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July 16, 2008

Ms. Renee J. Jenkins
Director, Administration Department
Secretary to the Commission
Docketing Division
The Public Utilities Commission of Ohio
180 East Broad Street
Columbus, OH 43215-3793

RECEIVED-DOCKETING DIV
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PUCO

Dear Ms. Jenkins:

Re: *In the Matter of the Application of The Cleveland Electric Illuminating Company for Authority to Issue, Sell, or Enter into Debt Transactions*
Application No. 08-386-EL-AIS

Enclosed for filing, please find the original and twelve (12) copies of The Cleveland Electric Illuminating Company's Application for the Authority to Issue, Sell, or Enter into Debt Transactions regarding the above-referenced case. Please file the enclosed Application, time-stamping the two extras and returning them to me in the enclosed envelope.

Thank you for your assistance in this matter. Please contact me if you have any questions.

Very truly yours,

Kathy J. Kolich

kag
Enclosures

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Technician AM Date Processed 7/17/08

Before

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of)	
THE CLEVELAND ELECTRIC)	Application
ILLUMINATING COMPANY for)	No. 08-_____-EL-AIS
Authority to Issue, Sell, or)	
Enter into Debt Transactions)	

Applicant, The Cleveland Electric Illuminating Company, (hereinafter "Company" or "Applicant") hereby submits this Application, pursuant to R.C. 4905.40, and respectfully shows that:

(1) The Company is an electric light company and a public utility as these terms are defined in Sections 4905.03(A)(4) and 4905.02 of the Ohio Revised Code, respectively, engaged primarily in the distribution of electricity for sale to consumers within the State of Ohio, and is subject to the jurisdiction of the Public Utilities Commission of Ohio ("Commission").

(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 outstanding at a recent date, all duly authorized by orders of the Commission, is also set forth in Exhibit A.

(3) The Company has issued and there are outstanding as of a recent date Pollution Control Notes, Senior Notes and other evidence of indebtedness maturing more than twelve months after their dates of issuance in the aggregate principal amount set forth in Exhibit A, all duly authorized by orders of the Commission.

(4) The Company has issued and there are outstanding as of a recent date promissory notes and other evidence of indebtedness maturing not later than twelve months after their dates of issuance, in the aggregate principal amount set forth in Exhibit A, all duly authorized by orders of the Commission or by statute.

(5) During 2008 through 2010, the Company anticipates that construction expenditures will approximate \$336 million. The Company will require expenditures of \$275 million in 2008 and 2009 to fund the mandatory maturities of \$125 million First Mortgage Bonds, 6.86% Series due 2008 and \$150 million 7.43% Series due 2009. To enable the Company to provide for the payment of its obligations on a secured or unsecured basis and to provide funds for the acquisition of property, for the construction, completion, extension or improvement of its plant and facilities, for the organization or readjustment of its indebtedness and capitalization including the repurchase of stock and/or the payment of paid-in capital to its sole stockholder, FirstEnergy Corp., for the discharge or lawful refunding or refinancing of its obligations, to reimburse its treasury, in part, for monies expended for such purposes, or for other corporate purposes permitted by law, the Company proposes, subject to the authorization of this Commission, to issue new bonds, notes and other evidence of indebtedness 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 is expected to be issued in any one or more of the following forms:

- (a) One or more series of the Company's First Mortgage Bonds;
- (b) One or more series of unsecured notes or debentures.

The Company proposes that the Commission authorize the issuance of the New Debt based on the financial parameters set forth in Exhibit F so as to assure that the terms of the New Debt are within reasonable limits.

FIRST MORTGAGE BONDS

(6) First Mortgage Bonds (the "Bonds") (exclusive of First Mortgage Bonds authorized pursuant to any other application of the Company to this Commission) are proposed to be offered by public offerings through underwriters or by private placements, each series to finally mature (after excluding interim maturities and reissuances as described herein) in not

less than one or more than 35 years from the date of issuance. The Bonds will be issued under the Mortgage and Deed of Trust to the JPMorgan Chase Bank, N.A., as trustee, dated as of July 1, 1940, as heretofore amended and supplemented and to be supplemented by one or more supplemental indentures relating to the Bonds. Bonds which are exchanged or otherwise substituted ("Replacement Bonds") for a like principal amount of Bonds initially issued pursuant to this Application and the Commission's order related to the same, will be considered to be the equivalent of the original Bonds for which they are exchanged or substituted, and will not be counted in determining the principal amount of Bonds that the Company has authority thereafter to issue under such order, provided that the issuance of the Replacement Bonds was authorized by such order. To the extent that the interest rate on the Replacement Bonds is different than the interest rate on the originally issued Bonds that are being substituted or exchanged, such different interest rate will be within the parameters set forth in Exhibit F as established on the day that such Replacement Bonds are issued.

