

James W. Burk
Managing Counsel

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NC
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11-5773-EL-AIS

November 15, 2011

Via Federal Express

The Public Utilities Commission of Ohio
Docketing Division
180 Broad Street
Columbus, OH 43215-3793

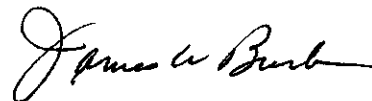
Dear Sir / Madam:

Re: *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*

Enclosed for filing, please find the original and ten (10) copies of the Application regarding the above-referenced case. Please file the enclosed Application, time-stamping the two extras and returning them to the FirstEnergy Legal Department in the enclosed envelope.

Thank you for your assistance in this matter. Please contact my colleague, James Arcuri (330) 376-6123, or me if you have any questions concerning this matter.

Very truly yours,



James W. Burk

lme
Enclosures

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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 O.R.C. §4905.401)

Case No. 11-____ - EL-AIS

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 September 30, 2011 is \$156,457,002.00. During the period January 1, 2011 through December 31, 2011 (the "2011 Fiscal Year"), this Commission, in its Finding and Order in Case No. 10-2400-EL-AIS, *et al.* (the "2010 Order"), 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, 2012 through December 31, 2012 (the “2012 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 authorize the Company to have Short-Term Notes outstanding at any one time during the 2012 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 2012 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, 2011, and
 - b. "Exhibit B," Statement of Income for the Twelve Months Ended September 30, 2011.
6. This Commission, in its 2010 Order, 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., FirstEnergy Service Company (as servicer), Jersey Central Power & Light Company, Pennsylvania Electric Company, Metropolitan Edison Company, York Haven Power Company¹, and Waverly Electric Power & Light Company (each a "2011 Participating Company", collectively called the "2011 Participating Companies"), and the issuance and acquisition of Short-Term Notes of 2011 Participating Companies in connection therewith, through December 31, 2011.
7. Subsequent to the issuance of the 2010 Order, the Company, together with ATSI, OE and TE, notified the Commission by letter dated March 21, 2011, that Monongahela Power Company, The Potomac Edison Company, West Penn Power Company and Trans-Allegheny Interstate Line Company (collectively, the

¹ Because York Haven Power Company is no longer owned by FirstEnergy Corp., the Company is not seeking to extend York Haven Power Company's status as a Participating Company.

"Legacy Allegheny Utilities" and together with the 2011 Participating Companies, each a "Participating Company", collectively called the "Participating Companies") would begin participating in the Money Pool after all requisite approvals were obtained. Those approvals have since been received.

8. The Company hereby requests that the Commission's approval of the Money Pool be extended through December 31, 2012 and that the Authorized Principal shall include Short-Term Notes of the Company outstanding under the Money Pool by the Company.
9. 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 borrowed from external sources by the Participating Companies for loan to the Money Pool ("External Funds").
10. The Commission, in its 2010 Order, authorized the Company, through December 31, 2011, 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 2012 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.

11. The Commission, in its 2010 Order authorized the Company, to provide loans to the Money Pool, so long as the aggregate amount loaned to the Money Pool by the Company, ATSI, OE and TE did not exceed \$700,000,000 to the 2011 Participating Companies at any time.
12. In recognition of (a) the addition of the Legacy Allegheny Utilities as Participating Companies and (b) the need for the Money Pool to be administered (i) as uniformly as possible among the Participating Companies and (ii) with the greatest flexibility, thus allowing the Money Pool to potentially accommodate larger disbursements by and among all Participating Companies, such as those associated with an optional redemption of long-term debt, the Company is seeking an increase to the aggregate lending limitation presently imposed by the Commission; therefore, the Company hereby requests that the Commission's authorization permits the Company to have an aggregate amount of loans to the Money Pool, when aggregated with the amounts loaned by ATSI, OE and TE, up to the amount of \$1,000,000,000 outstanding to the Participating Companies (other than the Company, ATSI, OE and TE) at any one time. The uniform administration and greater flexibility afforded by the increase to the aggregate lending limitation allows the Money Pool's benefits, both as lenders to and borrowers from, to be maximized among the Participating Companies, and by extension to their customers.
13. The Company further agrees any loans to Participating Companies (other than ATSI, OE 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.

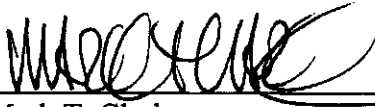
WHEREFORE, the Company prays


(1) That this Commission approve the extension of the Company's participation in the Money Pool through December 31, 2012 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 2012 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 2012 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, ATSI, OE and TE to the Participating Companies (other than the Company, ATSI, OE and TE) does not exceed \$1,000,000,000 outstanding at any one time.

(4) That due to the time sensitive nature of this request, that this Commission issue such Order approving this Application on or before December 20, 2011.


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.

