

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of)	
Ohio Edison Company for Authority to)	Case No. 21-1013-EL-AIS
Issue, Sell, or Enter into Debt)	
Transactions)	

Applicant, Ohio Edison Company (the “Company”) hereby submits this Application, pursuant to O.R.C. §4905.40, and 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 the Public Utilities Commission of Ohio (the “Commission”). The Company is primarily engaged in the distribution of electric energy for sale to consumers within the State of Ohio.
2. The Company has authorized capital stock as set forth in Exhibit A filed herewith, incorporated herein and made a part hereof, the number of shares of which are outstanding as of recent date is also set forth in Exhibit A.
3. The Company has issued and there is outstanding as of a recent date evidence of indebtedness maturing more than twelve months after its date of issuance in the aggregate principal amount set forth in Exhibit A, duly authorized by order of the Commission.
4. The Company proposes, subject to the authorization of the Commission, to issue new bonds, notes and other evidence of indebtedness on a secured or unsecured basis and maturing more than twelve months after their date of issuance in an amount not to exceed \$300 million in the aggregate (the “New Debt”). The New Debt may be issued in one or more issuances, and each issuance is expected to be issued in one or more series of the Company’s first mortgage bonds, unsecured notes or

debentures. The New Debt will be issued within twelve months of Commission approval. The purpose of the New Debt as requested in this Application is to enable the Company to: (i) refinance existing indebtedness, including amounts outstanding under the FirstEnergy Regulated Utility Money Pool and under its Credit Agreement, (ii) fund capital expenditures, (iii) fund general corporate purposes or (iv) fund any combination of the above.

5. The New Debt is proposed to be offered through negotiated private placements. Each series of such New Debt will mature in not less than one or more than 41 years from the date of issuance. The Company proposes that the Commission authorize the issuance of the New Debt based on the financial parameters (including financial terms and underwriting fees, discounts and commissions) set forth in **Exhibit E** so as to assure that the terms of the New Debt are within reasonable limits. The Company proposes to consummate the sale of the New Debt, in one or more issuances, as market conditions appear to be appropriate, or as the need arises, after the Commission's approval thereof but not later than twelve months after Commission approval.
6. The New Debt will be issued pursuant to one or more note purchase agreements. In addition, the New Debt will be issued under either (i) that certain General Mortgage Indenture and Deed of Trust Indenture dated as of January 1, 1998, from the Company to The Bank of New York Mellon Trust Company N.A., as successor trustee, or (ii) one or more indentures between the Company and a trustee selected by the Company. The financing terms and underwriting, placement or arrangement fees and commissions of the New Debt will be within the parameters described in **Exhibit E**. The New Debt may also contain provisions limiting or restricting the

incurrence of secured debt by the Company or may contain provisions subordinating the rights of holders of such New Debt to payment thereunder to outstanding senior indebtedness of the Company (including, but not limited to, in connection with offerings of preferred securities by subsidiary trusts or other entities supported by subordinated notes). Any series of New Debt may be issued with the benefit of letters of credit, bond insurance or other similar forms of credit enhancement issued by banks, bond insurance firms or other appropriate financial institutions. Additionally, to the extent it appears desirable, the Company may issue New Debt on a secured basis with the collateral being provided through the simultaneous issuance of new first mortgage bonds as security for the repayment of the New Debt; in such case, payments under the New Debt would be credited against amounts due on the applicable first mortgage bonds and vice versa. If any New Debt is secured by first mortgage bonds, such bonds shall be considered authorized for issuance under any order granted pursuant to this Application but will not be counted in determining the aggregate principal amount of New Debt that the Company has authority to issue under such order (the Company's financial statements would recognize only the New Debt, as outstanding), provided that the related New Debt secured thereby is authorized and so counted under such order.

7. The Company hereby undertakes, upon the granting of the authority herein requested, to keep the Commission advised of each issuance of New Debt by providing the Staff with such documents and other information as the Commission Staff may request, and will submit a report following each such issuance showing that the financial terms of such issuance do not exceed the parameters with respect thereto that were approved by the Commission.

8. The Company incorporates herein by reference the following exhibits:

Exhibit A Balance sheets of the Company at June 30, 2021 actual and pro forma.

Exhibit B Statement of income of the Company for the twelve months ended June 30, 2021, actual and pro forma.

