

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 )  
And Other Evidences of Indebtedness )  
Pursuant to O.R.C. §4905.401 )

Case No. 18-1427-EL-AIS

Applicant, American Transmission Systems Incorporated (the "Company"), respectfully represents:

1. The Company, an Ohio corporation, is a "public utility" as defined in O.R.C. §4905.02 and is subject to the jurisdiction of this Commission. The Company is primarily engaged in the transmission of electric energy for sale.
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 June 30, 2018, is \$113,305,997. During the period January 1, 2018 through December 31, 2018, this Commission, in its Finding and Order in Case No. 17-2137- EL-AIS, *et al.* (the "2017 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, 2019 through December

31, 2019 (the "2019 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 2019 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 2019 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, 2018; and
  - b. "Exhibit B," Statement of Income for the Twelve Months Ended June 30, 2018.
6. This Commission, in its 2017 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"), The Cleveland Electric Illuminating Company ("CEI"), 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"), Mid-Atlantic Interstate Transmission, LLC, Monongahela Power Company, The Potomac Edison Company, West Penn Power Company, Trans-Allegheny Interstate Line Company and Waverly Electric Power & Light Company (each a "2017 Participating Company", collectively called the "2017 Participating Companies"), and the issuance and acquisition of Short-Term Notes of 2017 Participating Companies in connection therewith, through December 31, 2018.
7. The Company hereby requests that the Commission's approval of the Money Pool be extended through December 31, 2019 and that the Authorized Principal shall include Short-Term Notes of the Company outstanding under the Money Pool by the Company.

8. The 2018 Participating Companies may contribute funds to the Money Pool from the following sources: (a) surplus funds from 2018 Participating Companies ("Internal Funds"), and (b) proceeds borrowed from external sources by the 2018 Participating Companies for loan to the Money Pool ("External Funds").
9. The Commission, in its 2017 Order, authorized the Company, through December 31, 2018, 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 2019 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 2018 Participating Companies through the Money Pool.
10. The Commission, in its 2017 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, CEI, OE and TE did not exceed \$1,000,000,000 to the 2018 Participating Companies at any time. The Company hereby requests Commission authorization for the Company, together with CEI, OE and TE, to make loans in the aggregate to the Money Pool not to exceed \$1,000,000,000 outstanding to the 2018 Participating Companies (other than the Company, CEI, OE and TE) at any one time.

11. The Company agrees any loans to 2018 Participating Companies (other than CEI, OE and TE) made through the Money Pool shall be made only to those 2018 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, 2019 and that the Authorized Principal shall include Short-Term Notes of the Company outstanding under the Money Pool by the Company.

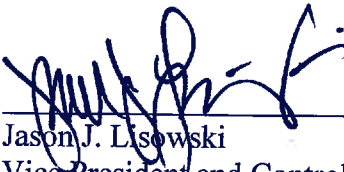
(2) That this Commission authorizes the Company, during the 2019 Fiscal Year, to issue, renew or assume liability on Short-Term Notes, as requested in this Application, provided however, that the aggregate Short-Term Notes do not exceed \$500,000,000 outstanding at any one time, and provided further 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 2019 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, CEI, OE and TE to the 2018 Participating Companies (other than the

Company, CEI, OE and TE) does not exceed \$1,000,000,000 outstanding at any one time.

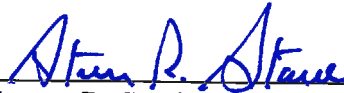
(4) That due to the time sensitive nature of this request, that this Commission issue such Order approving this Application on or before December 20, 2018.

By: \_\_\_\_\_



Jason J. Lisowski  
Vice President and Controller

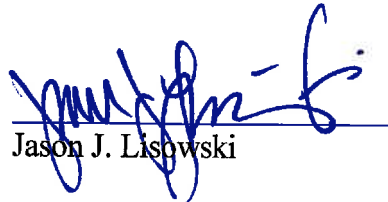
By: \_\_\_\_\_




Steven R. Staub  
Vice President and Treasurer


STATE OF OHIO     )  
                              ) ss.:  
SUMMIT COUNTY    )

Jason J. Lisowski and Steven R. Staub, depose and say that they are Vice President and Controllor, and Vice President and Treasurer, respectively, of American Transmission Systems Incorporated, 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.