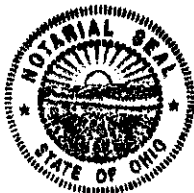

Mark T. Clark


Randy Scilla

Subscribed and sworn to before me
this 15th day of November, 2011


Michele A. Buchtel
Notary Public, State of Ohio
Resident of Summit County
My Commission Expires August 28, 2016


James W. Burk
Attorney for Applicant



Michele A. Buchtel
Resident Summit County
Notary Public, State of Ohio
My Commission Expires: 08/28/2016

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY
CONSOLIDATED BALANCE SHEET
(Unaudited)

(In thousands)	September 30, 2011
ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	\$ 244
Receivables-	
Customers, net of allowance for uncollectible accounts of \$3,169	99,752
Associated companies	20,962
Other	7,077
Notes receivable from affiliated companies	110,999
Materials and supplies, at average cost	18,118
Prepayments and other	5,208
	<u>262,360</u>
UTILITY PLANT:	
In service	2,434,038
Less - Accumulated provision for depreciation	950,395
	<u>1,483,643</u>
Construction work in progress	64,139
	<u>1,547,782</u>
OTHER PROPERTY AND INVESTMENTS:	
Investment in lease obligation bonds	286,814
Other	10,035
	<u>296,849</u>
DEFERRED CHARGES AND OTHER ASSETS:	
Goodwill	1,688,521
Regulatory assets	290,556
Pension assets	15,240
Property taxes	80,614
Other	12,826
	<u>2,087,757</u>
	<u>\$ 4,194,748</u>
LIABILITIES AND CAPITALIZATION	
CURRENT LIABILITIES:	
Currently payable long-term debt	\$ 202
Short-term borrowings from affiliated companies	23,303
Accounts payable-	
Affiliated companies	24,236
Other	13,271
Accrued taxes	76,256
Accrued interest	39,253
Other	41,058
	<u>217,579</u>
CAPITALIZATION:	
Common stockholder's equity-	
Common stock, without par value, authorized 105,000,000 shares -	
67,930,743 shares outstanding	889,221
Accumulated other comprehensive loss	(145,532)
Retained earnings	565,578
Total common stockholder's equity	<u>1,309,267</u>
Noncontrolling interest	14,886
Total equity	<u>1,324,153</u>
Long-term debt and other long-term obligations	<u>1,831,032</u>
	<u>3,155,185</u>
NONCURRENT LIABILITIES:	
Accumulated deferred income taxes	636,842
Accumulated deferred investment tax credits	10,363
Retirement benefits	77,528
Other	97,253
	<u>821,984</u>
COMMITMENTS AND CONTINGENCIES	
	<u>\$ 4,194,748</u>

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY
CONSOLIDATED STATEMENT OF CAPITALIZATION

(Unaudited)

(In thousands)	September 30, 2011
COMMON STOCKHOLDER'S EQUITY:	
Common stock, without par value, 105,000,000 shares authorized, 67,930,743 shares outstanding	\$ 889,221
Accumulated other comprehensive loss	(145,532)
Retained earnings	565,578
Total	<u>1,309,267</u>
NONCONTROLLING INTEREST	<u>14,886</u>
LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS:	
First mortgage bonds-	
8.875% due 2018	300,000
5.500% due 2024	300,000
Total	<u>600,000</u>
Secured notes-	
7.880% due 2017	300,000
Total	<u>300,000</u>
Unsecured notes-	
5.650% due 2013	300,000
5.700% due 2017	250,000
5.950% due 2036	300,000
7.663% due to affiliated companies 2010-2016	81,157
Total	<u>931,157</u>
Capital lease obligations	2,930
Net unamortized discount on debt	(2,853)
Long-term debt due within one year	(202)
Total long-term debt and other long-term obligations	<u>1,831,032</u>
TOTAL CAPITALIZATION	<u><u>\$ 3,155,185</u></u>

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY

**CONSOLIDATED STATEMENT OF INCOME
TWELVE MONTHS ENDED SEPTEMBER 30, 2011
(Unaudited)
(In thousands)**

REVENUES:	
Electric sales	\$ 885,145
Excise tax collections	68,551
Total revenues	<u>953,696</u>
EXPENSES:	
Purchased power from affiliates	170,397
Purchased power from non-affiliates	92,476
Other operating expenses	140,396
Provision for depreciation	73,641
Amortization of regulatory assets, net	113,072
General taxes	154,205
Total expenses	<u>744,187</u>
OPERATING INCOME	<u>209,509</u>
OTHER INCOME (EXPENSE):	
Investment income	24,507
Miscellaneous income	2,795
Interest expense	(130,537)
Capitalized interest	185
Total other expense	<u>(103,050)</u>
INCOME BEFORE INCOME TAXES	106,459
INCOME TAXES	<u>32,493</u>
NET INCOME	73,966
Income attributable to noncontrolling interest	<u>1,350</u>
EARNINGS AVAILABLE TO PARENT	<u>\$ 72,616</u>