

February 28, 2007

07-227-EL-ATA

Ohio Public Utilities Commission of Ohio
Docketing Division
180 E. Broad St., 13th Floor
Columbus, OH 43215

Re: Case No. 07-227-EL-ATA
Case No. 89-6001-EL-TRF

PUCO


2007 MAR - 1 AM 11:16

RECEIVED-DOCKETING DIV

Enclosed you will find an original and 13 copies of CEI's proposed Experimental Market-Based Tariff (MBT). After assigning a case number, please docket the original and 10 copies of this proposed tariff under that new case number and docket one (1) copy in 89-6006-EL-TRF. Please return two (2) time-stamped copies in the enclosed envelope for my records.

Any question concerning this matter can be directed to me at (330) 761-4312. Thank you for your help.

Sincerely,



Stephen N. Hadick
Sr. Rate Analyst

Enclosures

This is to certify that the images appearing are an accurate and complete reproduction of a case file document delivered in the regular course of business.
Technician AW Date Processed 3-1-07

FILE

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

**Application Not for an Increase in Rates,
pursuant to Section 4909.18 Revised Code**

In the Matter of the Application of The)
Cleveland Electric Illuminating Company) Case No. 07-227-EL-ATA
for Extension of the Existing Experimental)
Market Based Tariff (MBT))

1. APPLICANT RESPECTFULLY PROPOSES: (Check applicable proposals)

- | | |
|---|---|
| <input type="checkbox"/> New Service | <input type="checkbox"/> Change in Rule or Regulation |
| <input type="checkbox"/> New Classification | <input type="checkbox"/> Reduction Rates |
| <input type="checkbox"/> Change in Classification | <input type="checkbox"/> Correction of Error |
| <input checked="" type="checkbox"/> Other, not involving increase in rates | |
| <input type="checkbox"/> Various related and unrelated textual revision, without change in intent | |

2. DESCRIPTION OF PROPOSAL: The existing Experimental Market Based Tariff provides an option to qualifying general service customers to offer a portion of their facility's load to be priced at hourly, market-based prices. This application is made pursuant to Section 4909.18, Ohio Revised Code, seeking approval of a one year extension to this existing tariff, currently to expire on December 31, 2007.

3. TARIFFS AFFECTED: (If more than 2, use additional sheets)

Table of Contents (replacement)
Original Sheet No. 69, P.U.C.O. No. 13
Experimental Market Based Tariff

4. Attached hereto and made a part hereof are: (Check applicable Exhibits)

☒ Exhibit A - existing schedule sheets (to be superseded) if applicable

X Exhibit B - proposed schedule sheets

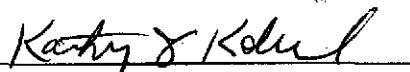
 Exhibit C-1

- a) if new service is proposed, describe;
Description included on attached Exhibit C-1.
- b) if new equipment is involved, describe (preferably with a picture, brochure, etc.)
and where appropriate, a statement distinguishing proposed service from existing
services;
- c) if proposed service results from customer requests, so state, giving if available,
the number and type of customers requesting proposed service.

 Exhibit C-2 - if a change of classification, rule or regulation is proposed, a statement
explaining reason for change.

 X Exhibit C-3 - statement explaining reason for any proposal not covered in Exhibits
C-1 or C-2.

- 5. This application will not result in an increase in any rate, joint rate, toll, classification, charge
or rental.
- 6. Applicant respectfully requests the Commission to approve the revised Experimental Market
Based Tariff (MBT) and authorize The Cleveland Electric Illuminating Company to file same
in final form, the effective date of this tariff shall be the date upon which such final tariffs are
filed with the Commission and to be in the form and content shown in Exhibit B.


Kathy J. Kolich
Senior Attorney
FirstEnergy Corp
76 South Main Street
Akron, Ohio 44308
Phone 330-384-4580
Fax 330-384-3875

Attorney for Applicant
The Cleveland Electric
Illuminating Company

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<u>Title</u>	<u>Sheet Numbers</u>	<u>Revision</u>	<u>Date Effective</u>
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Optional Electric Process Heating and Electric Boiler Load Management	39	3 rd Revised	01-06-06
General Commercial	70	2 nd Revised	01-06-06
Large Commercial	71	3 rd Revised	07-17-06
Industrial	72	3 rd Revised	07-17-06
Large Industrial	73	3 rd Revised	07-17-06

Experimental Market Based Tariff**Availability:**

Available to Full Service customers served under the Large General Service, Medium General Service and Small General Service Schedules, not being served under the Net Energy Metering Rider. The number of customers permitted on this experimental rate will be limited to no more than a total of fifty (50) customers whose measured maximum 30-minute demands exceed 100 kVA or 100 kW. These customers will be selected by the Company and will be limited to 250 MW of aggregate, non-coincident demand. At the Company's discretion, the total number of customers and the total MW of company load eligible for the program may be increased by up to 100%. Customers must enter into a written service agreement. A Full Service customer is one that receives all retail electric services from the Company.