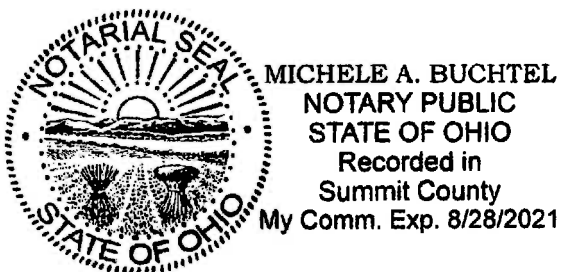
  
Jason J. Lisowski

  
Steven R. Staub

Subscribed and sworn to before me  
this 17<sup>th</sup> day of September, 2018

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

  
Stephanie J. Bencin  
Attorney for Applicant



**AMERICAN TRANSMISSION SYSTEMS, INC.**

**CONSOLIDATED STATEMENT OF INCOME  
TWELVE MONTHS ENDED JUNE 30, 2018**

**(Unaudited)**

**(In millions)**

<b>REVENUES:</b>	<b>\$</b>	<b>666</b>
<b>EXPENSES:</b>		
Operation and maintenance expenses		106
Provision for depreciation		109
Amortization of regulatory assets		10
General taxes		164
Total expenses		389
<b>OPERATING INCOME</b>		<b>277</b>
<b>OTHER INCOME (EXPENSE):</b>		
Miscellaneous income		2
Interest expense		(56)
Capitalized financing costs		14
Total other expense		(40)
<b>INCOME BEFORE INCOME TAXES</b>		<b>237</b>
<b>INCOME TAXES</b>		<b>68</b>
<b>NET INCOME</b>	<b>\$</b>	<b>169</b>



**AMERICAN TRANSMISSION SYSTEMS, INC.**  
**CONSOLIDATED BALANCE SHEET**  
(Unaudited)

(In millions)	June 30, 2018
<b>ASSETS</b>	
<b>CURRENT ASSETS:</b>	
Receivables-	
Affiliated companies	\$ 1
Other	34
Prepayments and other	1
	<u>36</u>
<b>UTILITY PLANT:</b>	
In service	4,451
Less - Accumulated provision for depreciation	978
	<u>3,473</u>
Construction work in progress	187
	<u>3,660</u>
<b>DEFERRED CHARGES AND OTHER ASSETS:</b>	
Property taxes	86
Other	7
	<u>93</u>
	<u>\$ 3,789</u>
<b>LIABILITIES AND CAPITALIZATION</b>	
<b>CURRENT LIABILITIES:</b>	
Accounts payable to affiliated companies	\$ 6
Short-term borrowings - affiliated companies	40
Accrued taxes	163
Accrued interest	20
	<u>229</u>
<b>CAPITALIZATION:</b>	
Common stockholder's equity-	
Other paid-in-capital	1,266
Retained earnings	437
Total common stockholder's equity	<u>1,703</u>
Long-term debt and other long-term obligations	1,090
	<u>2,793</u>
<b>NONCURRENT LIABILITIES:</b>	
Accumulated deferred income taxes	386
Property taxes	86
Regulatory liabilities	259
Other	36
	<u>767</u>
	<u>\$ 3,789</u>

**AMERICAN TRANSMISSION SYSTEMS, INC.**  
**CONSOLIDATED STATEMENT OF CAPITALIZATION**  
**(Unaudited)**

(In millions)	June 30, 2018
<b>COMMON STOCKHOLDER'S EQUITY:</b>	
Other paid-in-capital	\$ 1,266
Retained earnings	437
Total	<u>1,703</u>
<b>LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS:</b>	
<b>American Transmission Systems, Inc.-</b>	
<b>Senior Notes</b>	
5.25% due 2022	400
4.00% due 2026	75
3.66% due 2032	150
5.00% due 2044	400
5.23% due 2045	75
Total	<u>1,100</u>
Net unamortized discount on debt	<u>(10)</u>
Total long-term debt and other long-term obligations	<u>1,090</u>
<b>TOTAL CAPITALIZATION</b>	<u><u>\$ 2,793</u></u>

**This foregoing document was electronically filed with the Public Utilities**

**Commission of Ohio Docketing Information System on**

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**in**

**Case No(s). 18-1427-EL-AIS**

Summary: Application Application of American Transmission Systems, Inc. to Issue Securities electronically filed by Mr Robert M Endris on behalf of American Transmission Systems, Inc.