

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of)	
The Toledo Edison Company for)	
Authority to Issue, Renew or)	Case No. 19-1877-EL-AIS
Assume Liability on Notes and)	
Other Evidences of Indebtedness)	
Pursuant to O.R.C. §4905.401)	

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, 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, 2019, is \$26,733,249. On December 19, 2018, this Commission approved the Company's participation in the Money Pool during the January 1, 2019 through June 30, 2019 period (the "December 2018 Order") and on June 19, 2019 for the July 1, 2019 through December 31, 2019 period (the "June 2019 Order") in its Finding and Orders in Case No. 18-1430-EL-AIS, *et al.* (the December 2018 Order together with the June 2019 Order, collectively the "2018 Order"). The

2018 Order authorized the Company to have short-term notes outstanding including the Statutory Exemption Limit, in the aggregate principal amount of not more than \$300,000,000. During the period January 1, 2020 through December 31, 2020 (the “2020 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 2020 Fiscal Year in an aggregate principal amount up to \$300,000,000 (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 2020 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, 2019; and
 - b. "Exhibit B," Statement of Income for the Twelve Months Ended June 30, 2019.
6. This Commission, in its 2018 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 Cleveland Electric Illuminating Company ("CEI"), 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 ("PN"), Metropolitan Edison Company ("ME"), Mid-Atlantic Interstate Transmission, LLC, Monongahela Power Company, The Potomac Edison Company, West Penn Power Company, Trans-Allegheny Interstate Line Company and Waverly Electric Power & Light Company (each a "2018 Participating Company", collectively called the "2019 Participating Companies"), and for the issuance and acquisition of Short-Term Notes of 2018 Participating Companies in connection therewith, through December 31, 2019.

7. The Company hereby requests that the Commission's approval of the Money Pool be extended through December 31, 2020 and that the Authorized Principal shall include Short-Term Notes of the Company outstanding under the Money Pool by the Company.
8. The 2019 Participating Companies may contribute funds to the Money Pool from the following sources: (a) surplus funds from 2019 Participating Companies ("Internal Funds"), and (b) proceeds borrowed from external sources by the 2019 Participating Companies for loan to the Money Pool ("External Funds").
9. The Commission, in its 2018 Order, authorized the Company, through December 31, 2019, to have short-term notes outstanding including the Statutory Exemption, in the aggregate principal amount of not more than \$300,000,000 at any one time and to participate in the Money Pool. During the 2020 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 \$300,000,000 at any one time and to participate in the Money Pool by providing Internal or External Funds to 2019 Participating Companies through the Money Pool.
10. The Commission, in its 2018 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 CEI did not exceed \$1,000,000,000 to the 2019 Participating Companies at any time. The Company hereby requests Commission authorization for the Company, together with ATSI, OE and CEI, to make loans

in the aggregate to the Money Pool not to exceed \$750,000,000 outstanding to the 2019 Participating Companies (other than the Company, ATSI, OE and CEI) at any one time, based upon cash forecasting for 2020.

11. The Company agrees any loans to 2019 Participating Companies (other than ATSI, OE and CEI) made through the Money Pool shall be made only to those 2019 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.

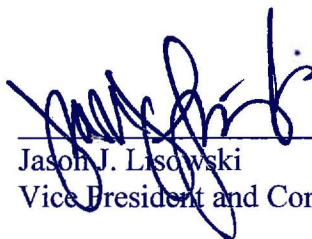
WHEREFORE, the Company prays


(1) That this Commission approves the extension of the Company's participation in the Money Pool through December 31, 2020 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 2020 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 \$300,000,000 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 2020 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 CEI to the 2019 Participating Companies (other than the Company, ATSI, OE and CEI) does not exceed \$750,000,000 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, 2019.

By: 
Jason J. Lisowski
Vice President and Controller

By: 
Steven R. Staub
Vice President and Treasurer

STATE OF OHIO)
) ss.:
SUMMIT COUNTY)

Jason J. Lisowski and Steven R. Staub, depose and say that they are Vice President and Controllor, and Vice President and 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.