(7) The financing terms and underwriting fees and commissions of the Bonds will be within the parameters described in Exhibit F hereto. The structure of the transaction in which some of the Bonds are issued may involve the issuance by the Company of a separate debt or other obligation or obligations (including but not limited to obligations referred to in paragraph (8) hereof) and the issuance of such Bonds as security for the repayment of such debt or other obligation or obligations. In such case, payments under the debt or other obligation or obligations would be credited against amounts due on the Bonds and vice versa. The greater of the principal amount of the Bonds and, to the extent that authorization of the Commission was required for the Company to undertake any such separate debt or other obligation or obligations as contained in any order granted pursuant to this Application, the principal amount of the separate debt or other obligation or obligations for which such Bonds are issued as security will be used in determining the principal amount of New Debt that the

Company has authority to issue under any order granted pursuant to this Application. The terms of any such debt obligation or obligations would not exceed the parameters described in Exhibit F hereto. Any debt obligation or obligations substituted for each debt obligation or obligations, whether by way of any exchange or otherwise, will be treated as described in paragraph (6) above. In particular, the Company may issue an amount of Bonds in excess of the underlying obligation secured by the Bonds in anticipation of subsequent issuances of the underlying obligation or for credit reasons. However, in no event, will the amounts required to be paid by the Company on the Bonds exceed the amounts owed on the outstanding underlying obligations. In the event of the issuances of Bonds in anticipation of subsequent issuances of underlying obligations, each subsequent issuance will be considered to be a new issuance for purposes of the parameters set forth in Exhibit F. The Bonds may also provide that interest will be payable thereon only after a default with respect to amounts due under the debt or other obligation or obligations, or that no interest will be payable on the Bonds in which case the principal amount of the Bonds may exceed the principal amount of the underlying obligation if it is necessary for the holders of the underlying obligation to resort to the security provided by the Bonds. Notwithstanding anything in this paragraph (7) to the contrary, in this latter case, the excess principal amount will be treated as an interest component when determining the authority the Company thereafter has to issue New Debt under any order granted pursuant to this Application. The Company proposes to consummate the sale of the Bonds as market conditions appear to be appropriate, or as the need arises, after the issuance by the Commission of an order with respect thereto and, in the case of any public offering, after the effective date of any Registration Statement required to be filed with the United States Securities and Exchange Commission.

UNSECURED NOTES/DEBENTURES

(8) The unsecured notes or debentures (collectively the "Notes") (exclusive of any other unsecured notes or debentures authorized pursuant to any other application of the Company to this Commission) are proposed to be offered by public offerings through underwriters or by private placements, each series to finally mature in not less than one nor more than 35 years from the date of issuance. The Notes will be issued under the existing Indenture to The Bank of New York Trust Company, N.A. (successor to JPMorgan Chase Bank), as trustee, dated as of December 1, 2003, as heretofore amended and supplemented and to be supplemented by one or more supplemental indentures relating to the Notes. To the extent it appears desirable, the Notes may be offered and sold as part of a medium-term note or similar program. The financing terms and underwriting fees and commissions of the Notes will be within the parameters described in Exhibit F. The Notes may also contain provisions restricting the incurrence of additional secured debt by the Company or may contain provisions subordinating the rights of holders of such Notes 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 Notes 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. The Company proposes to consummate the sale of the Notes as market conditions appear to be appropriate, or as the need arises, after the issuance by the Commission of an order with respect thereto and, in the case of any public offering, after the effective date of any registration statement required to be filed with the U.S. Securities and Exchange Commission. Notes which are exchanged or otherwise substituted ("Replacement Notes") for a like principal amount of Notes initially issued pursuant to this Application and the Commission's order related to the same, will be considered to be the equivalent of the original

Notes for which they are exchanged or substituted, and will not be counted in determining the principal amount of Notes that the Company has authority thereafter to issue under such order, provided that the issuance of the Replacement Notes was authorized by such order. To the extent that the interest rate on the Replacement Notes is different than the interest rate on the originally issued Notes that are being substituted or exchanged, such different interest rate will be within the parameters set forth in Exhibit F as established on the day that such Replacement Notes are issued.

