

FILE

FirstEnergy

11-5773-EL-AIS

76 South Main Street
Akron, OH 44308

James A. Arcuri
Attorney

Phone 330-376 6123
Fax 330-384-3875
jarcuri@firstenergycorp.com

December 6, 2011

Via Federal Express

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

RECEIVED-DOCKETING DIV
2011 DEC -7 AM 10:28
PUCO

Dear Sir / Madam:

Re: In the Matter of the Applications of The Cleveland Electric Illuminating Company, American Transmission Systems Incorporated, Ohio Edison Company, and 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 Nos.: 11-5773, 11-5774, 11-5775 and 11-5776

As requested by the Commission's staff, attached for filing in the above referenced proceedings please find four (4) copies of a letter order from the Federal Energy Regulatory Commission dated March 22, 2011, concerning, among other things, the participation of Monongahela Power Company, The Potomac Edison Company, West Penn Power Company and Trans-Allegheny Interstate Line Company in the FirstEnergy Utility Money Pool. Attached to the above referenced letter orders also please two additional letters orders dated July 28, 2010 and June 29, 2010, respectively, which were referenced in the March 22, 2011 letter order.

Regards,

James A. Arcuri

James A. Arcuri

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UNITED STATES OF AMERICA 134 FERC ¶ 62,268
FEDERAL ENERGY REGULATORY COMMISSION

In Reply Refer To:
EM-4.3
Docket No. ES11-17-000

March 22, 2011

First Energy Service Company
Attention: Ms. Christine Weber
Attorney
76 South Main Street
Akron, OH 44308

Dear Ms. Weber:

On January 31, 2011, as supplemented on March 11, 2011, you filed an application pursuant to section 204 of the Federal Power Act, 16 U.S.C. § 824c (2006), requesting that the Commission authorize the First Energy Service Company (First Energy) and Monongahela Power Company (Mon Power), The Potomac Edison Company (Potomac Edison), West Penn Power Company (West Penn), and Trans-Allegheny Interstate Line Company (TrAILCo) (collectively "Applicants") to issue secured or unsecured short-term debt in connection with participation in the FirstEnergy Utility Money Pool.¹ The amounts of the short-term debt securities will not exceed, at any one time outstanding, \$150 million for Mon Power, \$150 million for Potomac Edison, \$200 million for West Penn, and \$200 million for TrAILCo. The short-term debt may be issued in the form of bank loans, including a term or revolving credit facility, private placement loans, and/or other forms of short-term debt.

Your supplemental filing of March 11, 2011 states that Mon Power and TrAILCo no longer request modification of their existing authorizations. You state that Mon Power and TrAILCo will continue to rely on their previously granted authorizations and that TrAILCo has \$200 million of remaining capacity available.²

¹ FERC-regulated entities are required to file their cash management agreements with the Commission. The information provided is used to aid the Commission in monitoring cash management programs. The rule is not in the nature of a regulation governing participation in cash management programs. Therefore, this order does not address any request for authorization to participate in a cash management program. See *Regulation of Cash Management Practices*, 105 FERC ¶ 61,098 (2003).

² *Monongahela Power Company*, 131 FERC ¶ 62,268 (2010), and *Trans-Allegheny*

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You state that the interest rate on the short-term debt securities issued by Potomac Edison and West Penn pursuant to the requested authorization will not exceed the highest of the following:

- (i) The one-week, one-month, two-month, three-month, six-month, nine-month or 12-month LIBOR rates at the date of issuance(s), plus (ii) an applicable margin of up to 600 basis points.
- (ii) The Federal Funds Rate at the date of issuance(s) plus 300 basis points.
- (iii) The Prime Rate at the date of issuance(s) plus 300 basis points.
- (iv) The up to six-month US Treasury Rate at the date of issuance(s) plus 600 basis points.

Your request is granted as detailed in the authorization section of this letter.

