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BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of the )  
Ohio Edison Company for Supplemental )  
Authority to Enter into Further Transactions ) Case No. 05-1428-EL-AIS  
Relating to the Transfer of Accounts )  
Receivables to Non-Utility Subsidiary. )

FINDING AND ORDER

The Commission finds:

- (1) Applicant, Ohio Edison Company, an Ohio corporation and a public utility, as defined in Section 4905.02, Revised Code, is subject to the jurisdiction of this Commission.
- (2) This Application, as amended (hereinafter the "Application"), is filed under the provisions of Sections 4905.40 and 4905.41, Revised Code.
- (3) By Commission Order dated December 16, 1988, in Case No. 88-1602-EL-AIS (the "Prior Order"), Applicant was authorized to make an equity contribution in and sell accounts receivables (A/R) to a wholly owned subsidiary established for the purposes set forth therein, to consummate the financing of accounts receivables of the Applicant.
- (4) Pursuant to the Prior Order, Applicant formed and capitalized OES Capital, Incorporated, a Delaware corporation ("OES Capital"), and entered into a Receivables Purchase Agreement dated as of November 29, 1989, with OES Capital (the "Purchase Agreement").
- (5) On November 21, 2005, Applicant filed an Application in this proceeding for supplemental authority requesting the Commission to authorize it to amend and supplement the Prior Order to facilitate the Applicant to: (i) enter into an Amended and Restated Receivables Purchase Agreement (the "New RPA") between OES Capital and the Applicant, (ii) enter into a Subordinated Note (the "Subordinated Note") by OES Capital in favor of the Applicant, (iii) eliminate the limitations in the Prior Order (the "Limitations") that OES Capital should not borrow from the Applicant other than through additional equity contributions, and that the Applicant's equity contribution in

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OES Capital should not exceed twenty percent of OES Capital's total capitalization, as described in the Application and the Exhibits.

- (6) Applicant states that the New RPA is intended to: (i) expand the sources of funds available to OES Capital to make payments of the receivables purchase price, (ii) streamline the determination of both the discount component and the purchase price of the receivables, (iii) allow for monthly reconciliation of the receivables purchase price, and (iv) permit Ohio Edison to make certain adjustments to purchased receivables, as more fully described in the Application.
- (7) The Subordinated Note will continue to enable the purchase of A/R regardless of the borrowing on the loan between Citibank and OES Capital and the seasonality in the A/R. This continuous purchase of receivables is required by the lending bank, Citibank. The Subordinated Note is intended to eliminate the need to get additional equity infusion from the parent Ohio Edison, the need to borrow from Citibank, and facilitate paying off the loan.
- (8) Applicant states that the proposed modifications to the above described transaction will be made in accordance with the Applicant's electric transition plan filed in Case No. 99-1212-EL-ETP.
- (9) Applicant's request appears reasonable and the Commission is satisfied that the Commission Order dated December 16, 1988 in Case No. 88-1602-EL-AIS, should be modified as mentioned hereinabove.
- (10) In all other respects, the Commission order dated December 16, 1988, in Case No. Case 88-1602-EL-AIS, should remain in full force and effect.

It is, therefore,

ORDERED, That the Commission Order dated December 16, 1988, in Case No. Case 88-1602-EL-AIS, be amended and supplemented to authorize Applicant to: (i) enter into an Amended and Restated Receivable Purchase Agreement between OES Capital and Applicant, (ii) enter into the Subordinated Note by OES Capital in favor of the Applicant, and (iii) eliminate the limitations in the Prior Order that OES Capital

not borrow from the Applicant other than through additional equity contributions, and that the Applicant's equity contribution in OES Capital be limited to an amount not to exceed twenty percent of OES Capital's total capitalization, as described in the Application and the Exhibits. It is, further,

ORDERED, That the Commission reserves the right to reopen this proceeding at anytime as it deems necessary and appropriate. It is, further,

ORDERED, That the execution of the Amended and Restated Receivables Purchase Agreement and the transactions contemplated therein shall be in compliance with Applicants' electric transition plan filed in Case No. 99-1212-EL-ETP. It is, further,

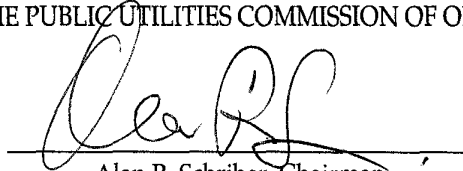
ORDERED, That nothing in this Order shall be construed to imply any guaranty or obligation by this Commission as to the Amended and Restated Receivable Purchase Agreement or the Subordinated Note on the part of the State of Ohio. It is, further,

ORDERED, That nothing in this Order shall be deemed to be binding upon this Commission in any future proceeding or investigation involving the justness or reasonableness of any rate, charge, rule or regulation of the Applicant. It is, further,

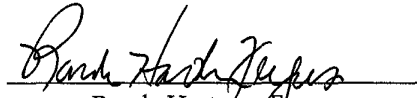
ORDERED, That in all other respects, the Commission Order December 16, 1988 in Case No. Case 88-1602-EL-AIS, shall remain in full force and effect. It is, further,

ORDERED, That a copy of this Order be served upon all parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO



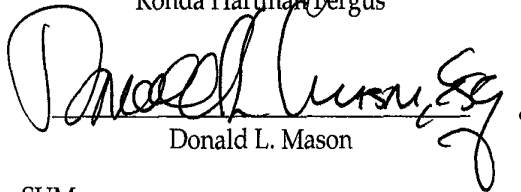
Alan R. Schriber, Chairman



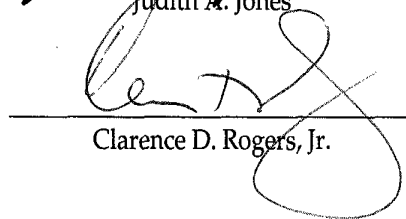
Ronda Hartman Fergus



Judith A. Jones



Donald L. Mason

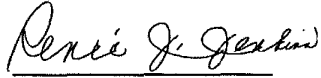


Clarence D. Rogers, Jr.

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Entered in the Journal

**FEB 1 2008**



Renee J. Jenkins

Renee J. Jenkins  
Secretary