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

(10) Attached hereto and made a part hereof are the following exhibits:

- Exhibit A - Balance sheets of the Company at March 31, 2008, actual and pro forma.
- Exhibit B - Statement of income of the Company for the twelve months ended March 31, 2008, actual and pro forma.
- Exhibit C - Statement of capitalization of the Company for the twelve months ended March 31, 2008.
- Exhibit D - Estimate of cash requirements of the Company for 2008 - 2010.
- Exhibit E - Estimate of construction expenditures of the Company for 2008 - 2010.
- Exhibit F - Financing parameters for the New Debt.

(11) As a result of the Company's Rate Stabilization and Rate Certainty Plans approved by this Commission in Case Nos. 03-2144-EL-ATA and 05-1125-EL-ATA, respectively, and the Company's distribution rate case currently pending before this Commission in Case No. 07-551-EL-AIR et al, there should be no immediate impact on the Company's revenue requirements. Moreover, any issues related to such revenue requirements can be addressed in a comprehensive manner in a future base distribution rate case of the Company.

(12) The Company proposes that the New Debt will be issued in compliance with the Applicant's Electricity Transition Plan as filed with the Commission in Case No. 99-1212-EL-ETP.

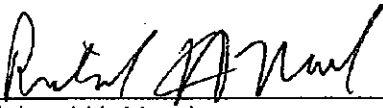
WHEREFORE, Applicant prays for an order:

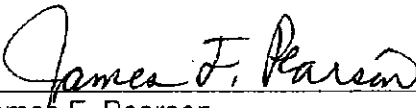
- (1) Authorizing the Company to issue and sell or otherwise incur, from time to time by means of negotiated public offerings or private placements or otherwise, up to \$300 million principal amount of New Debt (exclusive of any other debt authorized by any other order of this Commission or permitted to be issued without authorization by this Commission) consistent with the provisions set forth in paragraphs 5 through 10 at the best terms obtainable, provided that in all cases such terms are within the parameters described in Exhibit F;
- (2) Finding that the amount of New Debt (or any proceeds thereof) is just and reasonable;
- (3) Finding that the effects (if any) of the New Debt on current and future revenue requirements will be addressed in a future distribution rate case of the Company in which all issues related to revenue requirements can be addressed in a comprehensive manner;
- (4) Finding 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 obligations to provide utility service; and


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- (5) Reserving and keeping to The Public Utilities Commission of Ohio jurisdiction for the purpose of making any further orders as it may deem proper.

Respectfully submitted,
THE CLEVELAND ELECTRIC ILLUMINATING COMPANY

By: 
Richard H. Marsh
Senior Vice President and Chief Financial Officer

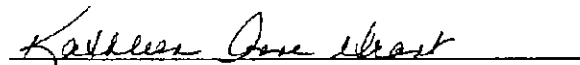
By: 
James F. Pearson
Vice President and Treasurer


Kathy J. Kolich, Attorney for Applicant

STATE OF OHIO)
) ss.:
SUMMIT COUNTY)

Richard H. Marsh and James F. Pearson, being duly sworn, depose and say that they are Senior Vice President & Chief Financial Officer and Vice President & 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 contained therein are true as they verily believe.

Subscribed and sworn to
before me this 15th day
of July 2008 .


Kathleen Anne Grant
Notary Public, State of Ohio
Resident of Summit County
My Commission Expires November 8, 2009

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY
(Unaudited)
Corporate Balance Sheet
As of March 31, 2008
(In thousands)

