

FILE

**FirstEnergy**

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*Via Federal Express*

10-2400-EL-AIS  
October 20, 2010

Ms. Renee J. Jenkins  
Director, Administration Department  
Secretary to the Commission  
Docketing Division  
The Public Utilities Commission of Ohio  
180 East Broad Street  
Columbus, OH 43215-3793

PUCO

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RECEIVED-DOCKETING DIV

Dear Ms. Jenkins:

**Re: *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***

Enclosed for filing, please find the original and ten (10) copies of the Application regarding the above-referenced case. Please file the enclosed Application, time-stamping the two extras and returning them to the undersigned in the enclosed envelope.

Thank you for your assistance. Please contact me if you have any questions concerning this matter.

Very truly yours,

*James W. Burk*

kag  
Enclosures

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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. 10-2400- EL-AIS

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, 2010 is \$156,672,787.00. During the period January 1, 2010 through December 31, 2010 (the "2010 Fiscal Year"), this Commission, in its Finding and Order in Case No. 09-1013-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, 2011

through December 31, 2011 (the "2011 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 2011 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 2011 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, 2010, and
  - b. "Exhibit B," Statement of Income for the Twelve Months Ended June 30, 2010.
6. This Commission, in its Finding and Order in Case Nos. 09-1013-EL-AIS, 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") and The Toledo Edison Company ("TE"), American Transmission Systems, Incorporated ("ATSI"), FirstEnergy Corp., FirstEnergy Service Company (as servicer), Jersey Central Power & Light Company, Pennsylvania Electric Company, Metropolitan Edison Company, York Haven Power Company<sup>1</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, 2010. The Company hereby requests that the Commission's approval of the Money Pool be extended through December 31, 2011 and that the Authorized Principal shall include Short-Term Notes of the Company outstanding under the Money Pool by the Company.
7. The Participating Companies may contribute funds to the Money Pool from the following sources: (a) surplus funds from Participating Companies ("Internal

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<sup>1</sup> Because York Haven Power Company is no longer owned by FirstEnergy Corp., the Company is not seeking to extend York Haven Power Company's status as a Participating Company.

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").

8. The Commission, in its Finding and Order in Case No. 09-1013-EL-AIS, *et al.*, authorized the Company, through December 31, 2010, 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 2011 Fiscal Year, the Company estimates that it may again need to exceed the Statutory Exemption Limit applied to loans to the Money Pool. 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 Participating Companies through the Money Pool.
9. The Company hereby agrees that the aggregate 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.
10. The Company further agrees 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. 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

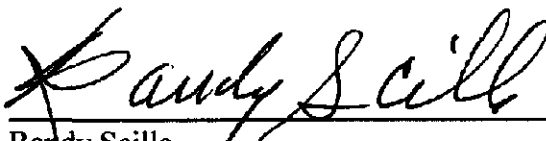
(1) That this Commission approve the extension of the Company's participation in the Money Pool through December 31, 2011 and that the Authorized Principal shall include Short-Term Notes of the Company outstanding under the Money Pool by the Company

(2) That this Commission authorize the Company, during the 2011 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 authorize the Company, during the 2011 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.

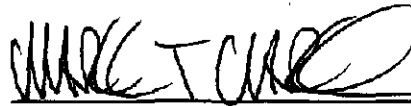
(4) That due to the time sensitive nature of this request, that this Commission issue such Order approving this Application on or before December 3, 2010.

By:   
Mark T. Clark  
Executive Vice President and Chief Financial Officer

By:   
Randy Scilla  
Assistant Treasurer

STATE OF OHIO     )  
                              ) ss.:  
SUMMIT COUNTY    )

Mark T. Clark and Randy Scilla, depose and say that they are Executive Vice President and Chief Financial Officer, and Assistant 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.



