09-1013-EL-AIS

Summary: Application 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 electronically filed by Ms. Ebony L Miller on behalf of The Cleveland Electric Illuminating Company