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**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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In the Matter of the Application of Ohio)	
Edison Company, The Cleveland Electric)	
Illuminating Company, and The Toledo)	Case No. 07-551-EL-AIR
Edison Company for Authority to)	Case No. 07-552-EL-ATA
Increase Rates for Distribution Service,)	Case No. 07-553-EL-AAM
Modify Certain Accounting Practices)	Case No. 07-554-EL-UNC
and for Tariff Approvals)	

STIPULATION AND RECOMMENDATION

A. INTRODUCTION

Rule 4901-1-30, Ohio Administrative Code ("OAC") provides that any two or more parties to a proceeding may enter into a written stipulation covering the issues presented in such a proceeding. The purpose of this document is to set forth the understanding and agreement of Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company, (collectively, "Companies"), and the other parties who have signed below (together with the Companies, "Signatory Parties"), and to recommend that the Public Utilities Commission of Ohio (the "Commission") approve and adopt this Stipulation and Recommendation ("Stipulation"), as part of its Opinion and Order, resolving certain issues in the above-captioned proceeding ("Proceeding").

This Stipulation is supported by adequate data and information; represents a just and reasonable resolution of certain issues in this Proceeding; violates no regulatory principle or precedent; and is the product of lengthy, serious bargaining among knowledgeable and capable Signatory Parties in a cooperative process and undertaken by the Signatory Parties representing a

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wide range of interests to resolve the aforementioned issues. While this Stipulation is not binding on the Commission, this Stipulation represents an accommodation of the diverse interests represented by the Signatory Parties, and it is entitled to careful consideration by the Commission. *Cincinnati Gas & Electric Company*, Case No. 92-485-EL-AIR (March 30, 1993). For purposes of resolving all issues raised by this Stipulation, the Signatory Parties stipulate, agree and recommend as set forth below.

B. RECITALS

WHEREAS, the Companies filed on June 7, 2007, an Application pursuant to R.C. 4909.18 and related sections of the Ohio Revised Code for authority to make changes and increases in electric distribution rates applicable to customers within the Companies' respective service territories effective on January 1, 2009 for Ohio Edison Company and The Toledo Edison Company and on or about May 2009 for The Cleveland Electric Illuminating Company if the Application is approved as submitted;

WHEREAS, the Application was filed as a proposal so as to generate sufficient revenues for the Companies to pay distribution-related operating expenses, service outstanding debt balances, and earn an adequate return on property used in providing electric distribution service to customers;

WHEREAS, the agreement set forth herein addresses certain issues raised by the Signatory Parties and, more importantly, furthers efforts to create a cost effective, efficient methodology to quantify, allocate, and collect distribution-related costs. The issues and concerns of the Signatory Parties have been addressed in the substantive provisions of this Stipulation and reflect compromises by the Signatory Parties to achieve an overall reasonable solution in light of the facts and circumstances. This Stipulation is the product of discussions and negotiations of

the Signatory Parties and is not intended to reflect the views or proposals that any individual party may have advanced acting unilaterally;

WHEREAS, the agreement herein addresses certain issues raised by the Signatory Parties and, more importantly, creates a unique and substantial opportunity to balance the interests of the Signatory Parties in this Proceeding. The issues and concerns of the Signatory Parties have been addressed in the substantive provisions of the Stipulation and reflect, as a result of such discussions, compromises by the Signatory Parties to achieve an overall reasonable solution. Accordingly, this agreement represents an accommodation of the diverse interests represented by the Signatory Parties and is entitled to careful consideration by the Commission; and,

WHEREAS, this Stipulation represents a compromise of complex issues and involves considerable benefits to the Signatory Parties.

