

**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)	Case No. 20-1492-EL-AIS
Liability on Notes and Other Evidences of)	
Indebtedness Pursuant to O.R.C.)	
§4905.401)	

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, 2020, is \$130,723,725. On December 18, 2019, this Commission approved the Company’s participation in the Money Pool during the January 1, 2020 through December 31, 2020 period (the “2019 Order”) in its Finding and Orders in Case No. 19-1874-EL-AIS, *et al.* The 2019 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, 2021 through December 31, 2021 (the “2021 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 2021 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 2021 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, 2020; and
 - b. "Exhibit B," Statement of Income for the Twelve Months Ended June 30, 2020.
6. This Commission, in its 2019 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 ("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 "2019 Participating Company", collectively called the "2020 Participating Companies"), and for the issuance and acquisition of Short-Term Notes of 2019 Participating Companies in connection therewith, through December 31, 2020.
7. The Company hereby requests that the Commission's approval of the Money Pool be extended through December 31, 2021 and that the Authorized Principal shall

include Short-Term Notes of the Company outstanding under the Money Pool by the Company.

8. The 2020 Participating Companies may contribute funds to the Money Pool from the following sources: (a) surplus funds from 2020 Participating Companies ("Internal Funds"), and (b) proceeds borrowed from external sources by the 2020 Participating Companies for loan to the Money Pool ("External Funds").
9. The Commission, in its 2019 Order, authorized the Company, through December 31, 2020, 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 2021 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 2020 Participating Companies through the Money Pool.
10. The Commission, in its 2019 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 2020 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 \$750,000,000 outstanding to the

2020 Participating Companies (other than the Company, ATSI, OE and TE) at any one time, based upon cash forecasting for 2021.

11. The Company agrees any loans to 2020 Participating Companies (other than ATSI, OE and TE) made through the Money Pool shall be made only to those 2020 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, 2021 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 2021 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 2021 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 2020 Participating Companies (other than the Company, ATSI, OE and TE) 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 23, 2020.

By:



Jason J. Lisowski
Vice President and Controller

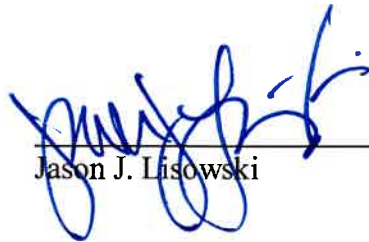
By:




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 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.



Jason J. Lisowski



Steven R. Staub

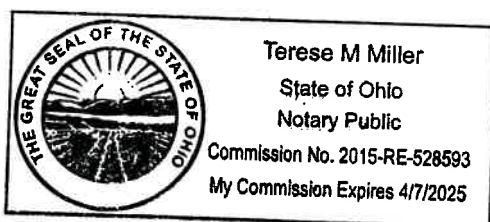
Subscribed and sworn to before me
this 8th day of September, 2020



Notary Public, State of Ohio



Stephanie J. Bencin
Attorney for Applicant



THE CLEVELAND ELECTRIC ILLUMINATING COMPANY

**CONSOLIDATED STATEMENT OF INCOME
TWELVE MONTHS ENDED JUNE 30, 2020**

(Unaudited)

(In millions)

REVENUES:

Electric sales	\$	977
Excise and gross receipts tax collections		64
Total revenues		<u>1,041</u>

OPERATING EXPENSES:

Purchased power from affiliates		7
Purchased power from non-affiliates		105
Other operating expenses		385
Provision for depreciation		110
Amortization (deferral) of regulatory assets, net		(24)
General taxes		191
Total operating expenses		<u>774</u>

OPERATING INCOME		<u>267</u>
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OTHER INCOME (EXPENSE):

Miscellaneous income, net		14
Pension and OPEB mark-to-market adjustment		(74)
Interest expense		(70)
Total other expense		<u>(130)</u>

INCOME BEFORE INCOME TAXES		137
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INCOME TAXES		<u>5</u>
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NET INCOME	<u>\$</u>	<u>132</u>
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THE CLEVELAND ELECTRIC ILLUMINATING COMPANY
CONSOLIDATED BALANCE SHEET
(Unaudited)

(In millions, except share amounts)	June 30, 2020
ASSETS	
CURRENT ASSETS:	
Restricted cash	\$ 11
Receivables-	
Customers	102
Less - Allowance for uncollectible customer receivables	9
	93
Affiliated companies	44
Other	17
Prepaid taxes and other	2
	167
UTILITY PLANT:	
In service	3,418
Less - Accumulated provision for depreciation	1,386
	2,032
Construction work in progress	81
	2,113
DEFERRED CHARGES AND OTHER ASSETS:	
Goodwill	1,689
Property taxes	62
Other	42
	1,793
	<u>\$ 4,073</u>
LIABILITIES AND CAPITALIZATION	
CURRENT LIABILITIES:	
Currently payable long-term debt	\$ 22
Short-term borrowings - affiliated companies	145
Accounts payable-	
Affiliated companies	39
Other	12
Accrued taxes	130
Accrued interest	13
Other	48
	409
CAPITALIZATION:	
Common stockholder's equity-	
Common stock, without par value, authorized 105,000,000 shares -	
67,930,743 shares outstanding	1,242
Accumulated other comprehensive loss	(4)
Retained earnings	320
Total common stockholder's equity	1,558
Long-term debt and other long-term obligations	1,332
	2,890
NONCURRENT LIABILITIES:	
Accumulated deferred income taxes	277
Retirement benefits	125
Regulatory liabilities	93
Property taxes	62
Other	217
	774
	<u>\$ 4,073</u>

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY
CONSOLIDATED STATEMENT OF CAPITALIZATION
(Unaudited)

(In millions, except share amounts)	June 30, 2020
COMMON STOCKHOLDER'S EQUITY:	
Common stock, without par value, authorized 105,000,000 shares -	
67,930,743 shares outstanding	\$ 1,242
Accumulated other comprehensive loss	(4)
Retained earnings	320
Total common stockholder's equity	<u>1,558</u>
LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS:	
The Cleveland Electric Illuminating Company-	
First mortgage bonds:	
5.500% due 2024	<u>300</u>
Total	<u>300</u>
Senior Notes	
3.500% due 2028	350
4.550% due 2030	300
5.950% due 2036	<u>300</u>
Total	<u>950</u>
Ohio Securitization	
Ohio Securitization Bonds	
3.45% due 2034	<u>98</u>
Total	<u>98</u>
Capital lease obligations	14
Unamortized discount on long-term debt	(1)
Unamortized debt expense	(7)
Long-term debt due within one year	<u>(22)</u>
Total long-term debt and other long-term obligations	<u>1,332</u>
TOTAL CAPITALIZATION	<u><u>\$ 2,890</u></u>

This foregoing document was electronically filed with the Public Utilities

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Case No(s). 20-1492-EL-AIS

Summary: Application for Authority to Issue, Renew or Assume Liability on Notes and Other Evidences of Indebtedness Pursuant to R.C. 4905.401 electronically filed by Ms. Christine E. Watchorn on behalf of The Cleveland Electric Illuminating Company