

James W. Burk
Managing Counsel

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NC

FILE

11-5776-EL-AIS

November 15, 2011

Via Federal Express

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

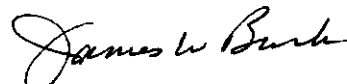
Dear Sir / Madam:

**Re: *In the Matter of the Application of The Toledo Edison 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 Toledo Edison 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 Toledo Edison 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, 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, 2011 is \$39,930,782.00. During the period January 1, 2011 through December 31, 2011 (the "2010 Fiscal Year"), this Commission, in its Finding and Order in Case No. 10-2398-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"), American Transmission Systems, Incorporated ("ATSI"), The Cleveland Electric Illuminating Company ("CEI"), 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, CEI and OE, 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, 2010, 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. 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, CEI and OE 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, CEI and OE, up to the amount of \$1,000,000,000 outstanding to the Participating Companies (other than the Company, ATSI, CEI and OE) 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, CEI and OE) 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

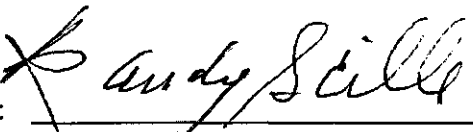
(1) That this Commission approve the extension of the Company's participation in the Money Pool through December 31, 2012 and that the Authorized Principal shall include Short-Term Notes of the Company outstanding under the Money Pool by the Company

(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, CEI and OE to the Participating Companies (other than the Company, ATSI, CEI and OE) does not exceed \$1,000,000,000 outstanding at any one time.

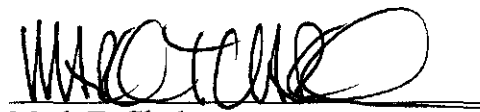
(4) That due to the time sensitive nature of this request, that this Commission issue such Order approving this Application on or before December 20, 2011.


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

By: 
Randy Scilla
Assistant Treasurer


STATE OF OHIO)
) ss.:
SUMMIT COUNTY)

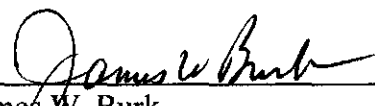
Mark T. Clark and Randy Scilla, depose and say that they are Executive Vice President and Chief Financial Officer, and Assistant Treasurer, respectively, of The Toledo Edison Company, Applicant in the above matter, and that they have read and are fully acquainted and familiar with the contents of the foregoing Application and that the statements therein are true as they verily believe.

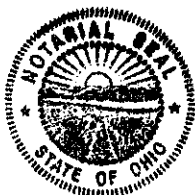

Mark T. Clark


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 TOLEDO EDISON COMPANY
CONSOLIDATED BALANCE SHEET
(Unaudited)

