

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of American)
Transmission Systems Incorporated for Authority)
to Issue, Renew or Assume Liability on Notes) Case No. 09-984-EL-AIS
and Other Evidences of Indebtedness Pursuant to)
Section 4905.401 of the Ohio Revised Code.)

In the Matter of the Application of The Cleveland)
Electric Illuminating Company for Authority)
to Issue, Renew or Assume Liability on Notes) Case No. 09-1013-EL-AIS
and Other Evidences of Indebtedness Pursuant)
to Section 4905.401 of the Ohio Revised Code.)

In the Matter of the Application of The Toledo)
Edison Company for Authority to Issue, Renew)
Assume Liability on Notes and Other) Case No. 09-1014-EL-AIS
Evidences of Indebtedness Pursuant to)
Section 4905.401 of the Ohio Revised Code.)

In the Matter of the Application of Ohio Edison)
Company for Authority to Issue, Renew or)
Assume Liability on Notes and Other Evidences) Case No. 09-1015-EL-AIS
of Indebtedness Pursuant to Section 4905.401 of)
the Ohio Revised Code.)

FINDING AND ORDER

The Commission finds:

- (1) Applicants, American Transmission Systems Incorporated (ATSI), The Cleveland Electric Illuminating Company (CEI), The Toledo Edison Company (Toledo Edison), and Ohio Edison Company (Ohio Edison), are Ohio corporations and public utilities, as defined in Section 4905.02, Revised Code, subject to the jurisdiction of this Commission.
- (2) ATSI's Application and Exhibits were filed on October 23, 2009. The Applications and Exhibits by CEI, Toledo Edison, and Ohio Edison were filed on October 28, 2009. These Applications and Exhibits (Applications) were filed pursuant to Section 4905.401, Revised Code.

- (3) Section 4905.401(A), Revised Code, allows Applicants to have outstanding notes and other evidences of short-term indebtedness, issuable without prior authorization of this Commission in the amounts of approximately \$26 million for ATSI, \$163 million for CEI, and \$40 million for Toledo Edison and \$363 million for Ohio Edison. Applicants' existing authority in Case Nos. 08-1264-EL-AIS, et al. (December 19, 2008 Order) to issue short-term debt and participate in the utility money pool arrangement (the Money Pool) expires on December 31, 2009. As of October 31, 2009, ATSI had no outstanding short-term debt. CEI, Toledo Edison, and Ohio Edison had \$88 million, \$80 million and \$84 million, outstanding short-term debt, respectively, as of that date.
- (4) Applicants are requesting consent and authority to have short-term notes outstanding in aggregate principal amounts of not more than \$50 million for ATSI and \$500 million each for Ohio Edison, CEI, and Toledo Edison at any one time, including those issued pursuant to Section 4905.401(A), Revised Code, and continue their participation in the Money Pool through December 31, 2010, pursuant to the terms and conditions as set forth in the Applications.
- (5) The Money Pool is an intra-system financing arrangement by and among the following companies: FirstEnergy Corp., FirstEnergy Service Company, ATSI, CEI, Toledo Edison, Ohio Edison, Pennsylvania Power Company, Pennsylvania Electric Company, Metropolitan Edison Company, Jersey Central Power & Light Company, York Haven Power Company and Waverly Electric Power & Light Company (collectively, the Participating Companies). A separate non-utility money pool is comprised of FirstEnergy Corp. and its unregulated subsidiary companies.
- (6) With respect to the Money Pool, Applicants were authorized by the December 19, 2008 Order to continue their participation in the Money Pool through December 31, 2009, subject to the following conditions:
 - (a) The aggregate amount to be loaned to the Money Pool by Applicants to the Participating Companies (other than the Applicants) shall not exceed \$700 million outstanding at any one time, as described in the Applications.

- (b) Loans to the Participating Companies, other than the Applicants, 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.
- (c) Applicants shall report the details of their respective participation in the Money Pool on a quarterly basis to the Director of the Utilities Department of the Commission.

Applicants state that they will continue to abide by the above conditions, as described in their Applications.

- (7) The aggregate amount of short-term indebtedness is to be in addition to any long-term financing, which Applicants may accomplish during the period with the approval of this Commission.
- (8) The proceeds derived by Applicants from the issuance, renewal, or assumption of liability of notes and other evidences of short-term indebtedness and loans from the Money Pool will be used for current maturities, to retire securities through open market purchases, to acquire notes, or other evidences of indebtedness payable at periods of not more than 12 months, for working capital and for general corporate purposes, all pursuant to Section 4905.40, Revised Code.
- (9) Based on the information contained in the respective Applications, the issuance of, or assumption of liability of said notes or other evidences of short-term indebtedness by Applicants and the participation in the Money Pool are reasonably required for the Applicants' lawful capital purposes and the Commission is satisfied that consent and authority should be granted.

It is, therefore,

ORDERED, That Applicants are authorized through December 31, 2010, to have short-term notes outstanding, including those issued pursuant to Section 4905.401(A), Revised Code, in aggregate principal amounts of not more than \$50 million for ATSI and \$500 million each for CEL, Toledo Edison, and Ohio Edison, at any one time and to

continue to participate in the Money Pool, pursuant to the terms and conditions as described in the Applications, and this Finding and Order. It is, further,

ORDERED, That such aggregate principal amounts, or any part thereof issued, renewed or assumed during the period be in addition to any long-term financing which Applicants may require during the twelve-month period with the approval of this Commission. It is, further,

ORDERED, That the funds provided by each of the Applicants to the Money Pool and borrowed there from by the Participating Companies, other than the Applicants, not exceed \$700 million outstanding at any one time through December 31, 2010. It is, further,

ORDERED, That Applicants' Loans to the Participating Companies, other than the Applicants, made through the Money Pool 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. It is, further,

ORDERED, That Applicants report the details of their respective participation in the Money Pool on a quarterly basis to the Director of the Utilities Department of the Commission, as set forth in this Finding and Order. It is, further,

ORDERED, That the proceeds derived by Applicants under the authority granted be applied for the purposes set forth in this Finding and Order. It is, further,

ORDERED, That the authorization granted by this Finding and Order shall not be construed as limiting the Commission's determination of the appropriateness of Applicants' future long-term security offerings issued wholly or in part for the purpose of retiring its outstanding short-term evidences of indebtedness. It is, further,

ORDERED, That nothing in this Finding and Order be construed to imply any guaranty or obligation as to the unsecured notes and other evidences of indebtedness or the associated interest on the part of the State of Ohio. It is, further,

ORDERED, That nothing in this Finding and Order be deemed to be binding upon this Commission in any future proceedings or investigation involving the justness or reasonableness of any rate, charge, rule, or regulation of Applicants. It is, further,

ORDERED, That nothing in this Finding and Order be construed to imply any guaranty or obligation by the Commission to assure completion of any specific construction project of Applicants. It is, further,

ORDERED, That a copy of this Finding and Order be served upon the Applicants and all parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO



Alan R. Schriber, Chairman



Paul A. Centolella



Ronda Hartman Fergus



Valerie A. Lemmie



Cheryl L. Roberto

RDG:djb

Entered in the Journal

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Renee J. Jenkins
Secretary