

# THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF  
THE CLEVELAND ELECTRIC ILLUMINATING  
COMPANY FOR AUTHORITY TO ISSUE, SELL,  
OR ENTER INTO DEBT TRANSACTIONS.

CASE NO. 23-438-EL-AIS

## FINDING AND ORDER

Entered in the Journal on June 26, 2024

### I. SUMMARY

{¶ 1} The Commission authorizes The Cleveland Electric Illuminating Company to issue long-term debt, within 12 months after the date of this Finding and Order, in an aggregate amount not to exceed \$300 million, pursuant to the terms and conditions as described in the application and in this Finding and Order.

### II. DISCUSSION

#### A. Procedural History

{¶ 2} The Cleveland Electric Illuminating Company (CEI) is an electric distribution utility as defined in R.C. 4928.01(A)(6) and a public utility as defined in R.C. 4905.02, and, as such, is subject to the jurisdiction of this Commission.

{¶ 3} R.C. 4905.40 permits public utilities to “issue stocks, bonds, notes, or other evidences of indebtedness, payable at periods of more than 12 months after their date of issuance, when necessary (1) [f]or the acquisition of property, the construction, completion, extension, renewal, or improvement of its facilities, or the improvement of its service; or (2) [f]or reorganization or readjustment of its indebtedness and capitalization, for the discharge or lawful refunding of its obligation, or for the reimbursement of moneys actually expended for such purposes from income or from any other moneys in the treasury of the public utility

. . . not secured or obtained from the issue of stocks, bonds, notes, or other evidences of indebtedness of such public utility” when authorized by the Commission.

{¶ 4} On December 13, 2023, the Commission authorized CEI to have short-term notes outstanding in aggregate principal amounts of not more than \$500 million and to continue to participate in the utility money pool arrangement (Money Pool) through December 31, 2024. 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. *In re the Application of The Cleveland Electric Illuminating Co.*, Case No. 23-957-EL-AIS, Finding and Order (Dec. 13, 2023).

{¶ 5} On August 9, 2023, the Commission authorized CEI to borrow up to \$125 million of long-term debt in this proceeding, in accordance with CEI’s May 2, 2023 application and Staff’s July 26, 2023 recommendations.

{¶ 6} On April 26, 2024, CEI filed a supplemental application and exhibits (Application) in this proceeding, pursuant to R.C. 4905.40. CEI requests consent and authority to borrow up to \$300 million of long-term debt (New Debt) within 12 months of Commission approval of the Application. CEI states that the New Debt is intended to supersede and replace the \$125 million of existing long-term debt authorization from the Commission’s previous August 9, 2023 Order in this proceeding. The New Debt would be issued in one or more issuances and each issuance is expected to be issued in one or more series of CEI’s first mortgage bonds, unsecured notes or debentures. Additionally, CEI proposes that the long-term debt will be issued to repay existing indebtedness, including amounts outstanding under the Money Pool, to finance capital expenditures, and for other corporate purposes. The Application to issue New Debt is in addition to CEI’s existing authorization to issue short-term debt approved by the Commission. *In re the Application of The Cleveland Electric Illuminating Co.*, Case No. 23-957-EL-AIS, Finding and Order (Dec. 13, 2023).

{¶ 7} On June 18, 2024, Staff filed its review and recommendation regarding the Application. The filing provides that, upon Staff's review, Staff believes the Application is reasonable and should be approved by the Commission, subject to certain conditions, including, but not limited to: the authorization to issue the New Debt supersedes and replaces the existing authority granted in this proceeding; CEI maintains the responsibility to facilitate the issuance of the long-term debt within the parameters set forth in the Application on the best competitive market terms available; and CEI is required to file a summary report within 30 days of issuing any New Debt under the authority granted, which should include, at the very least, a summary of the principal amount, interest rate, type of securities issued, issuance costs, premiums or discounts, redemption provisions, other pertinent terms and the use of proceeds from the New Debt in broad categories. Staff also explains that CEI's first mortgage bonds in the principle amount of \$300 million will mature on August 15, 2024, and CEI intends to utilize the New Debt to redeem the existing debt that is maturing.

{¶ 8} Upon review of the Application, the Commission finds that the amount of the long-term borrowings, the terms thereof, and the probable cost to CEI, which are to be no less favorable than the terms described in the Application, do not appear to be unjust or unreasonable. In addition, based on the information contained in the Application, and the exhibits thereto, the purposes to which the proceeds from the borrowings shall be applied appear reasonably to be required by the Applicant to meet its present and prospective obligations to provide utility service. Therefore, the Commission finds that the Application should be approved, subject to all of the conditions recommended by Staff.

### III. ORDER

{¶ 9} It is, therefore,

{¶ 10} ORDERED, That, subject to the conditions recommended by Staff, CEI be authorized for 12 months from the date of this Finding and Order, to issue long-term promissory notes or debentures, in the aggregate principal amount of not more than \$300

million, pursuant to the terms and conditions as described in the Application and in this Finding and Order. It is, further,

{¶ 11} ORDERED, That CEI shall apply the proceeds from the long-term debt for the purposes set forth in this Finding and Order and otherwise in accordance with the provisions of R.C. 4905.40. It is, further,

{¶ 12} ORDERED, That the authorization granted by this Finding and Order shall not be construed as limiting the Commission's determination of the appropriateness of CEI's future long-term security offerings issued wholly or in part for the purpose of retiring its indebtedness. It is, further,

{¶ 13} 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,

{¶ 14} 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 CEI. It is, further,

{¶ 15} ORDERED, That nothing in this Finding and Order shall be binding upon this Commission in any future proceeding or investigation involving the justness or reasonableness of any rate, charge, rule, or regulation of CEI. It is, further,

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

**COMMISSIONERS:**

*Approving:*

Jenifer French, Chair  
Daniel R. Conway  
Lawrence K. Friedeman  
Dennis P. Deters  
John D. Williams

JWS/mef

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**Case No(s). 23-0438-EL-AIS**

Summary: Finding & Order authorizing The Cleveland Electric Illuminating Company to issue long-term debt, within 12 months after the date of this Finding and Order, in an aggregate amount not to exceed \$300 million, pursuant to the terms and conditions as described in the application and in this Finding and Order electronically filed by Ms. Mary E. Fischer on behalf of Public Utilities Commission of Ohio.