

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of )  
Ohio Edison 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. 18-1428-EL-AIS

Applicant, Ohio Edison 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, 2018, is \$84,590,906. During the period January 1, 2018 through December 31, 2018, this Commission, in its Finding and Order in Case No. 17-2139- 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, The Cleveland Electric Illuminating Company ("CEI"), the Company'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"), 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, ATSI, CEI 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 ATSI, CEI 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, ATSI, CEI and TE) at any one time.

11. The Company agrees any loans to 2018 Participating Companies (other than ATSI, CEI 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.

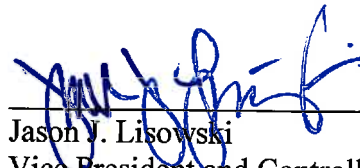
(2) That this Commission authorizes the Company, during the 2019 Fiscal Year, to issue, renew or assume liability on Short-Term Notes, as requested in this Application, provided however, that the aggregate Short-Term Notes do not exceed \$500,000,000 outstanding at any one time, and provided further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

Company, ATSI, CEI 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 V. 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 Controller, and Vice President and Treasurer, respectively, of Ohio Edison 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.

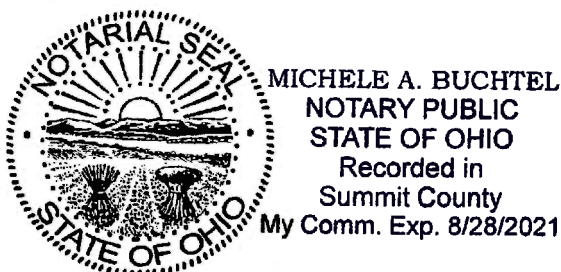
  
\_\_\_\_\_  
Jason J. Lisowski

  
\_\_\_\_\_  
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



**OHIO EDISON COMPANY**  
**CONSOLIDATED STATEMENT OF INCOME**  
**TWELVE MONTHS ENDED JUNE 30, 2018**  
**(Unaudited)**  
**(In millions)**

**REVENUES:**

Electric sales	\$ 1,534
Excise and gross receipts tax collections	<u>108</u>
Total revenues	<u>1,642</u>

**EXPENSES:**

Purchased power from affiliates	64
Purchased power from non-affiliates	259
Pensions & OPEB mark-to-market adjustment	7
Other operating expenses	496
Provision for depreciation	119
Amortization of regulatory assets, net	(22)
General taxes	<u>210</u>
Total expenses	<u>1,133</u>

<b>OPERATING INCOME</b>	<u>509</u>
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**OTHER INCOME (EXPENSE):**

Investment income	(4)
Miscellaneous expense	67
Interest expense	(68)
Capitalized financing costs	<u>7</u>
Total other expense	<u>2</u>

<b>INCOME BEFORE INCOME TAXES</b>	511
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<b>INCOME TAXES</b>	<u>111</u>
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<b>NET INCOME</b>	<u><u>\$ 400</u></u>
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**OHIO EDISON COMPANY**  
**CONSOLIDATED BALANCE SHEET**  
(Unaudited)

(In millions, except share amounts)	June 30, 2018
<b>ASSETS</b>	
<b>CURRENT ASSETS:</b>	
Cash and cash equivalents	115
Receivables-	
Customers, net of allowance for uncollectible accounts of \$8	\$ 187
Affiliated companies	60
Other	23
Notes receivable from affiliated companies	247
Prepayments and other	14
	<u>646</u>
<b>UTILITY PLANT:</b>	
In service	4,266
Less - Accumulated provision for depreciation	1,555
	<u>2,711</u>
Construction work in progress	103
	<u>2,814</u>
<b>OTHER PROPERTY AND INVESTMENTS:</b>	
Other	95
	<u>95</u>
<b>DEFERRED CHARGES AND OTHER ASSETS:</b>	
Property taxes	47
Other	47
	<u>94</u>
	<u>\$ 3,649</u>
<b>LIABILITIES AND CAPITALIZATION</b>	
<b>CURRENT LIABILITIES:</b>	
Currently payable long-term debt	\$ 33
Short-term borrowings - affiliated companies	13
Accounts payable-	
Affiliated companies	6
Other	53
Accrued taxes	104
Accrued interest	23
Other	66
	<u>298</u>
<b>CAPITALIZATION:</b>	
Common stockholder's equity-	
Common stock, without par value, authorized 175,000,000 shares -	
60 shares outstanding	928
Accumulated other comprehensive income	2
Retained earnings	394
Total common stockholder's equity	<u>1,324</u>
Long-term debt and other long-term obligations	902
	<u>2,226</u>
<b>NONCURRENT LIABILITIES:</b>	
Accumulated deferred income taxes	421
Retirement benefits	188
Regulatory liabilities	192
Property taxes	47
Other	277
	<u>1,125</u>
	<u>\$ 3,649</u>

**OHIO EDISON COMPANY**  
**CONSOLIDATED STATEMENT OF CAPITALIZATION**  
**(Unaudited)**

(In millions)	June 30, 2018
<b>COMMON STOCKHOLDER'S EQUITY:</b>	
Common stock, without par value, 175,000,000 shares authorized, 60 shares outstanding	\$ 928
Accumulated other comprehensive Income	2
Retained earnings	394
Total	<u>1,324</u>
<b>LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS:</b>	
<b>Ohio Edison Company-</b>	
First mortgage bonds:	
8.250% due 2018	25
8.250% due 2038	275
Total	<u>300</u>
Unsecured notes:	
6.875% due 2036	350
Total	<u>350</u>
<b>Ohio Securitization</b>	
Ohio Securitization Bonds	
1.726% due 2020	6
3.45% due 2034	124
Total	<u>130</u>
<b>Pennsylvania Power Company-</b>	
First mortgage bonds:	
9.740% due 2019	1
6.090% due 2022	100
4.240% due 2056	50
Total	<u>151</u>
Capital lease obligations	13
Net unamortized discount on debt	(2)
Debt discounts/premiums	(7)
Long-term debt due within one year	(33)
Total long-term debt and other long-term obligations	<u>902</u>
<b>TOTAL CAPITALIZATION</b>	<u><u>\$ 2,226</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). 18-1428-EL-AIS**

Summary: Application Application of Ohio Edison Company to Issue Securities electronically filed by Mr Robert M Endris on behalf of Ohio Edison Company