

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. 08-_____ - EL-AIS

Applicant, The Cleveland Electric Illuminating 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 \$133,006,279.

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. 06-07-1195-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 Nos. 06-07-1195-EL-AIS¹, 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"), The Toledo Edison Company ("TE"), American Transmission Systems, Incorporated ("ATSI"), 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, and Waverly Electric Power & Light Company² (each a "Participating Company", collectively called the "Participating Companies"), and the issuance and acquisition of Short-Term Notes of

¹ 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.

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

Participating Companies in connection therewith, through December 31, 2008. The Company hereby requests that the Commission's approval of 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.

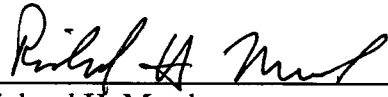
9. The Participating Companies may contribute funds to the Money Pool from the following sources: (a) surplus funds from Participating Companies ("Internal Funds"); and (b) proceeds from bank borrowings or the sales of commercial paper by the Participating Companies for loan to the Money Pool ("External 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, OE and TE, exceed the amount of \$700,000,000 outstanding to the Participating Companies (other than the Company, ATSI, OE and TE) 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, TE 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.

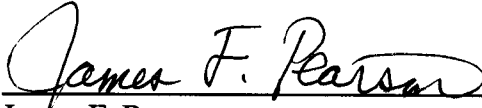
13. Due to the time sensitive nature of this request and recent events in the world financial markets, the Company respectfully asks that this Commission issue an Order on or before December 17, 2008.

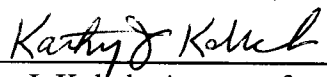
WHEREFORE, the Company prays:

- 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 TE to the Participating Companies (other than the Company, OE, ATSI and TE) does not exceed \$700,000,000 outstanding at any one time.

Respectfully submitted,
THE CLEVELAND ELECTRIC ILLUMINATING
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 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 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 CLEVELAND ELECTRIC ILLUMINATING COMPANY
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	September 30, 2008 (In thousands)
ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	\$ 237
Receivables	
Customers	292,735
Associated companies	122,210
Other	4,151
Notes receivable from associated companies	21,682
Prepayments and other	2,373
	<u>443,388</u>
UTILITY PLANT:	
In service	2,180,347
Less - Accumulated provision for depreciation	836,058
	<u>1,344,289</u>
Construction work in progress	44,392
	<u>1,388,681</u>
OTHER PROPERTY AND INVESTMENTS:	
Investment in lessor notes	425,717
Other	10,260
	<u>435,977</u>
DEFERRED CHARGES AND OTHER ASSETS:	
Goodwill	1,688,521
Regulatory assets	796,475
Pension assets	68,548
Property taxes	76,000
Other	9,036
	<u>2,638,580</u>
	<u>\$ 4,906,626</u>
LIABILITIES AND CAPITALIZATION	
CURRENT LIABILITIES:	
Currently payable long-term debt	\$ 207,312
Short-term borrowings-	
Associated companies	367,422
Accounts payable-	
Associated companies	124,335
Other	5,704
Accrued taxes	70,515
Accrued interest	37,885
Other	41,366
	<u>854,539</u>
CAPITALIZATION:	
Common stockholder's equity-	
Common stock, without par value, authorized 105,000,000 shares -	
67,930,743 shares outstanding	878,199
Accumulated other comprehensive loss	(69,529)
Retained earnings	793,238
Total common stockholder's equity	<u>1,601,908</u>
Long-term debt and other long-term obligations	1,447,718
	<u>3,049,626</u>
NONCURRENT LIABILITIES:	
Accumulated deferred income taxes	727,615
Accumulated deferred investment tax credits	13,442
Retirement benefits	95,931
Deferred revenues - electric service programs	9,594
Lease assignment payable to associated companies	40,827
Other	115,052
	<u>1,002,461</u>
	<u>\$ 4,906,626</u>

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Twelve Months Ended September 30, 2008 <i>(in thousands)</i>
REVENUES:	
Electric sales	\$ 1,729,316
Excise tax collections	69,903
Total revenues	<u>1,799,219</u>
EXPENSES:	
Fuel	868
Purchased power	762,994
Other operating costs	261,253
Provision for depreciation	73,641
Amortization of regulatory assets	159,053
Deferral of new regulatory assets	(106,291)
General taxes	139,859
Total expenses	<u>1,291,377</u>
OPERATING INCOME	<u>507,842</u>
OTHER INCOME (EXPENSE):	
Investment income	35,880
Miscellaneous income (expense)	3,386
Interest expense	(126,026)
Capitalized interest	847
Total other expense	<u>(85,913)</u>
INCOME BEFORE INCOME TAXES	421,929
INCOME TAXES	<u>138,920</u>
NET INCOME	<u>\$ 283,009</u>

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

11/26/2008 9:33:05 AM

in

Case No(s). 08-1262-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 Cleveland Electric Illuminating Company