

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. 17-2138-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, 2017, is \$121,542,941.26. During the period January 1, 2017 through December 31, 2017, this Commission, in its Finding and Order in Case No. 16-2052- EL-AIS, *et al.* (the "2016 Order"), authorized the Company to have short-term notes outstanding including the Statutory Exemption Limit, in the aggregate principal amount of not more than \$500,000,000. During the period January 1, 2018

through December 31, 2018 (the “2018 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 2018 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 2018 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, 2017; and
 - b. "Exhibit B," Statement of Income for the Twelve Months Ended June 30, 2017.
6. This Commission, in its 2016 Order, 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., solely as a lender, FirstEnergy Service Company, solely as administrator and not as a lender or borrower, Jersey Central Power & Light Company, Pennsylvania Electric Company ("PN"), Metropolitan Edison Company ("ME"), Monongahela Power Company, The Potomac Edison Company, West Penn Power Company, Trans-Allegheny Interstate Line Company and Waverly Electric Power & Light Company (each a "2016 Participating Company", collectively called the "2016 Participating Companies"), and the issuance and acquisition of Short-Term Notes of 2016 Participating Companies in connection therewith, through December 31, 2017.
7. The Federal Energy Regulatory Commission and the Pennsylvania Public Utility Commission issued their orders on February 18, 2016 and August 24, 2016, respectively, authorizing the Company's affiliate, Mid-Atlantic Interstate Transmission, LLC ("MAIT" together with the 2016 Participating Companies, the "2017 Participating Companies"), to own and operate all FERC jurisdictional

transmission assets of ME and PN. The Company, together with OE, ATSI, and TE, desire that MAIT begin participating in the Money Pool after all requisite state and federal regulatory approvals are obtained. The Company filed an application with the Pennsylvania Public Utility Commission (PAPUC) on July 27, 2017 requesting that the PAPUC authorize a borrowing limit for MAIT and expects that MAIT will have obtained such authorization by the end of 2017.

8. The Company hereby requests that the Commission's approval of the Money Pool be extended through December 31, 2018 and that the Authorized Principal shall include Short-Term Notes of the Company outstanding under the Money Pool by the Company.
9. The 2017 Participating Companies may contribute funds to the Money Pool from the following sources: (a) surplus funds from 2017 Participating Companies ("Internal Funds"), and (b) proceeds borrowed from external sources by the 2017 Participating Companies for loan to the Money Pool ("External Funds").
10. The Commission, in its 2016 Order, authorized the Company, through December 31, 2017, 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 2018 Fiscal Year, the Company estimates that it may again need to exceed the Statutory Exemption Limit. 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 2017 Participating Companies through the Money Pool.

11. The Commission, in its 2016 Order authorized the Company, to provide loans to the Money Pool, so long as the aggregate amount loaned to the Money Pool by the Company, ATSI, OE and TE did not exceed \$1,000,000,000 to the 2017 Participating Companies at any time. The Company hereby requests Commission authorization for the Company, together with ATSI, OE and TE, to make loans in the aggregate to the Money Pool not to exceed \$1,000,000,000 outstanding to the 2017 Participating Companies (other than the Company, ATSI, OE and TE) at any one time.
12. The Company agrees any loans to 2017 Participating Companies (other than ATSI, OE and TE) made through the Money Pool shall be made only to those 2017 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.

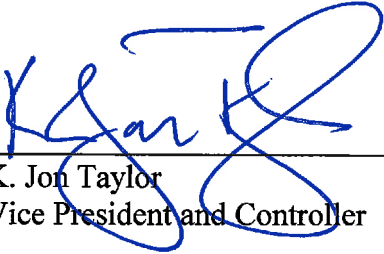
WHEREFORE, the Company prays


(1) That this Commission approves the extension of the Company's participation in the Money Pool through December 31, 2018 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 authorizes the Company, during the 2018 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 authorizes the Company, during the 2018 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, ATSI, OE and TE to the 2017 Participating Companies (other than the Company, ATSI, OE and TE) does not exceed \$1,000,000,000 outstanding at any one time.

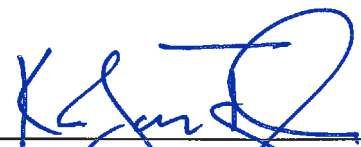
(4) That due to the time sensitive nature of this request, that this Commission issue such Order approving this Application on or before December 20, 2017.

By: 
K. Jon Taylor
Vice President and Controller

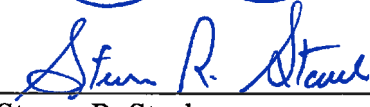
By: 
Steven R. Staub
Vice President and Treasurer

STATE OF OHIO)
) ss.:
SUMMIT COUNTY)

K. Jon Taylor and Steven R. Staub, depose and say that they are Vice President and Controller, and Vice President and 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.