On February 21, 2003, the Commission issued an order announcing four restrictions on all future public utility issuances of secured and unsecured debt.³ First, public utilities seeking authorization to issue debt backed by a utility asset must use the proceeds of the debt for utility purposes. Second, if any utility assets that secure debt issuances are divested or "spun off," the debt must follow the asset and also be divested or "spun off." Third, if any of the proceeds from unsecured debt are used for non-utility purposes, the debt must follow the non-utility assets. Specifically, if the non-utility assets are divested or "spun-off," then a proportionate share of the debt must follow the divested or "spun-off" non-utility asset. Finally, if utility assets financed by unsecured debt are divested or "spun-off" to another entity, then a proportionate share of the debt must also be divested or "spun off."

Notices of the filings were published in the *Federal Register*, with protests or interventions due on or before February 22, 2011 and March 21, 2011. No interventions or protests opposing the granting of the requested authorization were filed.

Interstate Line company, 132 FERC ¶ 62,077 (2010).

³ *Westar Energy, Inc.*, 102 FERC ¶ 61,186, *order on reh'g*, 104 FERC ¶ 61,018 (2003) (*Westar*).

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Authorization:

Potomac Edison is authorized to issue secured or unsecured short-term debt in an amount not to exceed \$150 million outstanding at any one time. West Penn is authorized to issue secured or unsecured short-term debt in an amount not to exceed \$200 million outstanding at any one time. The interest rate(s) applicable to these authorizations will be determined in accordance with the formulas described above. This application is approved based upon the terms and conditions and for the purposes specified in the application and are subject to the following conditions:

This authorization is effective as of the date of this letter order and terminates on May 31, 2012.

The securities are subject to the Commission's restrictions on secured and unsecured debt as outlined above and in *Westar*.

This authorization is without prejudice to the authority of the Commission or any other regulatory body with respect to rates, service, accounts, valuation, estimates or determination of cost or any other matter whatsoever now pending or which may come before this Commission.

Nothing in this letter order shall be construed to imply any guarantee or obligation on the part of the United States with respect to any security to which this letter order relates.

Authority to act on this matter is delegated to the Director, Division of Electric Power Regulation - West, under 18 C.F.R. § 375.307 (2010). This order constitutes final agency action. Requests for rehearing by the Commission may be filed within thirty (30) days of the date of issuance of this order, pursuant to 18 C.F.R. § 385.713 (2010).

If you have any questions concerning this letter order, please contact Tina C. Briscoe at (202) 502-8751 or Andrew P. Mosier, Jr. at (202) 502-6274.

Sincerely,

Steve P. Rodgers, Director
Division of Electric Power
Regulation - West

UNITED STATES OF AMERICA 132 FERC ¶ 62,077
FEDERAL ENERGY REGULATORY COMMISSION

In Reply Refer To:
EM-4.3
Docket Nos. ES10-48-000

July 28, 2010

Trans-Allegheny Interstate Line Company
Attention: Mr. Stephen Angle
Vinson & Elkins LLP
1455 Pennsylvania Avenue, N.W.
Suite 600
Washington, D.C. 20004-1008

Dear Mr. Angle:

On June 8, 2010, as supplemented on June 29, 2010, you filed an application pursuant to section 204 of the Federal Power Act, 16 U.S.C. § 824c (2006) on behalf of Trans-Allegheny Interstate Line Company (Trans-Allegheny), requesting that the Commission authorize Trans-Allegheny to issue or borrow up to \$300 million in secured or unsecured short-term or long-term debt. The debt may be issued in the form of first mortgage bonds, medium term notes, debentures, bank loans, including a term or revolving credit facility, private placement loans, and/or other forms of short-term or long-term debt. You state that the interest rate for the securities will not exceed the highest of the following:

- the highest of (i) the one week, two month, three month, six-month, nine month or 12 month LIBOR rates at the date of issuance(s), plus (ii) an applicable margin of up to 775 basis points;
- the Federal Funds Rate at the date of issuance(s) plus 875 basis points;
- the Prime Rate at the date of issuance(s) plus 575 basis points; or
- the up to six-month US Treasury Rate at the date of issuance(s) plus 875 basis points.

Your request is granted as detailed in the authorization section of this letter order.

