

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. 08-____ - EL-AIS
Assume Liability on Notes and )	
Other Evidences of Indebtedness )	
Pursuant to O.R.C. §4905.401 )	

Applicant, The Toledo Edison Company, (hereinafter "Company" or "Applicant") hereby submits this Application, pursuant to R.C. 4905.401, and respectfully represents that:

1. The Company, an Ohio corporation, is an "electric light company" and a "public utility" as these terms are defined in Sections 4905.03(A)(4) and 4905.02 of the Ohio Revised Code, respectively, engaged primarily in the distribution of electricity for sale to consumers within the State of Ohio, and is subject to the jurisdiction of the Public Utilities Commission of Ohio ("Commission").
2. Under provisions of O.R.C. §4905.401, 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, 2008 is \$25,848,086.

3. During the period January 1, 2008 through December 31, 2008 (the “2008 Fiscal Year”), this Commission, in its Finding and Order in Case No. 07-1193-EL-AIS, *et al.*, 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, 2009 through December 31, 2009 (the “2009 Fiscal Year”), the Company estimates that it may again need to exceed the Statutory Exemption Limit.
4. Pursuant to the provisions of O.R.C. §4905.401, the Company asks the Commission to authorize the Company to have Short-Term Notes outstanding at any one time during the 2009 Fiscal Year in an aggregate principal amount up to \$500,000,000 (the “Authorized Principal”) (such Authorized Principal to include the Statutory Exemption Limit).
5. The Company further requests 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 2009 Fiscal Year and which this Commission may approve pursuant to O.R.C. §4905.40.
6. The Company 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 8 below), working capital and for general corporate purposes. Prior to their use, such funds may be invested in highly liquid short-term investments.

7. 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, 2008, and

- b. "Exhibit B," Statement of Income for the Twelve Months Ended September 30, 2008.

8. This Commission, in its Finding and Order in Case No. 07-1193-EL-AIS<sup>1</sup>, et al., 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. - the Company's parent company, FirstEnergy Service Company, Jersey Central Power & Light Company, Pennsylvania Electric Company, Metropolitan Edison Company, York Haven Power Company<sup>2</sup>, 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, 2008.

The Company hereby requests that the Commission's approval of the Money Pool

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<sup>1</sup> This Commission's approval of the Money Pool was conditioned upon the Company continuing to seek authorization from this Commission to issue short-term debt.

<sup>2</sup> York Haven Power Company was sold in 2007 and is no longer a party to the Money Pool.

as described herein be extended through December 31, 2009 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 from bank borrowings or the sales of commercial paper by the Participating Companies for loan to the Money Pool ("External Funds").
10. The Company hereby agrees that the amount it loans to the Money Pool will not, when aggregated with the amounts loaned by ATSI, CEI and OE, exceed the amount of \$700,000,000 outstanding to the Participating Companies (other than the Company, ATSI, CEI and OE) at any one time.
11. In an effort to insulate the Company from financial risks associated with affiliate companies, the Company further agrees that any loans to Participating Companies other than OE, CEI and ATSI 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.
12. 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.

13. Due to the time sensitive nature of this request and recent events in the world financial markets, the Company respectfully asks that this Commission issue an Order on or before December 17, 2008.

WHEREFORE, the Company prays:

- That this Commission approve the extension of the Company's participation in the Money Pool through December 31, 2009 and that the Authorized Principal shall include Short-Term Notes of the Company outstanding under the Money Pool by the Company;
- That this Commission authorize the Company, during the 2009 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; and
- That this Commission authorize the Company, during the 2009 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, OE, ATSI and CEI to the Participating Companies (other than the Company, OE, ATSI and CEI) does not exceed \$700,000,000 outstanding at any one time.

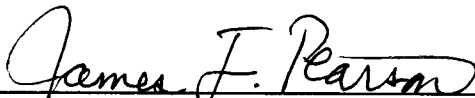
Respectfully submitted,  
THE TOLEDO EDISON COMPANY

By:




Richard H. Marsh  
Senior Vice President and  
Chief Financial Officer

By:




James F. Pearson  
Vice President and Treasurer

  
Kathy J. Kolich, Attorney for Applicant  
Registration No. 0038855

STATE OF OHIO     )  
                              ) ss.:  
SUMMIT COUNTY    )

Richard H. Marsh and James F. Pearson, being duly sworn, depose and say that they are Senior Vice President & Chief Financial Officer and Vice President & 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 contained therein are true as they verily believe.