<u>ASSETS</u>	Effect of Proposed		
	Actual	Transactions Current Filing	Pro Forma
UTILITY PLANT:			
In service	\$ 2,142,458	\$ --	\$ 2,142,458
Less - Accumulated provision for depreciation	827,160	--	827,160
	<u>1,315,298</u>	<u>--</u>	<u>1,315,298</u>
Construction work in progress	40,834	--	40,834
	<u>1,356,132</u>	<u>--</u>	<u>1,356,132</u>
OTHER PROPERTY AND INVESTMENTS:			
Investments in subsidiaries	299,281	--	299,281
Other	7,610	--	7,610
	<u>306,891</u>	<u>--</u>	<u>306,891</u>
CURRENT ASSETS:			
Cash and cash equivalents	119	276,750	276,869
Receivables-			
Associated companies	70,727	--	70,727
Other	3,643	--	3,643
Notes receivable from associated companies	172,190	--	172,190
Prepayments and other	1,633	--	1,633
	<u>248,312</u>	<u>276,750</u>	<u>525,062</u>
DEFERRED CHARGES:			
Goodwill	1,688,521	--	1,688,521
Regulatory assets	853,716	--	853,716
Prepaid pension cost	64,497	--	64,497
Property taxes	76,000	--	76,000
Other	32,735	2,700	35,435
	<u>2,715,469</u>	<u>2,700</u>	<u>2,718,169</u>
	<u>\$ 4,626,804</u>	<u>\$ 279,450</u>	<u>\$ 4,906,254</u>

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY
(Unaudited)
Corporate Balance Sheet
As of March 31, 2008
(In thousands)

<u>CAPITALIZATION AND LIABILITIES</u>	Effect of Proposed		
	<u>Actual</u>	<u>Transactions Current Filing</u>	<u>Pro Forma</u>
CAPITALIZATION:			
Common stockholder's equity-			
Common stock, without par value, authorized 105,000,000 shares -			
67,930,743 shares outstanding	\$ 873,353	\$ --	\$ 873,353
Accum. Other comprehensive income	\$ (69,623)	\$ --	\$ (69,623)
Retained earnings	743,278	(13,173)	730,105
Total common stockholder's equity	1,547,008	(13,173)	1,533,835
Long-term debt and other long-term obligations	1,308,770	300,000	1,606,770
	<u>2,853,778</u>	<u>286,827</u>	<u>3,140,605</u>
CURRENT LIABILITIES:			
Currently payable long-term debt	207,281	--	207,281
Accounts payable-			
Associated companies	139,423	--	139,423
Other	6,136	--	6,136
Notes payable to associated companies	268,614	--	268,614
Accrued taxes	111,246	(7,377)	103,869
Accrued interest	37,723	--	37,723
Other	21,475	--	21,475
	<u>791,898</u>	<u>(7,377)</u>	<u>784,521</u>
NONCURRENT LIABILITIES:			
Accumulated deferred income taxes	722,466	--	722,466
Accumulated deferred investment tax credits	18,102	--	18,102
Retirement benefits	94,322	--	94,322
Deferred revenues - electric service programs	21,297	--	21,297
Other	124,941	--	124,941
	<u>981,128</u>	<u>--</u>	<u>981,128</u>
	<u>\$ 4,626,804</u>	<u>\$ 279,450</u>	<u>\$ 4,906,254</u>

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY
Pro Forma Journal Entries
Current Filing
(In thousands)

	Debit	Credit
Current Assets:		
Cash and Cash Equivalents	\$ 297,000	
Deferred Charges:		
Unamortized Debt Expense	3,000	
Capitalization:		
Long-Term Debt		\$ 300,000
To record the proposed issuances of \$300,000,000, principal amount of long-term debt with an interest rate of 6.75% and related debt issuance costs.		
Capitalization:		
Retained Earnings	\$ 13,173	
Current Liabilities:		
Accrued Taxes	7,377	
Current Assets:		
Cash and Cash Equivalents		\$ 20,250
Deferred Charges:		
Unamortized Debt Expense		300
To record the annual effect on retained earnings resulting from the increase in interest requirements and the amortization of debt expense associated with the above transaction.		

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY
(Unaudited)
Corporate Statement of Income
For the Twelve Months Ended March 31, 2008
(In thousands)