Mark T. Clark



Randy Scilla

Subscribed and sworn to before me  
this 20<sup>th</sup> day of October, 2010



Michele A. Buchtel  
Notary Public, State of Ohio  
Resident of Summit County  
My Commission Expires August 28, 2011



James W. Burk  
Attorney for Applicant



**THE CLEVELAND ELECTRIC ILLUMINATING COMPANY**  
**CONSOLIDATED BALANCE SHEET**  
(Unaudited)

	June 30, 2010 (in thousands)
<b>ASSETS</b>	
<b>CURRENT ASSETS:</b>	
Cash and cash equivalents	\$ 245
Receivables-	
Customers (less accumulated provisions of \$4,809,000 for uncollectible accounts)	198,970
Associated companies	73,008
Other	10,377
Notes receivable from associated companies	24,480
Prepayments and other	4,390
	<u>311,470</u>
<b>UTILITY PLANT:</b>	
In service	2,350,804
Less - Accumulated provision for depreciation	911,368
	<u>1,439,436</u>
Construction work in progress	30,665
	<u>1,470,101</u>
<b>OTHER PROPERTY AND INVESTMENTS:</b>	
Investment in lessor notes	340,033
Other	10,108
	<u>350,141</u>
<b>DEFERRED CHARGES AND OTHER ASSETS:</b>	
Goodwill	1,688,521
Regulatory assets	468,119
Property taxes	77,319
Other	12,913
	<u>2,246,872</u>
	<u>\$ 4,378,584</u>
<b>LIABILITIES AND CAPITALIZATION</b>	
<b>CURRENT LIABILITIES:</b>	
Currently payable long-term debt	\$ 137
Short-term borrowings-	
Associated companies	224,031
Accounts payable-	
Associated companies	35,805
Other	15,707
Accrued taxes	77,051
Accrued interest	18,557
Other	49,897
	<u>420,985</u>
<b>CAPITALIZATION:</b>	
Common stockholder's equity-	
Common stock, without par value, authorized 105,000,000 shares - 67,930,743 shares outstanding	884,878
Accumulated other comprehensive loss	(150,214)
Retained earnings	532,380
Total common stockholder's equity	<u>1,267,044</u>
Noncontrolling interest	18,017
Total equity	<u>1,285,061</u>
Long-term debt and other long-term obligations	1,852,488
	<u>3,137,549</u>
<b>NONCURRENT LIABILITIES:</b>	
Accumulated deferred income taxes	632,686
Accumulated deferred investment tax credits	11,415
Retirement benefits	81,872
Other	94,067
	<u>820,050</u>
<b>COMMITMENTS AND CONTINGENCIES</b>	
	<u>\$ 4,378,584</u>

**THE CLEVELAND ELECTRIC ILLUMINATING  
COMPANY**

**CONSOLIDATED STATEMENT OF INCOME  
TWELVE MONTHS ENDED JUNE 30, 2010**

(Unaudited)  
(In thousands)

<b>REVENUES:</b>	
Electric sales	\$ 1,312,931
Excise tax collections	64,141
Total revenues	<u>1,377,072</u>
<b>EXPENSES:</b>	
Purchased power from affiliates	430,718
Purchased power from non-affiliates	225,016
Other operating costs	117,572
Provision for depreciation	72,223
Amortization of regulatory assets	160,596
Deferral of new regulatory assets	-
General taxes	137,656
Total expenses	<u>1,143,781</u>
<b>OPERATING INCOME</b>	<u>233,291</u>
<b>OTHER INCOME (EXPENSE):</b>	
Investment income	29,312
Miscellaneous income	2,376
Interest expense	(137,975)
Capitalized interest	88
Total other expense	<u>(106,199)</u>
<b>INCOME BEFORE INCOME TAXES</b>	127,092
<b>INCOME TAXES</b>	<u>44,490</u>
<b>NET INCOME</b>	82,602
Noncontrolling interest income	<u>1,622</u>
<b>EARNINGS AVAILABLE TO PARENT</b>	<u>\$ 80,980</u>

The accompanying Combined Notes to the Consolidated Financial Statements are an integral part of these financial statements.