Jason J. Lisowski



Steven R. Staub

Subscribed and sworn to before me
this 8th day of October, 2019



Notary Public, State of Ohio



Stephanie J. Bencin
Attorney for Applicant



Jaime E. Hudson
Resident Summit County
Notary Public, State of Ohio
My Commission Expires: 8/12/2022

TOLEDO EDISON COMPANY
CONSOLIDATED STATEMENT OF INCOME
TWELVE MONTHS ENDED JUNE 30, 2019
(Unaudited)
(In thousands)

REVENUES:	
Electric sales	\$ 435,067
Excise and gross receipts tax collections	27,289
Total revenues	<u>462,356</u>
OPERATING EXPENSES:	
Purchased power from affiliates	10,075
Purchased power from non-affiliates	48,533
Other operating expenses	174,559
Provision for depreciation	38,933
Deferral of regulatory assets, net	(760)
General taxes	61,742
Total operating expenses	<u>333,082</u>
OPERATING INCOME	<u>129,274</u>
OTHER INCOME (EXPENSE):	
Miscellaneous income	8,234
Pension and OPEB mark-to-market adjustments	2,589
Interest expense	(36,619)
Capitalized financing costs	315
Total other expense	<u>(25,481)</u>
INCOME BEFORE INCOME TAXES	103,793
INCOME TAXES	<u>29,802</u>
NET INCOME	<u><u>\$ 73,991</u></u>

TOLEDO EDISON COMPANY
CONSOLIDATED BALANCE SHEET
(Unaudited)

(In thousands)

June 30,
2019

ASSETS

CURRENT ASSETS:

Restricted cash	\$ 1,993
Receivables-	
Customers, net of allowance for uncollectible accounts of \$2,813	48,954
Affiliated companies	21,325
Other, net of allowance for uncollectible accounts of \$56	6,865
Prepaid taxes and other	1,900
	<u>81,037</u>

UTILITY PLANT:

In service	1,219,888
Less - Accumulated provision for depreciation	<u>589,118</u>
	630,770
Construction work in progress	<u>21,967</u>
	<u>652,737</u>

DEFERRED CHARGES AND OTHER ASSETS:

Goodwill	500,576
Regulatory assets	18,236
Property taxes	16,037
Other	<u>11,574</u>
	<u>546,423</u>
	<u>\$ 1,280,197</u>

LIABILITIES AND CAPITALIZATION

CURRENT LIABILITIES:

Currently payable long-term debt	\$ 52,600
Short-term borrowings - affiliated companies	12,782
Accounts payable-	
Affiliated companies	16,596
Other	4,021
Accrued taxes	32,188
Other	<u>20,847</u>
	<u>139,034</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	314,900
Accumulated other comprehensive income	1,540
Retained earnings	<u>73,742</u>
Total common stockholder's equity	537,192
Long-term debt and other long-term obligations	<u>336,670</u>
	<u>873,862</u>

NONCURRENT LIABILITIES:

Accumulated deferred income taxes	83,610
Retirement benefits	37,559
Property taxes	16,037
Other	<u>130,095</u>
	<u>267,301</u>
	<u>\$ 1,280,197</u>

TOLEDO EDISON COMPANY
CONSOLIDATED STATEMENT OF CAPITALIZATION
(Unaudited)

(In thousands)	June 30, 2019
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	314,900
Accumulated other comprehensive income	1,540
Retained earnings	73,742
Total common stockholder's equity	<u>537,192</u>
LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS:	
Toledo Edison Company-	
Secured Notes:	
7.250% due 2020	50,000
6.150% due 2037	300,000
Total	<u>350,000</u>
Ohio Securitization	
Ohio Securitization Bonds	
1.726% due 2020	981
3.450% due 2034	35,711
Total	<u>36,692</u>
Capital lease obligations	4,637
Unamortized discount on long-term debt	(296)
Unamortized debt expense	(1,763)
Long-term debt due within one year	(52,600)
Total long-term debt and other long-term obligations	<u>336,670</u>
TOTAL CAPITALIZATION	<u><u>\$ 873,862</u></u>

This foregoing document was electronically filed with the Public Utilities

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in

Case No(s). 19-1877-EL-AIS

Summary: Application of The Toledo Edison Company to Issue Securities electronically filed by Mrs. Ashlee E Waite on behalf of The Toledo Edison Company