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On February 21, 2003, the Commission issued an order announcing four restrictions on all future public utility issuances of secured and unsecured debt.¹ First, public utilities seeking authorization to issue debt backed by a utility asset must use the proceeds of the debt for utility purposes. Second, if any utility assets that secure debt issuances are divested or "spun off," the debt must follow the asset and also be divested or "spun off." Third, if any of the proceeds from unsecured debt are used for non-utility purposes, the debt must follow the non-utility assets. Specifically, if the non-utility assets are divested or "spun-off," then a proportionate share of the debt must follow the divested or "spun-off" non-utility asset. Finally, if utility assets financed by unsecured debt are divested or "spun-off" to another entity, then a proportionate share of the debt must also be divested or "spun off."

Notices of the filings were published in the *Federal Register*, with protests or interventions due on or before June 29, 2010 and July 9, 2010. We received no petitions, protests, or requests opposing the granting of the authorization.

Authorization:

Trans-Allegheny is authorized to issue or borrow up to \$300 million in secured or unsecured short-term or long-term debt. The debt may be issued in the form of first mortgage bonds, medium term notes, debentures, bank loans, including a term or revolving credit facility, private placement loans, and/or other forms of short-term or long-term debt. The interest rate for the securities should not exceed the highest of the following:

- the highest of (i) the one week, two month, three month, six-month, nine month or 12 month LIBOR rates at the date of issuance(s), plus (ii) an applicable margin of up to 775 basis points;
- the Federal Funds Rate at the date of issuance(s) plus up to 875 basis points;
- the Prime Rate at the date of issuance(s) plus up to 575 basis points; or
- the rate, at the date of issuance(s), for US Treasury bills with maturities of up to six months plus up to 875 basis points.

The securities issued under this authorization are for the purposes specified in the application subject to the following conditions:

¹ *Westar Energy, Inc.*, 102 FERC ¶ 61,186, *order on reh'g*, 104 FERC ¶ 61,018 (2003) (*Westar*).

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The authorization is effective as of the date of this letter order and terminates two years thereafter.

The securities are subject to the Commission's restrictions on secured and unsecured debt as outlined above and in *Westar*.

Trans-Allegheny must file a Report of Securities Issued, under 18 C.F.R. §§ 34.10 and 131.43, no later than 30 days after the sale or placement of long-term debt or equity securities or the entry into guarantees or assumptions of liabilities.

This authorization is without prejudice to the authority of the Commission or any other regulatory body with respect to rates, service, accounts, valuation, estimates or determination of cost or any other matter whatsoever now pending or which may come before this Commission.

Nothing in this letter order shall be construed to imply any guarantee or obligation on the part of the United States with respect to any security to which this letter order relates.

Authority to act on this matter is delegated to the Director, Division of Electric Power Regulation - West, under 18 C.F.R. § 375.307 (2010). This order constitutes final agency action. Requests for rehearing by the Commission may be filed within thirty (30) days of the date of issuance of this order, pursuant to 18 C.F.R. § 385.713 (2010).

If you have any questions concerning this letter order, please contact Tina C. Briscoe at (202) 502-8751 or Andrew P. Mosier, Jr. at (202) 502-6274.

Sincerely,

Steve P. Rodgers, Director
Division of Electric Power
Regulation - West

UNITED STATES OF AMERICA 131 FERC ¶ 62,268
FEDERAL ENERGY REGULATORY COMMISSION

In Reply Refer To:
EM-5.5
Docket No. ES10-40-000

June 29, 2010

Monongahela Power Company
Attention: Mr. Randall B. Palmer
Assistant General Counsel
c/o Allegheny Energy, Inc.
800 Cabin Hill Drive
Greensburg, PA 15601-1689

Dear Mr. Palmer:

On April 30, 2010, you filed an application pursuant to section 204 of the Federal Power Act, 16 U.S.C. § 824c (2006), requesting that the Commission authorize Monongahela Power Company (Monongahela Power) to issue or borrow up to \$150 million in secured or unsecured short-term debt or long-term debt, consisting of first mortgage bonds, medium-term notes, debentures, bank loans, including a term or revolving credit facility, private placement loans, and other evidences of indebtedness. Monongahela Power states that the issuing and borrowing is to fund (i) capital expenditures, (ii) the refinancing of existing debt, (iii) working capital and (iv) other general corporate purposes.