Program Description:

The MBT Program is voluntary and will be offered on an experimental basis through December 31, 2007, unless earlier terminated by the Company. Its purpose is to test customer response to hourly price signals quoted by the Midwest Independent Transmission System Operator, Inc. ("Midwest ISO") to supply electricity. Participation in the MBT Program offers customers the opportunity to manage their electric costs by either shifting load from higher price to lower price periods or by adding new load during lower price periods. All qualifying customers designate a Market Exposure Percentage (MEP) representing the amount of the customer's usage to be applied to market based pricing. The customer's remaining usage is priced under all provisions of a firm, fixed price (non-market based) approved Company tariff for which the customer qualifies ("Fixed Price Tariff").

Program Charge:

A charge shall be added to the bill each month to compensate the Company for additional billing, administrative, and communication costs associated with the MBT Program.

For distribution secondary service voltage	\$ 75.00
For all other service voltages	\$ 150.00

Delivery Charge:

For direct 132 kV service voltage, all kW of billing demand, per kW	\$ 4.780
For direct 33 kV and 13.8 kV service voltage, all kW of billing demand, per kW	\$ 6.480
For direct primary distribution service voltages, all kW of billing demand, per kW	\$ 6.580
For secondary distribution service voltages, all kW of billing demand, per kW	\$ 6.580

MBT Billing:

Customers participating in the MBT Program will be billed for calendar month usage based on the following calculation:

MBT Bill: Program Charge + Delivery Charge + Market Based Energy Charge + Fixed Priced Tariff Charge + Applicable Riders

A Capacity Reservation Charge may also be applicable, pursuant to the Self-Generation section of this tariff.

Market Exposure Percentage (MEP):

MEP is the percentage of the customer's total billing period usage exposed to market-based Midwest ISO prices designated by the customer in the service agreement. MEP shall be at least five percent (5%). The MEP shall not exceed thirty percent (30%) unless the customer a) qualifies for the Economic Development Option described below, or b) is transitioning from either the Company's former RTP Program, or a special contract with the Company having been approved by the Public Utilities Commission of Ohio, and the customer's charges under the MBT Program are estimated solely by the Company to be greater than ten percent (10%) more than if charged under these pricing arrangements.

Economic Development Option: MEP may exceed thirty percent (30%) at the sole option of the Company. The Company will consider factors such as whether that governmental financial incentives are provided to new customers within the Company's service territory, customers make significant capital investment in production equipment, including electrical equipment, buildings, and other capital investments related to expansion and growth, and customers make significant additions to employment or retention of the Customer's load in the Company's service territory.

Measured Load:

Measured Load shall equal the highest kW registration from a time-interval meter on a 30-minute basis.

Billing Units:

Billing Demand shall equal Measured Load multiplied by the MEP. KWh usage shall equal measured kWh multiplied by the MEP.

Market Based Energy Charge:

The Market Based Energy Charge (MBEC) is equal to market based energy usage applied to the hourly energy price quotes made publicly available by Midwest ISO, as defined in the Hourly Market Based Price section below.

The Market Based Energy Charge is calculated as follows:

$$MBEC = \sum_{t=1}^n (kWh_t \times MEP \times MBP_t)$$

Where:

- kWh_t = Customer's actual kilowatt-hour usage in hour _t
- MEP = Market Exposure Percentage
- MBP_t = The applicable Hourly Market Based Price, as defined in the Hourly Market Based Price section below, at hour_t
- t = An hour in the billing period
- n = Total number of hours in the billing period

Hourly Market Based Price:

The Hourly Market Based Price will be equal to the following:

$$MBP_t = (LMP_t \times (1 + LAF))$$

Where:

LAF = Loss adjustment factor

0.0% for service voltages of 69 kV or greater

0.1% for service voltages of 23 kV or greater up to (not including) 69 kV

3.0% for service voltages of 2.4 kV or greater up to (not including) 23 kV

6.7% for service voltages less than 2.4 kV

LMP_t = the "Day-Ahead" Locational Marginal Price, or "LMP" as defined and specified by the Midwest ISO at the Commercial Pricing Node labeled "FESR", as this node may be changed or superseded from time to time by the Midwest ISO. In the event there is an error in the LMP reported by the Midwest ISO, the Company shall apply such prices as corrected by the Midwest ISO in monthly billings.

t = An hour in the billing period

The Company shall not be responsible for failure of the customer to receive and act upon market based quotes. The customer is responsible for its access to the Internet for access to Midwest ISO pricing.

Power Factor Correction:

The Measured Load shall be adjusted for a lagging power factor of less than eighty-five hundredths (0.85) by multiplying the Measured Load by the ratio of 0.85 divided by the power factor of the load at the time of the Measured Load. No correction will be made where the power factor is found to be greater than 0.85.

