



98-1606-EL-AIS

11

76 South Main St.  
Akron, Ohio 44308

330-384-5151

November 23, 1998

The Public Utilities Commission of Ohio  
Borden Building  
180 East Broad Street  
Columbus, OH 43215

Gentlemen:

There are enclosed for filing one executed and nine conformed copies of an Application of The Cleveland Electric Illuminating Company for authority to Issue and Renew Evidences of Indebtedness pursuant to R. C. 4905.401.

Also enclosed are one executed and one conformed copy of the Application and a self-addressed, stamped envelope for these copies to be returned to the Company with the filing information affixed thereto.

Your usual cooperation in this matter is appreciated.

Very truly yours,

Cynthia A. LaFlame  
Business Analyst

CAL/cl  
Enclosures

cc: TCNavin - w/enc.  
RScilla - w/enc.  
Mr. Shahid Mahmud - PUCO - w/enc.

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PUCO

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98

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PUCO

Before

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application )  
of THE CLEVELAND ELECTRIC )  
ILLUMINATING COMPANY for )  
Authority to Issue, Renew or )  
Assume Liability on Notes and Other )  
Evidences of Indebtedness )  
Pursuant to R.C. 4905.401 )

Case No. 98-1606-EL-AIS

Michael R. Beiting  
Trial Attorney  
The Cleveland Electric Illuminating Company  
76 South Main Street  
Akron, OH 44308  
(330) 384-5795  
(fax) (330) 384-3875

RECEIVED-DOCKETING DIV.

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PUCO

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In the Matter of the Application )  
of The Cleveland Electric )  
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Case No. 98-1606-EL-AIS

Applicant, The Cleveland Electric Illuminating Company, (referred to hereinafter as the Company"), respectfully represents:

1. The Company is a public utility as the term "public utility" is defined in Section 4905.02 of the Ohio Revised Code, engaged primarily in the generation, transmission, and distribution of electric energy for sale and is subject to the jurisdiction of this Honorable Commission and is organized and doing business under the laws of the State of Ohio.
2. Under provisions of Section 4905.401 of the Ohio Revised Code, 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 (hereinafter referred to collectively for convenience, but not characterization, as "short-term" notes) equal to 5% of the par value (as that term is used in Section 4905.401) of the other stocks, bonds, notes and other evidences of indebtedness at the time outstanding.
3. In the period prior to December 31, 1999, the Company estimates that it may need to have up to \$300,000,000 aggregate principal amount of short-term notes outstanding, which amount exceeds the amount authorized to be issued by R.C. 4905.401 without specific Commission approval. Such short-term notes could be issued to provide funds for current maturities, to retire securities through open market purchases, to acquire short-term notes as described in paragraph 4 below, for working capital and for general corporate purposes. Prior to their use, such funds may be used for temporary investments.

4. To the extent it is cost effective, the Company may issue short-term notes to Ohio Edison Company or The Toledo Edison Company. In any such case, the Company will not pay the lending party any more than the principal amount borrowed, together with the effective cost to the lending party of making the loan. Any such short-term notes will count against any authority granted pursuant to this Application.

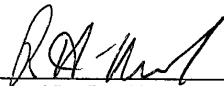
5. Pursuant to the provisions of said Section 4905.401, the Company requests the Commission to allow the Company to have short-term notes outstanding in an aggregate principal amount of not more than \$300,000,000 at any one time in the period prior to December 31, 1999, such authorized aggregate principal amount to include the statutory exemption amount referred to in paragraph 2 herein, and further that such aggregate principal amount of \$300,000,000 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 said one-year period and which this Commission may approve pursuant to Section 4905.40 of the Revised Code of Ohio.


6. The Company respectfully represents that the issuance and renewal of, or assumption of liability on short-term notes for the purposes described in paragraph 3 above, from time to time, and the money to be procured therefrom, are reasonably required and necessary.

7. Pursuant to R.C. 4905.41, the Company attaches and makes a part hereof, "Exhibit A," its Balance Sheet as of September 30, 1998, and "Exhibit B," its Income Statement for the twelve months ended September 30, 1998. Also attached, as "Exhibit C" is the Company's Statement of Capitalization as of September 30, 1998.

WHEREFORE, The Company prays

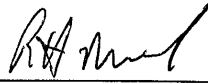
(1) That this Commission authorize the Company to issue, renew or assume liability during the period January 1, 1999 through December 31, 1999, on notes or other evidences of indebtedness, including any issued to Ohio Edison Company or The Toledo Edison Company, payable not more than twelve months from their date of issue, and to reissue or renew the same, to the extent required to provide the funding described in paragraph 3 of this Application, provided that the aggregate principal amount of notes or other evidences of indebtedness of the Company payable in not more than twelve months is, in the aggregate, not more than \$300,000,000 outstanding at any one time, such amount to include the statutory exemption provided in Section 4905.401 of the Ohio Revised Code, such amount of \$300,000,000 to be permitted to be outstanding during said period irrespective of any long-term financing which the Company may incur with the approval of this Commission during said period.