Exhibit C Statement of capitalization of the Company at June 30, 2021.

Exhibit D Cash requirements of the Company for 2020 (actual), 2021 (forecast) 2022 (estimated) and 2023 (estimated).

Exhibit E Financing parameters for the New Debt.

WHEREFORE, the Company prays, consistent with the Application and Exhibits filed herein, that an order be issued by the Commission without hearing as follows:

- 1) That the Commission approves the Company's Application to issue and sell or otherwise incur, from time to time by means of negotiated private placements or otherwise, up to \$300 million principal amount of New Debt (exclusive of any other debt permitted to be issued without authorization by the Commission) consistent with the provisions set forth in this Application at the best terms reasonably obtainable by the Company, provided that in all cases such terms are within the parameters described in **Exhibit E**;
- 2) That the Commission finds that the amount of New Debt (or any proceeds thereof) is just and reasonable and provided further that such amount is exclusive of any short-term financing the Company may incur during said period with the Commission's approval;
- 3) That the Commission finds that the purpose to which at least a portion of the New Debt (or any proceeds thereof) shall be applied is reasonably required by the Company to meet its present and prospective public utility obligations;
- 4) That the Commission grants such other relief as it may deem proper; and

- 5) That due to the time sensitive nature of this request, that the Commission issue such order approving this Application on or before January 5, 2022.

By: Steven R. Staub

Steven R. Staub
Vice President and Treasurer

By: Jason J. Lisowski


Jason J. Lisowski
Vice President and Controller

STATE OF OHIO)
) ss.:
SUMMIT COUNTY)

Steven R. Staub and Jason J. Lisowski, depose and say that they are Vice President and Treasurer and Vice President and Controller, 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.




Steven R. Staub



Jason J. Lisowski


Subscribed and sworn to before
me this 7th day of October 2021



Notary



Jaime E. Hudson
Resident Summit County
Notary Public, State of Ohio
My Commission Expires: 8/12/2022



Stephanie J. Bencin
Attorney for Applicant

OHIO EDISON COMPANY
(Unaudited)
Corporate Balance Sheet
As of June 30, 2021
(In millions)

<u>ASSETS</u>	<u>Actual</u>	<u>Effect of Proposed Transactions Current Filing</u>	<u>Pro Forma</u>
UTILITY PLANT:			
In service	\$ 4,838	\$ -	\$ 4,838
Less - Accumulated provision for depreciation	1,803	-	1,803
	<u>3,035</u>	<u>-</u>	<u>3,035</u>
Construction work in progress	171	-	171
	<u>3,206</u>	<u>-</u>	<u>3,206</u>
CURRENT ASSETS:			
Cash and cash equivalents	200	123	323
Restricted cash	5	-	5
Receivables-			
Customer, net of allowance for uncollectible accounts	162	-	162
Affiliated companies	96	-	96
Other	37	-	37
Notes receivable from affiliated companies	10	-	10
Prepayments and other current assets	21	-	21
	<u>531</u>	<u>123</u>	<u>654</u>
DEFERRED CHARGES AND OTHER ASSETS			
Investments	98	-	98
Property Taxes	53	-	53
Other	51	-	51
	<u>202</u>	<u>-</u>	<u>202</u>
	<u>\$ 3,939</u>	<u>\$ 123</u>	<u>\$ 4,062</u>

OHIO EDISON COMPANY
(Unaudited)
Corporate Balance Sheet
As of June 30, 2021
(In millions)

<u>CAPITALIZATION AND LIABILITIES</u>	<u>Actual</u>	<u>Effect of Proposed Transactions Current Filing*</u>	<u>Pro Forma</u>
CAPITALIZATION:			
Common stockholder's equity-			
Common stock, without par value, authorized 175,000,000 shares - 60 shares outstanding	\$ 1,200	\$ -	\$ 1,200
Accumulated other comprehensive loss	(5)	-	(5)
Retained earnings	181	(12)	169
Total common stockholder's equity	1,376	(12)	1,364
Long-term debt and other long-term obligations	831	297	1,128
	<u>2,207</u>	<u>285</u>	<u>2,492</u>
CURRENT LIABILITIES:			
Currently payable long-term debt	109	-	109
Short-term borrowings - affiliated companies	159	(159)	-
Accounts payable-			
Affiliated companies	26	-	26
Other	58	-	58
Accrued taxes	110	(3)	107
Accrued interest	20	-	20
Other current liabilities	76	-	76
	<u>558</u>	<u>(162)</u>	<u>396</u>
NONCURRENT LIABILITIES:			
Accumulated deferred income taxes	404	-	404
Retirement benefits	218	-	218
Regulatory liabilities	150	-	150
Property Taxes	53	-	53
Other	349	-	349
	<u>1,174</u>	<u>-</u>	<u>1,174</u>
	<u>\$ 3,939</u>	<u>\$ 123</u>	<u>\$ 4,062</u>