NOW, THEREFORE, the Signatory Parties stipulate, agree and recommend that the Commission approve this Stipulation and issue its Opinion and Order in accordance herewith:

1. Revenue distribution for the Companies shall be allocated among the individual rate classifications pursuant to attached Schedule A.
2. For each of the Companies, the class revenue requirement that results from Schedule A will be collected based upon the Companies' proposed rate design for the GS, GP, GSUB and GT schedules.
3. The testimony of Kevin M. Murray on behalf of Industrial Energy Users-Ohio will not be offered in this Proceeding.
4. Objections 2 - 6, 8, 9, 11 - 14, 17 - 19, 21, 22, 24 - 27, 30 - 34, 36, 37, and 39 - 42 to the Staff Reports of Investigation filed by Industrial Energy Users-Ohio in this Proceeding

are hereby withdrawn from this Proceeding. IEU-Ohio's withdrawal of objections 2, 4, 30 and 32 are contingent upon Commission approval of Company Revised Schedule B-6, as it pertains to those objections and as reflected in the Second Supplemental Testimony of Company witness Young.

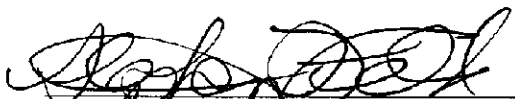
5. The testimony of Stephen J. Baron, Lane Kollen and Richard A. Baudino on behalf of the Ohio Energy Group will not be offered in this Proceeding.
6. All Objections to the Staff Reports of Investigation filed by the Ohio Energy Group in this Proceeding are hereby withdrawn from this Proceeding.
7. The testimony of Kevin C. Higgins on behalf of The Kroger Company will not be offered in this Proceeding.
8. All Objections to the Staff Reports of Investigation filed by The Kroger Company in this Proceeding are hereby withdrawn from this Proceeding.
9. Nothing in this Stipulation shall be used or construed for any purpose to imply, suggest or otherwise indicate that the results produced through the compromise reflected in this Stipulation represent fully the objectives of any of the Signatory Parties.
10. This Stipulation is submitted for purposes of this Proceeding only and is not deemed binding in any other proceeding, nor is it to be offered or relied upon in any other proceeding, except as necessary to enforce the terms of this Stipulation.
11. The agreement of the Signatory Parties reflected in this Stipulation is expressly conditioned on its acceptance in its entirety and without material alteration by the Commission. The Signatory Parties agree that if the Commission or any court of competent jurisdiction rejects all or any material part of this Stipulation, or otherwise materially modifies its terms, any adversely affected party shall have the right to file an

application for rehearing or a motion for reconsideration. If such application or motion is filed, and if the Commission or court does not, on rehearing or reconsideration, accept this Stipulation without material modification, the adversely affected party may withdraw from this Stipulation by filing a notice with the Commission and the other Signatory Parties within ten (10) days of any such order; and the adversely affected party shall be entitled to reopen the hearings in these proceedings to submit the testimony and objections referenced in Paragraphs 3 - 8.


12. This Stipulation constitutes the complete and exclusive statement of the terms and conditions of the agreement between the Signatory Parties as to the subject matter hereof.
13. The Signatory Parties agree to support this Stipulation before the Commission and urge the acceptance and approval of this Stipulation, including identifying such support through Briefs filed in this Proceeding. So long as this Stipulation is approved by the Commission without material modification, the Signatory Parties will not challenge or oppose in any appeal the reasonableness of the Commission's Order with respect to the subject matter resolved in this Stipulation and Recommendation.

IN WITNESS WHEREOF, this Stipulation and Recommendation has been signed as of this 11th day of February, 2008. The undersigned Signatory Parties respectfully request the Commission to issue its Opinion and Order approving and adopting this Stipulation.


Ohio Edison Company


Cleveland Electric Illuminating Company


Office of the Ohio Consumers' Counsel


IEU-Ohio


The Toledo Edison Company



Ohio Energy Group (OEG)



The Kroger Company

Ohio Home Builders Assoc.

Nucor Steel Marion, Inc.

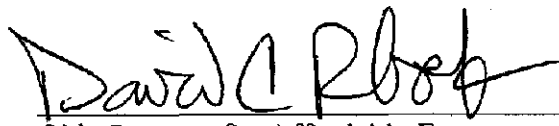
NOAC

Citizens Coalition

PUCO Staff

City of Cleveland

Ohio Manufacturers' Association



Ohio Partners for Affordable Energy

Constellation Energy

Ohio Schools Council

Integrus Energy Services, Inc.