Subscribed and sworn to  
before me this 25th day  
of November, 2008

  
\_\_\_\_\_  
Kathleen Anne Grant  
Notary Public, State of Ohio  
Resident of Summit County  
My Commission Expires November 8, 2009

**THE TOLEDO EDISON COMPANY**  
**CONSOLIDATED BALANCE SHEETS**  
(Unaudited)

	September 30, 2008 <i>(In thousands)</i>
<b>ASSETS</b>	
<b>CURRENT ASSETS:</b>	
Cash and cash equivalents	\$ 24
Receivables-	
Customers	931
Associated companies	58,215
Other	15,810
Notes receivable from associated companies	111,519
Prepayments and other	1,421
	<u>187,920</u>
<b>UTILITY PLANT:</b>	
In service	860,417
Less - Accumulated provision for depreciation	402,952
	457,465
Construction work in progress	7,626
	<u>465,091</u>
<b>OTHER PROPERTY AND INVESTMENTS:</b>	
Investment in lessor notes	142,657
Long-term notes receivable from associated companies	37,308
Nuclear plant decommissioning trusts	68,438
Other	1,691
	<u>250,094</u>
<b>DEFERRED CHARGES AND OTHER ASSETS:</b>	
Goodwill	500,576
Regulatory assets	145,404
Pension assets	31,059
Property taxes	21,010
Other	52,325
	<u>750,374</u>
	<u>\$ 1,653,479</u>
<b>LIABILITIES AND CAPITALIZATION</b>	
<b>CURRENT LIABILITIES:</b>	
Currently payable long-term debt	\$ 34
Accounts payable-	
Associated companies	88,769
Other	3,368
Notes payable to associated companies	95,203
Accrued taxes	20,508
Lease market valuation liability	36,900
Other	26,415
	<u>271,197</u>
<b>CAPITALIZATION:</b>	
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	175,643
Accumulated other comprehensive loss	(11,270)
Retained earnings	185,121
Total common stockholder's equity	496,504
Long-term debt and other long-term obligations	303,382
	<u>799,886</u>
<b>NONCURRENT LIABILITIES:</b>	
Accumulated deferred income taxes	100,872
Accumulated deferred investment tax credits	6,882
Lease market valuation liability	282,325
Retirement benefits	66,201
Asset retirement obligations	29,715
Deferred revenues - electric service programs	4,073
Lease assignment payable to associated companies	30,529
Other	61,799
	<u>582,396</u>
	<u>\$ 1,653,479</u>

**THE TOLEDO EDISON COMPANY**  
**CONSOLIDATED STATEMENT OF INCOME**  
**TWELVE MONTHS ENDED SEPTEMBER 30, 2008**  
**(Unaudited)**  
**(In thousands)**

**REVENUES:**

Electric sales	\$ 867,231
Excise tax collections	30,564
Total revenues	<u>897,795</u>

**EXPENSES:**

Purchased power	409,433
Other operating costs	203,230
Provision for depreciation	33,916
Amortization of regulatory assets	106,901
Deferral of new regulatory assets	(39,288)
General taxes	52,585
Total expenses	<u>766,777</u>

**OPERATING INCOME**131,018**OTHER INCOME (EXPENSE):**

Investment income	23,743
Miscellaneous expense	(4,334)
Interest expense	(26,375)
Capitalized interest	317
Total other expense	<u>(6,649)</u>

**INCOME BEFORE INCOME TAXES**

124,369

**INCOME TAXES**36,426**NET INCOME**\$ 87,943

**This foregoing document was electronically filed with the Public Utilities**

**Commission of Ohio Docketing Information System on**

**11/26/2008 9:26:25 AM**

**in**

**Case No(s). 08-1263-EL-AIS**

Summary: Application for authority to issue short term debt pursuant to RC 4905.401  
electronically filed by Ms. Kathy J Kolich on behalf of The Toledo Edison Company