OHIO EDISON COMPANY
Pro Forma Journal Entries
Current Filing
(In millions)

	<u>Debit</u>	<u>Credit</u>
Current Assets:		
Cash and Cash Equivalents	\$ 138	
Current Liabilities:		
Short-term borrowings - affiliated companies	\$ 159	
Capitalization:		
Unamortized Debt Expense	\$ 3	
Long-Term Debt		\$ 300

To record the proposed issuances of \$300,000,000, principal amount of long-term debt with an interest rate of 5.0% and related debt issuance costs and decrease to Short-Term borrowings.

Capitalization:		
Retained Earnings	\$ 12	
Current Liabilities:		
Accrued Taxes	\$ 3	
Current Assets:		
Cash and Cash Equivalents		\$ 15

To record the annual effect on retained earnings resulting from the increase in interest requirements.

OHIO EDISON COMPANY
(Unaudited)
Consolidated Statement of Income
For the Twelve Months Ended June 30, 2021
(In millions)

	<u>Actual</u>	<u>Effect of Proposed Transactions Current Filing</u>	<u>Pro Forma</u>
REVENUES			
Electric sales	\$ 1,512	\$ -	\$ 1,512
Excise and gross receipts tax collections	106	-	106
Total revenues	<u>1,618</u>	<u>-</u>	<u>1,618</u>
OPERATING EXPENSES			
Purchased power from affiliates	-	-	-
Purchase power from non-affiliates	289	-	289
Other operating expenses	599	-	599
Provision for depreciation	139	-	139
Amortization of regulatory assets, net	69	-	69
General taxes	219	(0)	219
Total operating expenses	<u>1,315</u>	<u>(0)</u>	<u>1,315</u>
OPERATING INCOME	<u>303</u>	<u>0</u>	<u>303</u>
OTHER INCOME/(EXPENSE):			
Miscellaneous income	50	-	50
Pension and OPEB mark-to-market adjustment	(5)	-	(5)
Interest expense	(68)	(15)	(83)
Capitalized financing costs	10	-	10
Total other expense	<u>(13)</u>	<u>(15)</u>	<u>(28)</u>
INCOME BEFORE INCOME TAXES	290	(15)	275
INCOME TAXES	<u>56</u>	<u>(3)</u>	<u>53</u>
NET INCOME	<u>\$ 234</u>	<u>\$ (12)</u>	<u>\$ 222</u>

OHIO EDISON COMPANY
Statement of Income
For the Twelve Months Ended June 30, 2021
Estimated Effect of Proposed Transactions
Current Filing
(In millions)

Interest on long-term debt:	
Annual increase in interest requirements resulting from the proposed issuance of \$300,000,000 of long-term debt with an interest rate of 5.00%.	\$15
Other interest expense:	
Annual increase in the amortization of debt expense	<u>\$0</u>
Increase in interest expense due to proposed debt issuance	\$15
Operating Income Taxes:	
Decrease in state and local income taxes at a rate of 1.58% on an increase in interest expense.	\$0
Decrease in Federal income tax at a rate of 21% on a net decrease of income before Federal income taxes of \$15,100,000.	<u>\$3</u>
Decrease in operating and federal income tax due to proposed debt issuance	\$3

OHIO EDISON COMPANY
(Unaudited)
SCHEDULE OF PREFERRED STOCK,
PREFERENCE STOCK AND LONG-TERM DEBT

PREFERRED STOCK:

The Company had no preferred stock outstanding as of June 30, 2021.

<u>Series</u>	<u>Number of Shares</u>		<u>Redemption Price Per Share</u>	<u>Aggregate Redemption Amount</u>	<u>Outstanding</u>
	<u>Authorized</u>	<u>Outstanding</u>			
Preferred Stock (\$100 par)	6,000,000	--	--	--	--
Class A Preferred Stock (\$25 par)	8,000,000	--	--	--	--

PREFERENCE STOCK:

The Company had no preference stock outstanding at June 30, 2021.

