

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Ohio)
Edison Company for Authority to Issue) Case No. 15-1578-EL-AIS
Short-term Notes and Other Evidences of)
Indebtedness.)

In the Matter of the Application of The)
Cleveland Electric Illuminating Company) Case No. 15-1579-EL-AIS
for Authority to Issue Short-term Notes)
and Other Evidences of Indebtedness.)

In the Matter of the Application of The)
Toledo Edison Company for Authority to) Case No. 15-1580-EL-AIS
Issue Short-term Notes and Other)
Evidences of Indebtedness.)

In the Matter of the Application)
of American Transmission Systems)
Incorporated for Authority to Issue Short-) Case No. 15-1581-EL-AIS
term Notes and Other Evidences of)
Indebtedness.)

FINDING AND ORDER

The Commission finds:

- (1) The Applicants, The Toledo Edison Company (Toledo Edison); Ohio Edison Company (Ohio Edison); The Cleveland Electric Illuminating Company (CEI); and American Transmission Systems Incorporated (ATSI) (collectively, Applicants or the Ohio Utility Companies) are Ohio corporations and public utilities, as defined in R.C. 4905.02, subject to the jurisdiction of this Commission.
- (2) R.C. 4905.401 permits public utilities that are electric light companies to "issue notes, or other evidences of indebtedness payable at periods of not more than twelve months[,]" when authorized by the Commission. Pursuant

to the statute, Commission authorization is not required for a public utility electric light company to issue short-term notes and other evidences of indebtedness aggregating "not more than five per cent of the par value of the other stocks, bonds, notes, and other evidences of indebtedness" of the company.

- (3) Pursuant to R.C. 4905.401, as of June 30, 2015, Applicants were permitted to have outstanding notes and other evidences of short-term indebtedness, issuable without prior authorization of the Commission, in the amount of approximately \$348 million for Ohio Edison, \$117 million for CEL, \$28 million for Toledo Edison, and \$93 million for ATSL, because such amounts were less than five percent of the par value of the other stocks, bonds, notes, and other evidences of indebtedness of Applicants.
- (4) On December 17, 2014, in Case Nos. 14-1976-EL-AIS, et al., the Commission authorized Applicants to participate in the utility money pool arrangement (the Money Pool). The Money Pool was created via an agreement between Applicants and Jersey Central Power & Light Company, Metropolitan Edison Company, Monongahela Power Company, Pennsylvania Power Company, Pennsylvania Electric Company, The Potomac Edison Company, Trans-Allegheny Interstate Line Company, Waverly Electric Power & Light Company, and West Penn Power Company (collectively, the Non-Ohio Participating Companies), and a separate non-utility money pool comprised of FirstEnergy Corp. and its unregulated subsidiary companies. The Money Pool allows utilities to lend short-term funds to the Money Pool and receive interest income or borrow short-term funds from the Money Pool at rates generally more attractive than those obtained through outside financing.
- (5) On September 22, 2015, Applicants filed their respective applications (Applications) and exhibits under the provisions of R.C. 4905.401(A).
- (6) Applicants are each requesting consent and authority to issue up to \$500 million of short-term notes and to continue

to participate in the Money Pool through December 31, 2016. The requested authority represents a renewal of Applicants' existing authority granted in Case Nos. 14-1976-EL-AIS, et al.

- (7) Applicants propose that the proceeds from the notes, including loans from the Money Pool, would be used to provide funds for current maturities of existing obligations, retirement and redemption of securities, working capital, and for other corporate purposes.
- (8) On November 20, 2015, the Commission's Staff filed its review and recommendations regarding the Applications, providing that, upon Staff's review, Staff believes the Applications are reasonable and should be approved by the Commission.
- (9) Upon review of the Applications, the Commission finds that the amount of the short-term borrowings under the Money Pool, the terms thereof, and the probable cost to Applicants, which are to be no less favorable than the terms described in the Applications, do not appear to be unjust or unreasonable. In addition, based on the information contained in the Applications, and the exhibits thereto, the purposes to which the proceeds from the borrowings through the participation in the Money Pool (subject to the conditions below) shall be applied, appear reasonably to be required by Applicants to meet their present and prospective obligations to provide utility service. Therefore, the Commission finds that the Applications should be approved subject to the following conditions that are intended to insulate Applicants from financial risks associated with other companies participating in the Money Pool:
 - (a) The aggregate amount loaned by the Ohio Utility Companies through the Money Pool to Non-Ohio Participating Companies may not exceed \$1 billion at any one time;

- (b) If any regulatory agency having jurisdiction over one or more of the participating companies imposes any condition limiting the amount of short-term debt that may be loaned to any participating company in the Money Pool, Applicants shall inform the Director of the Rates and Analysis Department of the Commission within 10 days, so that the Commission may consider whether to impose a similar condition on Applicants;
- (c) Money Pool loans made to Non-Ohio Participating Companies may be effectuated only with Non-Ohio Participating Companies that have an investment grade credit rating. In the event the credit rating of any participating company falls below investment grade, Applicants shall inform the Director of the Rates and Analysis Department of the Commission in a timely manner; and
- (d) The Ohio Utility Companies are required to report details of the Ohio Utility Companies' participation in the Money Pool on a quarterly basis.

It is, therefore,

ORDERED, That Applicants are authorized through December 31, 2016, to have short-term notes outstanding, including those issued pursuant to R.C. 4905.401(A), in aggregate principal amounts of not more than \$500 million each for Toledo Edison, Ohio Edison, CEL, and ATSL, 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 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 their 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,

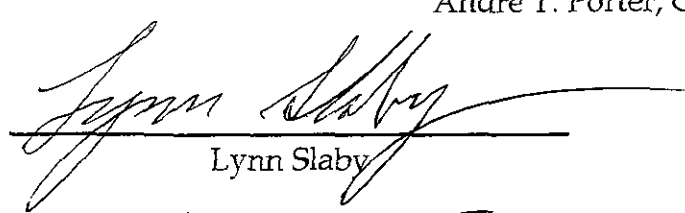
ORDERED, That nothing in this Finding and Order be deemed to be binding upon the Commission in any future proceedings or investigation involving the justness or reasonableness of any rate, charge, rule, or regulation of Applicants. It is, further,

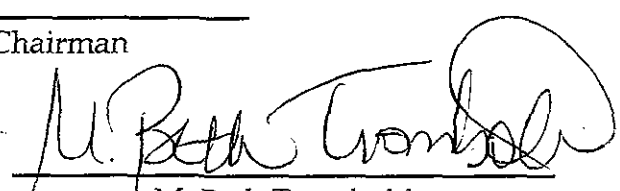
ORDERED, That nothing in this Finding and Order be construed to imply any guaranty or obligation by the Commission to assure completion of any specific construction project of Applicants. It is, further,

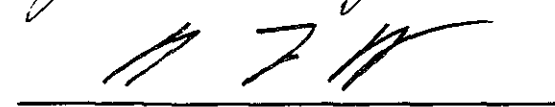
ORDERED, That a copy of this Finding and Order be served upon all parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO



Andre T. Porter, Chairman

Lynn Slaby

M. Beth Trombold

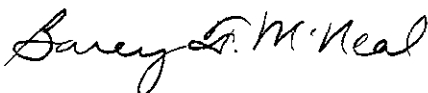
Asim Z. Haque

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Entered in the Journal

DEC 16 2015



Barcy F. McNeal
Secretary