K. Jon Taylor



Steven R. Staub

Subscribed and sworn to before me
this 18th day of October, 2017



Michele A. Buchtel
Notary Public, State of Ohio
Resident of Summit County
My Commission Expires August 28, 2021



MICHELE A. BUCHEL
NOTARY PUBLIC
STATE OF OHIO
Recorded in
Summit County
My Comm. Exp. 8/28/2021



James A. Arcuri
Attorney for Applicant

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY

**CONSOLIDATED STATEMENT OF INCOME
TWELVE MONTHS ENDED JUNE 30, 2017**

(Unaudited)

(In millions)

REVENUES:

Electric sales	\$	905
Excise tax collections		66
Total revenues		<u>971</u>

EXPENSES:

Purchased power from affiliates	27
Purchased power from non-affiliates	111
Pensions & OPEB mark-to-market adjustment	21
Other operating expenses	314
Provision for depreciation	97
Amortization of regulatory assets, net	10
General taxes	179
Total expenses	<u>759</u>

OPERATING INCOME	<u>212</u>
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OTHER INCOME (EXPENSE):

Miscellaneous income	4
Interest expense	(104)
Total other expense	<u>(100)</u>

INCOME BEFORE INCOME TAXES	112
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INCOME TAXES	<u>38</u>
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NET INCOME	<u><u>\$ 74</u></u>
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THE CLEVELAND ELECTRIC ILLUMINATING COMPANY
CONSOLIDATED BALANCE SHEET
(Unaudited)

(In millions, except in share amounts)	June 30, 2017
ASSETS	
CURRENT ASSETS:	
Receivables-	
Customers, net of allowance for uncollectible accounts of \$6	\$ 115
Affiliated companies	57
Other	9
Accumulated deferred income taxes	-
Prepayments and other	15
	<u>196</u>
UTILITY PLANT:	
In service	3,115
Less - Accumulated provision for depreciation	1,214
	<u>1,901</u>
Construction work in progress	35
	<u>1,936</u>
OTHER PROPERTY AND INVESTMENTS:	<u>10</u>
DEFERRED CHARGES AND OTHER ASSETS:	
Goodwill	1,689
Regulatory Assets	84
Other	64
	<u>1,837</u>
	<u>\$ 3,979</u>
LIABILITIES AND CAPITALIZATION	
CURRENT LIABILITIES:	
Currently payable long-term debt	\$ 321
Short-term borrowings - Affiliated companies	114
Accounts payable-	
Affiliated companies	37
Other	7
Accrued taxes	117
Accrued interest	16
Other	36
	<u>648</u>
CAPITALIZATION:	
Common stockholder's equity-	
Common stock, without par value, authorized 105,000,000 shares -	
67,930,743 shares outstanding	1,126
Accumulated other comprehensive income	6
Retained earnings	291
Total equity	<u>1,423</u>
Long-term debt and other long-term obligations	1,041
	<u>2,464</u>
NONCURRENT LIABILITIES:	
Accumulated deferred income taxes	535
Accumulated deferred investment tax credits	6
Retirement benefits	106
Other	220
	<u>867</u>
	<u>\$ 3,979</u>

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY
CONSOLIDATED STATEMENT OF CAPITALIZATION
(Unaudited)

(In millions)	June 30, 2017
COMMON STOCKHOLDER'S EQUITY:	
Common stock, without par value, 105,000,000 shares authorized, 67,930,743 shares outstanding	\$ 1,126
Accumulated other comprehensive Income	6
Retained earnings	291
Total	<u>1,423</u>
LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS:	
The Cleveland Electric Illuminating Company-	
First mortgage bonds:	
8.875% due 2018	300
5.500% due 2024	300
Total	<u>600</u>
Unsecured notes:	
5.950% due 2036	300
Total	<u>300</u>
Secured notes:	
7.880% due 2017	300
Total	<u>300</u>
Ohio Securitization	
Ohio Securitization Bonds	
1.726% due 2020	52
3.45% due 2034	103
Total	<u>155</u>
Capital lease obligations	9
Net unamortized discount on debt	(2)
Long-term debt due within one year	(321)
Total long-term debt and other long-term obligations	<u>1,041</u>
TOTAL CAPITALIZATION	<u><u>\$ 2,464</u></u>

This foregoing document was electronically filed with the Public Utilities

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Case No(s). 17-2138-EL-AIS

Summary: 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. Section 4905.401 electronically filed by Mr. Joshua R. Eckert on behalf of The Cleveland Electric Illuminating Company