	Actual	Effect of Proposed Transactions Current Filing	Pro Forma
OPERATING REVENUES	\$ 1,812,606	\$ --	\$ 1,812,606
OPERATING EXPENSES AND TAXES:			
Fuel and purchased power	779,459	--	779,459
Other operating costs	275,324	--	275,324
Total operation and maintenance expenses	1,054,783	--	1,054,783
Provision for depreciation and amortization	112,595	--	112,595
General taxes	138,288	--	138,288
Income taxes	146,261	(7,377)	138,884
Total operating expenses and taxes	1,451,927	(7,377)	1,444,550
OPERATING INCOME	360,679	7,377	368,056
OTHER INCOME:			
Equity in earnings of subsidiaries	4,126	--	4,126
Miscellaneous, net	31,781	--	31,781
Income taxes	(12,023)	--	(12,023)
OTHER INCOME	23,884	--	23,884
INCOME BEFORE NET INTEREST CHARGES	384,563	7,377	391,940
NET INTEREST CHARGES:			
Interest on long-term debt	107,519	20,250	127,769
Allowance for borrowed funds used during construction	(909)	--	(909)
Other interest expense	7,239	300	7,539
Net interest charges	113,849	20,550	134,399
NET INCOME	\$ 270,714	\$ (13,173)	\$ 257,541

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY
Statement of Income
For the Twelve Months Ended March 31, 2008
Estimated Effect of Proposed Transactions
Current Filing
(In thousands)

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 6.75%.

\$ 20,250

Other interest expense:

Annual increase in the amortization of debt expense

300
20,550

Operating Income Taxes:

Decrease in state and local income taxes based on 2.9025% of the increase in interest expense.

\$ 596

Decrease in Federal income tax at 33.9841% on a net decrease of income before Federal income taxes of \$19,954,000.

6,781 7,377

Decrease in earnings on common stock due to proposed debt issuance

\$ 13,173

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY
(Unaudited)
SCHEDULE OF PREFERRED STOCK,
PREFERENCE STOCK AND LONG-TERM DEBT

PREFERRED STOCK:

The Company had no preferred stock outstanding at March 31, 2008

<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>			
No Par Value: Undesignated	4,000,000	--		--	--

PREFERENCE STOCK:

The Company had no preference stock outstanding at March 31, 2008:

<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: Undesignated	3,000,000	--		--	--

THE CLEVELAND ELECTRIC ILLUMINATING 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 March 31, 2008 consists of the following:

(In thousands)

First Mortgage Bonds:

6.860%	Series due 2008	\$125,000
		<u>125,000</u>

Secured Notes:

7.430%	Series due 2009	150,000
7.880%	Series due 2017	300,000
5.375%	Series due 2028	5,993
3.750%	Series due 2030	81,640
		<u>537,633</u>

Unsecured Notes:

5.650%	Series due 2013	300,000
5.950%	Series due 2036	300,000
5.750%	Series due 2017	250,000
		<u>850,000</u>

Capital lease obligations	<u>3,582</u>
Net unamortized premium on debt	<u>(2,164)</u>
Long-term debt due within one year	<u>(207,281)</u>
	<u>\$1,306,770</u>

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY
2008 to 2010
Estimate of Sources and Uses of Funds
(\$ millions)

Sources of Funds

Debt Obligations	\$	300
Pollution Control Obligations		-
Common Stock		-
Preferred Stock		-
Retained Earnings Objective		424
Non-cash Charges to Income		
Prov for Depr & Amort		843
Prov for Deferred Taxes & ITC		(264)
Pension/OPEB Accrual		12
FAS143 Accretion (decommissioning)		1
Deferred Fuel and Other Charges		(13)
	\$	<u>1,303</u>

Disposition of Funds

Construction Expenditures	\$	336
Mandatory Long-term Redemptions		275
Common Stock Dividends/Share repurchase		538
Short-term Debt		129
Working Capital and Other		25
	\$	<u>1,303</u>

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY

2008-2010 Construction Expenditures
(\$ in millions)

	2008	2009	2010
Construction Expenditures	\$106	\$115	\$115

THE CLEVELAND ELECTRIC ILLUMINATING 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 98 percent of the aggregate principal amount 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:

- (a) For Notes with a maturity of 10 years or less, 350 basis points above the yield to maturity on United States Treasury Notes of comparable maturity at the time of pricing or issuance, whichever is earlier.
- (b) For Notes with a maturity of more than 10 years, 450 basis points above the yield to maturity on United States Treasury Bonds or Bonds of comparable maturity at the time of pricing or issuance, whichever is earlier.

Maturity: No more than 35 years from the date of issuance.

Redemption Price and Other Terms: For each issue, the optional redemption price will not exceed 103 percent of the principal amount plus accrued interest to the date of redemption. Except to the extent specific limitations are imposed, 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.