<u>Series</u>	<u>Number of Shares</u>		<u>Redemption Price Per Share</u>	<u>Aggregate Redemption Amount</u>	<u>Involuntary Liquidation Value</u>
	<u>Authorized</u>	<u>Outstanding</u>			
No Par Value:	8,000,000	--	--	--	--

OHIO EDISON COMPANY
(Unaudited)
SCHEDULE OF PREFERRED STOCK,
PREFERENCE STOCK AND LONG-TERM DEBT (Continued)

LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS:

Long-term debt outstanding at June 30, 2021 consists of the following:

	(In Millions)
Long term debt:	
8.250% First Mortgage Bonds Series due 2038	\$ 275
6.875% Senior Notes Series due 2036	\$ 350
Subtotal	<u>\$ 625</u>
Phase-in Recovery Bonds (OE Funding LLC):	
3.450% Phase in Recovery Bond due 2034	\$ 119
Subtotal	<u>\$ 119</u>
Capital Lease obligations	\$ 6
Subsidiary Long term debt	\$ 200
Unamortized debt discounts	\$ (6)
Unamortized debt issuance costs	\$ (3)
Currently payable long-term debt	<u>\$ (109)</u>
Total long-term debt and other long-term obligations	<u><u>\$ 831</u></u>

NOTE: Includes \$200M of long term debt issued by The Pennsylvania Power Company, a wholly-owned subsidiary of Ohio Edison Company.

EXHIBIT D

OHIO EDISON COMPANY
2020 to 2023
Sources and Uses of Funds
(\$ millions)

SOURCES OF FUNDS

	Actual <u>2020</u>	Forecast <u>2021</u>	Estimate <u>2022</u>	Estimate <u>2023</u>
Debt Obligations	\$ -	\$ -	\$ 475	\$ -
Equity from the Parent	250	-	-	-
Retained Earnings	247	293	292	275
Non-cash Items				
Pension and OPEB mark-to-market adjustment	49			
Prov for Depr & Amort	124	250	155	196
Prov for Deferred Taxes & ITC	(43)	10	35	18
	<u>\$ 627</u>	<u>\$ 553</u>	<u>\$ 956</u>	<u>\$ 489</u>

DISPOSITION OF FUNDS

Construction Expenditures	254	287	258	212
Long-term Redemptions	3	3	108	8
Common Dividends/Equity Repurchases	90	546	446	473
Short-term Debt/Cash	189	(380)	45	(294)
Working Capital and Other	91	97	99	89
	<u>\$ 627</u>	<u>\$ 553</u>	<u>\$ 956</u>	<u>\$ 489</u>

OHIO EDISON COMPANY

Financing Parameters

Principal Amount: Up to \$300,000,000

Price to the Company: The Company will receive proceeds equal to the offering price which shall not be less than 96 percent of the aggregate principal of the Notes inclusive of any Fees or Commissions indicated below.

Fees or Commissions: For each series or issue, any underwriting or sales commission or placement fee will not exceed 1.65% of the aggregate principal amount of such series.

Interest Rate: The interest rate applicable to the Notes will result in a yield to maturity of the holder thereof which does not exceed 350 basis points above the yield to maturity on United States Treasury Bonds of comparable maturity at the time of pricing or issuance, whichever is earlier.

Maturity: No more than 41 years from the date of issuance.

Redemption Price and Other Terms: For each issue, the optional redemption price will not exceed the greater of (i) 100% of the principal amount of the Notes or Bonds being redeemed and (ii) a make-whole price calculated by reference to the present value of then-remaining scheduled principal and interest payments discounted at a rate derived from the then-current yield on US Treasury securities of comparable maturity. Except to the extent specific limitations are imposed by the terms of the Notes or Bonds as negotiated with the underwriters or purchasers thereof, each series or issue will be redeemable as a whole or in part, at the option of the Company, at any time upon appropriate notice.

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). 21-1013-EL-AIS

Summary: Application for Authority to Issue, Sell, or Enter into Debt Transactions
electronically filed by Ms. Christine E. Watchorn on behalf of Ohio Edison Company