

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. 14-1978- 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 June 30, 2014, is \$136,445,115. During the period January 1, 2014 through December 31, 2014, this Commission, in its Finding and Order in Case No. 13-2131-EL-AIS, *et al.* (the "2013 Order"), authorized the Company to have short-term notes outstanding including the Statutory Exemption Limit, in the aggregate principal amount of not more than \$500,000,000. During the period January 1, 2015

through December 31, 2015 (the "2015 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 2015 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 2015 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, 2014, and
 - b. "Exhibit B," Statement of Income for the Twelve Months Ended June 30, 2014.
6. This Commission, in its 2013 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"), The Toledo Edison Company ("TE"), American Transmission Systems, Incorporated ("ATSI"), FirstEnergy Corp., solely as a lender, FirstEnergy Service Company, solely as administrator and not as a lender or borrower, Jersey Central Power & Light Company, Pennsylvania Electric Company, Metropolitan Edison Company, Monongahela Power Company, The Potomac Edison Company, West Penn Power Company, Trans-Allegheny Interstate Line 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, 2014.
7. The Company hereby requests that the Commission's approval of the Money Pool be extended through December 31, 2015 and that the Authorized Principal shall include Short-Term Notes of the Company outstanding under the Money Pool by the Company.
8. 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").

9. The Commission, in its 2013 Order, authorized the Company, through December 31, 2014, 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 2015 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.
10. The Commission, in its 2013 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 \$1,000,000,000 to the Participating Companies at any time. The Company hereby requests Commission authorization for the Company, together with ATSI, OE and TE, to make loans in the aggregate to the Money Pool not to exceed \$1,000,000,000 outstanding to the Participating Companies (other than the Company, ATSI, OE and TE) at any one time.
11. The Company 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 approves the extension of the Company's participation in the Money Pool through December 31, 2015 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 authorizes the Company, during the 2015 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 authorizes the Company, during the 2015 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.

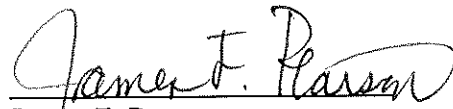
(4) That due to the time sensitive nature of this request, that this Commission issue such Order approving this Application on or before December 19, 2014.

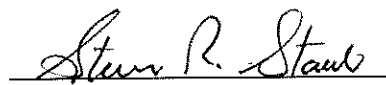
By: James F. Pearson
James F. Pearson
Senior Vice President and Chief Financial Officer

By: Steven R. Staub
Steven R. Staub
Vice President and Treasurer


STATE OF OHIO)
) ss.:
SUMMIT COUNTY)

James F. Pearson and Steven R. Staub, depose and say that they are Senior Vice President and Chief Financial Officer, and Vice President and 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.


James F. Pearson


Steve R. Staub

Subscribed and sworn to before me
this 17th day of November, 2014


Lynne Thomas
Notary Public, State of Ohio
Resident of Wayne County
My Commission Expires February 13, 2017


James A. Arcuri
Attorney for Applicant



Lynne Thomas
Notary Public, State of Ohio
My Commission Expires
February 13, 2017

Exhibit A

Balance Sheet including Statement of Capitalization as of June 30, 2014

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY
CONSOLIDATED BALANCE SHEET
(Unaudited)

(In thousands)	June 30, 2014
ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	\$ 152
Receivables-	
Customers, net of allowance for uncollectible accounts of \$4,853	110,752
Associated companies	45,180
Other, net of allowance for uncollectible accounts of \$198	11,010
Prepayments and other	22,786
	<u>189,880</u>
UTILITY PLANT:	
In service	2,836,802
Less - Accumulated provision for depreciation	1,066,942
	<u>1,769,860</u>
Construction work in progress	15,315
	<u>1,785,175</u>
OTHER PROPERTY AND INVESTMENTS:	9,877
	<u>9,877</u>
DEFERRED CHARGES AND OTHER ASSETS:	
Goodwill	1,688,521
Regulatory Assets	207,108
Other	65,718
	<u>1,961,347</u>
	<u>\$ 3,946,279</u>
LIABILITIES AND CAPITALIZATION	
CURRENT LIABILITIES:	
Currently payable long-term debt	\$ 28,640
Short-term borrowings-	
Affiliated companies	64,597
Other	150,000
Accounts payable-	
Affiliated companies	24,560
Other	12,516
Accrued taxes	65,819
Accrued interest	18,428
Other	39,034
	<u>403,594</u>
CAPITALIZATION:	
Common stockholder's equity-	
Common stock, without par value, authorized 105,000,000 shares -	
67,930,743 shares outstanding	867,973
Accumulated other comprehensive income	18,179
Retained earnings	194,905
Total common stockholder's equity	<u>1,081,057</u>
Noncontrolling interest	(27)
Total equity	<u>1,081,030</u>
Long-term debt and other long-term obligations	1,538,921
	<u>2,619,951</u>
NONCURRENT LIABILITIES:	
Accumulated deferred income taxes	689,703
Accumulated deferred investment tax credits	8,072
Retirement benefits	97,317
Other	127,642
	<u>922,734</u>
	<u>\$ 3,946,279</u>

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY

CONSOLIDATED STATEMENT OF CAPITALIZATION

(Unaudited)

(In millions)	June 30, 2014
COMMON STOCKHOLDER'S EQUITY:	
Common stock, without par value, 105,000,000 shares authorized, 67,930,743 shares outstanding	\$ 867,973
Accumulated other comprehensive income	18,179
Retained earnings	194,905
Total	1,081,057
NONCONTROLLING INTEREST	(27)
LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS:	
The Cleveland Electric Illuminating Company-	
First mortgage bonds:	
8.875% due 2018	300,000
5.500% due 2024	300,000
Total	600,000
Unsecured notes:	
5.700% due 2017	130,000
5.950% due 2036	300,000
Total	430,000
Secured notes:	
7.880% due 2017	300,000
Total	300,000
Ohio Securitization	
Ohio Securitization Bonds	
.679% due 2017	58,305
1.726% due 2020	56,383
3.45% due 2034	103,160
Total	217,848
Capital lease obligations	21,859
Net unamortized discount on debt	(2,146)
Long-term debt due within one year	(28,640)
Total long-term debt and other long-term obligations	1,538,921
TOTAL CAPITALIZATION	\$ 2,619,951

Exhibit B
Statement of Income for the Twelve Months Ended June 30, 2014

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY

**CONSOLIDATED STATEMENT OF INCOME
TWELVE MONTHS ENDED JUNE 30, 2014**

**(Unaudited)
(In thousands)**

REVENUES:

Electric sales	\$	810,166
Excise and gross receipts tax collections		67,382
Total revenues		<u>877,548</u>

EXPENSES:

Purchased power from affiliates	57,171
Purchased power from non-affiliates	113,681
Pensions & OPEB mark-to-market adjustment	176,181
Other operating expenses	2,868
Provision for depreciation	87,128
Amortization of regulatory assets, net	46,442
General taxes	176,418
Total expenses	<u>659,889</u>

OPERATING INCOME

217,659

OTHER INCOME (EXPENSE):

Investment income	170
Miscellaneous income	3,867
Interest expense	(112,214)
Capitalized interest	1,537
Total other expense	<u>(106,640)</u>

INCOME BEFORE INCOME TAXES

111,019

INCOME TAXES

30,145

NET INCOME

\$ 80,874

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Case No(s). 14-1978-EL-AIS

Summary: Application 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. Carrie M Dunn on behalf of The Cleveland Electric Illuminating Company