Monongahela Power states that the lenders will use a fixed rate or variable rate to calculate the interest rate for each indebtedness transaction. Specifically, any fixed-rate bonds, notes or debentures it issues pursuant to the requested authorization will not have a stated interest rate that exceeds 7 percent. The interest rate applicable to any borrowing under a bank credit facility or other variable-rate security entered into by Monongahela Power pursuant to the requested authorization will not exceed the highest of: (1) one-week, one-month, two-month, three-month, six-month, nine-month or 12-month LIBOR rates at the date of issuance(s), plus an applicable margin of up to 600 basis points; (2) Federal Funds Rates at the date of issuance(s) plus up to 675 basis points; (3) Prime Rate at the date of issuance(s) plus up to 375 basis points; and (4) up to six-month US Treasury Rate at the date of issuance(s) plus up to 675 basis points.

Your request is granted as detailed in the authorization section of this letter.

On February 21, 2003, the Commission issued an order announcing four restrictions on all future public utility issuances of secured and unsecured debt.¹ First, public utilities seeking authorization to issue debt backed by a utility asset must use the proceeds of the debt for utility purposes. Second, if any utility assets that secure debt issuances are divested or "spun off," the debt must follow the asset and also be divested or "spun off." Third, if any of the proceeds from unsecured debt are used for non-utility purposes, the debt must follow the non-utility assets. Specifically, if the non-utility assets are divested or "spun-off," then a proportionate share of the debt must follow the divested or "spun-off" non-utility asset. Finally, if utility assets financed by unsecured debt are divested or "spun-off" to another entity, then a proportionate share of the debt must also be divested or "spun off."

Notice of the filing was published in the *Federal Register*, with protests or interventions due on or before May 21, 2010. No protests opposing the granting of the requested authorization were filed.

Authorization:

Monongahela is authorized to issue or borrow up to \$150 million in secured or unsecured short-term debt or long-term debt, consisting of first mortgage bonds, medium-term notes, debentures, bank loans, including a term or revolving credit facility, private placement loans, and other evidences of indebtedness. The interest rate applicable to any fixed-rate bonds, notes or debentures will not have a stated interest rate that exceeds 7 percent. The interest rate applicable to any borrowing under a bank credit facility or other variable-rate security entered into by Monongahela Power pursuant to the requested authorization will not exceed the highest of: (1) one-week, one-month, two-month, three-month, six-month, nine-month or 12-month LIBOR rates at the date of issuance(s), plus an applicable margin of up to 600 basis points; (2) Federal Funds Rates at the date of issuance(s) plus up to 675 basis points; (3) Prime Rate at the date of issuance(s) plus up to 375 basis points; and (4) up to six-month US Treasury Rate at the date of issuance(s) plus up to 675 basis points. This authorization is approved based upon the terms and conditions and for the purposes specified in the application subject to the following conditions:

This authorization is effective as of the date of this letter order and terminates two years thereafter.

¹ *Westar Energy, Inc.*, 102 FERC ¶ 61,186, *order on reh'g*, 104 FERC ¶ 61,018 (2003) (*Westar*).

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The securities are subject to the Commission's restrictions on secured and unsecured debt as outlined above and in *Westar*.

Monongahela Power must file a Report of Securities Issued, under 18 C.F.R. §§34.10, 131.43 and 131.50 (2009), no later than 30 days after issuance of any long-term debt under this authorization.

This authorization is without prejudice to the authority of the Commission or any other regulatory body with respect to rates, service, accounts, valuation, estimates or determination of cost or any other matter whatsoever now pending or which may come before this Commission.

Nothing in this letter order shall be construed to imply any guarantee or obligation on the part of the United States with respect to any security to which this letter order relates.

Authority to act on this matter is delegated to the Director, Division of Electric Power Regulation – West, under 18 C.F.R. § 375.307 (2009). This order constitutes final agency action. Requests for rehearing by the Commission may be filed within thirty (30) days of the date of issuance of this order, pursuant to 18 C.F.R. § 385.713 (2009).

If you have any questions concerning this letter order, please contact Yolanda C. Hart-Harris at (202) 502-8424 or Andrew P. Mosier, Jr. at (202) 502-6274.

Sincerely,

Steve P. Rodgers, Director
Division of Electric Power
Regulation - West