By   
Vice President

By   
Assistant Treasurer

STATE OF OHIO       )  
                                  ) ss.:  
SUMMIT COUNTY       )

R. H. Marsh and Thomas C. Navin, being duly sworn, depose and say that they are Vice President and Assistant Treasurer, respectively, of The Cleveland Electric Illuminating 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.





Subscribed and sworn to before me  
this 23rd day of November 1998.



DEBRA L. CORDEA, Notary Public  
Residence - Summit County  
State Wide Jurisdiction, Ohio  
My Commission Expires Nov. 20, 1999

  
Attorney of Applicant

## THE CLEVELAND ELECTRIC ILLUMINATING COMPANY

(Unaudited)

Balance Sheet

September 30, 1998

(In thousands)

ASSETS

## UTILITY PLANT:

In service, at original cost .....	\$7,279,767
Less - Accumulated provision for depreciation.....	<u>2,795,252</u>
	4,484,515
Construction work in progress -	
Electric plant.....	49,158
Nuclear fuel .....	<u>10,115</u>
	59,273
	<u>4,543,788</u>

## OTHER PROPERTY AND INVESTMENTS:

675,649

## CURRENT ASSETS:

Cash and cash equivalents .....	27,776
Accounts receivable .....	258,602
Accounts receivable from associated companies .....	9,945
Notes receivable .....	26,628
Materials and supplies, at average cost .....	69,938
Prepayments .....	<u>52,068</u>
	444,957

## DEFERRED CHARGES:

Deferred nuclear unit costs .....	311,278
Rate stabilization program deferrals .....	279,038
Unamortized sale and leaseback costs .....	(263,560)
Customer receivables for future income taxes .....	622,409
Property taxes .....	126,414
Unamortized loss on reacquired debt .....	79,766
Other .....	<u>87,976</u>
	1,243,321

\$6,907,715

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY  
(Unaudited)  
Balance Sheet  
September 30, 1998  
(In thousands)

CAPITALIZATION AND LIABILITIES

CAPITALIZATION:

Common stock, without par value, authorized 105,000,000 shares - 79,590,689 shares outstanding	\$1,243,104
Other paid-in capital .....	82,162
Retained earnings .....	(397,877)
	<u>927,389</u>
Preferred stock .....	395,015
Long-term debt .....	2,798,106
	<u>4,120,510</u>

LONG-TERM OBLIGATIONS:

Nuclear fuel .....	53,602
Capital leases .....	7,515
	<u>61,117</u>

CURRENT LIABILITIES:

Currently payable preferred stock, long-term debt and long-term obligations .....	181,476
Notes payable to associated companies .....	60,838
Accounts payable - Associated companies .....	51,831
Other .....	21,343
Accrued taxes .....	231,695
Accrued interest .....	70,078
Other .....	42,487
	<u>659,748</u>

DEFERRED CREDITS:

Accumulated deferred income taxes .....	1,302,142
Accumulated deferred investment tax credits .....	165,501
Property taxes .....	126,414
Other .....	472,283
	<u>2,066,340</u>

COMMITMENTS AND GUARANTEES .....

\$6,907,715



## EXHIBIT B

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY  
(Unaudited)  
Statement of Income  
Twelve Months Ended September 30, 1998  
(In thousands)

OPERATING REVENUES .....	<u>\$1,816,504</u>
OPERATING EXPENSES AND TAXES:	
Operation -	
Fuel and purchased power.....	439,786
Other operation and maintenance expenses.....	465,376
Provision for depreciation and amortization.....	422,601
General taxes .....	221,218
Amortization of net regulatory assets .....	37,257
Income taxes .....	4,224
Total operating expenses and taxes .....	<u>1,590,462</u>
OPERATING INCOME .....	<u>226,042</u>
OTHER INCOME:	
Allowance for equity funds used during construction ....	597
Miscellaneous, net .....	34,544
Income taxes .....	(8,163)
Total other income and deductions .....	<u>26,978</u>
INCOME BEFORE INTEREST CHARGES.....	<u>253,020</u>
NET INTEREST CHARGES:	
Interest on long-term debt .....	252,967
Allowance for borrowed funds used during construction ..	(2,739)
Other interest expense .....	(1,056)
Net interest charges .....	<u>249,172</u>
NET INCOME .....	3,848
PREFERRED STOCK DIVIDEND REQUIREMENTS.....	<u>34,795</u>
EARNINGS ON COMMON STOCK .....	<u>(\$30,947)</u>

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY

SCHEDULE OF PREFERRED STOCK,  
PREFERENCE STOCK AND LONG-TERM DEBT

PREFERRED STOCK:

The Company's \$90.00 Series S of preferred stock has no optional redemption provision and its \$88.00 Series R preferred stock is not redeemable before December 2001. All other preferred stock outstanding at September 30, 1998 may be redeemed by the Company in whole, or in part, with 30-90 days' notice. The following chart summarizes the per share amounts at the date of redemption. In addition to the amounts shown, all redemptions will include accrued dividends.