Fixed Price Charges:

All non-adjusted measured usage not exposed to market-based pricing shall be charged pursuant the Fixed Price Tariff. All other charges of the Fixed Price Tariff shall apply, as appropriate, in accordance with the Fixed Price Tariff. Measured usage to be applied to the Fixed Price Tariff shall equal each measured usage type as defined in such tariff (kWh, kW, kVA, kVAr) multiplied by (100% - MEP).

Metering:

The customer is responsible for providing a working dedicated telephone line for metering purposes at each metering point and shall pay the Company any and all expenses involved in providing interval metering equipment. Maintenance of the meter(s) will be the responsibility of the Company, which will own the meter(s).

Self-Generation:

Customers having a generation source, or multiple generation sources, operating for the purpose of offsetting available power supplied by the Company ("Self-Generation Source") shall not be required to take service under the Company's Partial Service schedule while taking service under this tariff. Such partial service shall be subject to a Capacity Reservation Charge equal to the Delivery Charge stated above multiplied by the Measured Generator Load. Measured Generator Load shall equal the highest kW registration of the Self-Generation Source time-interval meter data on a 30-minute basis during the current billing period. All Self-Generation Sources shall be metered. Customers shall be responsible for providing a working dedicated telephone line for metering purposes at each metering point and shall pay the Company

any and all expenses involved in providing interval metering equipment. Maintenance of the meter(s) will be the responsibility of the Company, which will own the meter(s).

The customer must comply with all of the Company's interconnection requirements. The Company retains the right to disconnect electric service if the Self-Generation Source is connected or operates in parallel with the Company's system without approval of the Company or if such equipment in any way interferes with or jeopardizes service to other customers, endangers others or adversely affects the Company's operations.

Applicable Riders:

The Rates and charges specified above shall be modified in accordance with the provisions of the following, as applicable.

Primary Metering Discount	Sheet No. 80
Consumers Substation Discount	Sheet No. 82
Universal Service Rider	Sheet No. 90
Temporary Rider for EEF	Sheet No. 91
State and Local Tax Rider	Sheet No. 92
any other applicable rider approved by the Public Utilities Commission of Ohio	

Terms and Conditions:

Except as provided in this rate schedule, all terms, conditions, rates, and charges outlined in the Fixed Price Tariff which the customer is also served under will continue to apply. Participation in the MBT Program will not affect the customer's obligations for electric service under the existing Fixed Price Tariff. Except as expressly provided in this rate schedule, participation in the MBT Program is mutually exclusive to any other retail program the Company may offer.

Customers electing to take service under the MBT Program shall do so for a period of twelve consecutive billing periods while this tariff is in effect and shall automatically renew for the remaining term of this tariff, unless the customer provides the Company with a written request to withdraw from the program. Such written request must be received by the Company (i) at least three (3) business days prior to, and effective upon, the end of the first two billing periods while served under this rate schedule; or (ii) within sixty (60) calendar days prior to, and effective upon, the end of the twelfth billing period of service under this rate schedule. Customers are entitled to a change in the MEP within the parameters set forth in this tariff, upon written notice to the Company within sixty (60) calendar days prior to, and effective upon, the end of the twelfth billing period of service under this rate schedule.

Failure by the customer to pay all properly due amounts within thirty (30) days of when due may be cause for removal from the MBT Program, at the option of the Company.

Customers who withdraw or are removed from the MBT Program may not return to the Program.

The supplying of and billing for service and all conditions applying thereto, are subject to the jurisdiction of the Public Utilities Commission of Ohio, and to the Company's Standard Rules and Regulations currently in effect, as filed with the Public Utilities Commission of Ohio.

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The supplying of and billing for service and all conditions applying thereto, are subject to the jurisdiction of the Public Utilities Commission of Ohio, and to the Company's Standard Rules and Regulations currently in effect, as filed with the Public Utilities Commission of Ohio.

Exhibit C-3

The existing Experimental Market Based Tariff was approved under Case No. 05-1259-EL-ATA with an expiration date of December 31, 2007. This proposal is to extend this existing tariff one additional year, by amending the expiration date to be December 31, 2008. The one-year extension will allow the Company to gather additional information related to this experimental tariff. No other changes to the tariff are proposed.

VERIFICATION

State of Ohio

Summit County

Name of Officer

VP & Controller

(President) (Vice President)

, and

~~Name of Officer~~

Asst. Corp. Secretary

(Secretary) (Treasurer)

The Cleveland Electric Illuminating Co., being first duly sworn, hereby verify this Application.

Sworn and subscribed before me this 28TH day of February, 2007.

Notary Public

STEPHEN N. HADICK, Attorney at Law

Notary Public - State of Ohio

My Commission Has No Expiration Date Sec. 147.03 R.C.