| (In thousands) | June 30, 2011 |
|---|---------------------|
| ASSETS | |
| CURRENT ASSETS: | |
| Cash and cash equivalents | \$ 14 |
| Receivables- | |
| Customers, net of allowance for uncollectible accounts of \$1,550 | 52,892 |
| Affiliated companies | 20,694 |
| Other, net of allowance for uncollectible accounts of \$257 | 2,715 |
| Notes receivable from affiliated companies | 187,765 |
| Prepayments and other | 13,849 |
| | <u>277,929</u> |
| UTILITY PLANT: | |
| In service | 961,324 |
| Less - Accumulated provision for depreciation | <u>456,655</u> |
| | 504,669 |
| Construction work in progress | 19,150 |
| | <u>523,819</u> |
| OTHER PROPERTY AND INVESTMENTS: | |
| Investment in lessor notes | 82,133 |
| Nuclear plant decommissioning trusts | 78,214 |
| Other | 1,450 |
| | <u>161,797</u> |
| DEFERRED CHARGES AND OTHER ASSETS: | |
| Goodwill | 500,576 |
| Regulatory assets | 69,720 |
| Pension assets | 24,780 |
| Property taxes | 24,990 |
| Other | 27,661 |
| | <u>647,727</u> |
| | <u>\$ 1,611,272</u> |
| LIABILITIES AND CAPITALIZATION | |
| CURRENT LIABILITIES: | |
| Currently payable long-term debt | \$ - |
| Accounts payable- | |
| Affiliated companies | 17,045 |
| Other | 9,248 |
| Accrued taxes | 27,822 |
| Accrued interest | 15,983 |
| Lease market valuation liability | 36,900 |
| Other | 23,560 |
| | <u>130,558</u> |
| CAPITALIZATION: | |
| Common stockholder's equity- | |
| Common stock, \$5 par value, authorized 60,000,000 shares - | |
| 29,402,054 shares outstanding | 147,010 |
| Other paid-in capital | 178,138 |
| Accumulated other comprehensive loss | (47,000) |
| Retained earnings | 115,775 |
| Total common stockholder's equity | <u>393,923</u> |
| Noncontrolling interest | 2,594 |
| Total equity | <u>396,517</u> |
| Long-term debt and other long-term obligations | 597,809 |
| | <u>994,126</u> |
| NONCURRENT LIABILITIES: | |
| Accumulated deferred income taxes | 160,515 |
| Accumulated deferred investment tax credits | 5,607 |
| Retirement benefits | 52,585 |
| Asset retirement obligations | 30,237 |
| Lease market valuation liability | 171,625 |
| Other | 66,019 |
| | <u>486,588</u> |
| COMMITMENTS AND CONTINGENCIES | |
| | <u>\$ 1,611,272</u> |

THE TOLEDO EDISON COMPANY
CONSOLIDATED STATEMENT OF CAPITALIZATION
(Unaudited)

| (In thousands) | September 30, 2011 |
|---|-------------------------------|
| COMMON STOCKHOLDER'S EQUITY: | |
| Common stock, \$5 par value, 60,000,000 shares authorized, 29,402,054 shares outstanding | \$ 147,010 |
| Other paid-in capital | 178,138 |
| Accumulated other comprehensive loss | (47,000) |
| Retained earnings | 115,775 |
| Total | <u>393,923</u> |
| NONCONTROLLING INTEREST | <u>2,584</u> |
| LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS: | |
| Secured notes- | |
| 7.250% due 2020 | 300,000 |
| 6.150% due 2037 | 300,000 |
| Total | <u>600,000</u> |
| Net unamortized discount on debt | <u>(2,391)</u> |
| Total long-term debt and other long-term obligations | <u>597,609</u> |
| TOTAL CAPITALIZATION | <u><u>\$ 994,126</u></u> |

THE TOLEDO EDISON COMPANY
CONSOLIDATED STATEMENT OF INCOME
TWELVE MONTHS ENDED SEPTEMBER 30, 2011
(Unaudited)
(In thousands)

| | |
|--|------------------|
| REVENUES: | |
| Electric sales | \$ 449,269 |
| Excise tax collections | 27,903 |
| Total revenues | <u>477,172</u> |
| EXPENSES: | |
| Purchased power from affiliates | 104,849 |
| Purchased power from non-affiliates | 66,081 |
| Other operating expenses | 132,963 |
| Provision for depreciation | 31,709 |
| Deferral of regulatory assets, net | 1,892 |
| General taxes | 53,453 |
| Total expenses | <u>390,947</u> |
| OPERATING INCOME | <u>86,225</u> |
| OTHER INCOME (EXPENSE): | |
| Investment income | 11,292 |
| Miscellaneous income (expense) | (2,169) |
| Interest expense | (41,840) |
| Capitalized interest | 504 |
| Total other expense | <u>(32,213)</u> |
| INCOME BEFORE INCOME TAXES | 54,012 |
| INCOME TAXES | <u>16,539</u> |
| NET INCOME | 37,473 |
| Income attributable to noncontrolling interest | <u>8</u> |
| EARNINGS AVAILABLE TO PARENT | <u>\$ 37,485</u> |