Series	Number of Shares		Redemption Price Per Share	Aggregate Redemption Amount	Outstanding
	Authorized	Outstanding			
Without Par Value:					
\$ 7.40 Series A	500,000	500,000	\$101.000	\$50,500,000	\$50,000,000
\$ 7.56 Series B	450,000	450,000	102.260	46,017,000	45,071,000
Adjustable Series L	474,000	474,000	100.000	47,400,000	46,404,000
\$42.40 Series T	200,000	200,000	500.000	100,000,000	96,850,000
\$ 7.35 Series C	100,000	100,000	101.000	11,110,000	10,000,000
\$88.00 Series E	6,000	6,000	1,007.650	9,069,000	6,000,000
\$91.50 Series E	32,144	32,144	1,000.000	42,858,000	32,144,000
\$88.00 Series R	50,000	50,000	--	--	50,000,000
\$90.00 Series S	74,000	74,000	--	--	73,260,000
Undesignated	2,113,856	--	--	--	--
	<u>4,000,000</u>	<u>1,886,144</u>		<u>306,954,000</u>	<u>409,729,000</u>
Redeemable within one year					(14,714,000)
					<u>\$395,015,000</u>

PREFERENCE STOCK:

The Company had no preference stock outstanding at September 30, 1998:

Series	Number of Shares		Redemption Price Per Share	Aggregate Redemption Amount	Involuntary Liquidation Value
	Authorized	Outstanding			
Undesignated	<u>3,000,000</u>	<u>--</u>		<u>--</u>	<u>--</u>

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY

SCHEDULE OF PREFERRED STOCK,  
PREFERENCE STOCK AND LONG-TERM DEBT (Continued)

LONG-TERM DEBT:

Long-term debt outstanding at September 30, 1998 consists of the following:

(In thousands)

First Mortgage Bonds:

7-5/8%	Series due 2002	\$195,000
7-3/8%	Series due 2003	100,000
9-1/2%	Series due 2005	300,000
8-3/8%	Series due 2011	125,000
9 %	Series due 2023	150,000
		<u>870,000</u>

Secured Notes:

8.150%	Series due 1998	7,500
8.160%	Series due 1998	5,000
8.170%	Series due 1998	11,000
8.260%	Series due 1998	2,500
8.330%	Series due 1998	25,000
7.250%	Series due 1999	12,000
7.670%	Series due 1999	3,000
7.770%	Series due 1999	17,000
7.850%	Series due 1999	25,000
8.290%	Series due 1999	10,000
9.250%	Series due 1999	52,500
9.300%	Series due 1999	25,000
7.190%	Series due 2000	175,000
7.420%	Series due 2001	10,000
8.540%	Series due 2001	3,000
8.550%	Series due 2001	5,000
8.560%	Series due 2001	3,500
8.680%	Series due 2001	15,000
9.050%	Series due 2001	5,000
9.200%	Series due 2001	15,000
7.850%	Series due 2002	5,000
8.130%	Series due 2002	28,000
7.750%	Series due 2003	15,000
7.670%	Series due 2004	280,000
7.000%	Series due 2006-2009	1,880
7.130%	Series due 2007	120,000
7.430%	Series due 2009	150,000
6.000%	Series due 2011	5,650
6.000%	Series due 2011	1,700
8.000%	Series due 2013	78,700
3.786%	Series due 2015	39,835
6.000%	Series due 2017	1,285
7.880%	Series due 2017	300,000
3.771%	Series due 2018	72,795
3.800%	Series due 2020	47,500
6.000%	Series due 2020	40,900
6.000%	Series due 2020	9,100
6.000%	Series due 2020	62,560
6.100%	Series due 2020	70,500
9.520%	Series due 2021	7,500
6.850%	Series due 2023	30,000
8.000%	Series due 2023	73,800
7.625%	Series due 2025	53,900
7.700%	Series due 2025	43,800
7.750%	Series due 2025	45,150
5.375%	Series due 2028	5,993
		<u>2,017,548</u>

Unsecured notes, 5.700% - 6.700% due 2006 through 2012	46,300
Net unamortized discount on debt	(3,212)
Long-term debt due within one year	<u>(132,530)</u>
	<u>\$2,798,106</u>