Large Filing Separator Sheet

Case Number: 07-551-EL-AIR
07-552-EL-ATA
07-553-EL-AAM
07-554-EL-UNC

Date Filed: 6/7/2007

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Description of Document:

Case No. 07-551-EL-AIR, et al.

Ohio Edison Company
The Cleveland Electric Illuminating Company
The Toledo Edison Company
Volume 4B
Section II
Direct Testimony
Exhibit 5-Attach. PRC-2 & Attach. PRC-3

Original Filing June 7, 2007

Case No. 07-551-EL-AIR
Case No. 07-552-EL-ATA
Case No. 07-553-EL-AAM
Case No. 07-554-EL-UNC

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION

OHIO EDISON COMPANY
THE CLEVELAND ELECTRIC ILLUMINATING COMPANY
THE TOLEDO EDISON COMPANY

FOR AUTHORITY TO INCREASE RATES FOR DISTRIBUTION SERVICE, MODIFY CERTAIN ACCOUNTING PRACTICES AND FOR TARIFF APPROVAL

VOLUME 4B
Section II

Standard Filing Requirements

Direct Testimony

Exhibit 5 – Attach. PRC-2 & Attach. PRC-3

12 Months Ending February 29, 2008 Test Year

Original Filing Dated June 7, 2007

Attach. PRC-2

The Cleveland Electric Illuminating Company

Cleveland Electric Illuminating Depreciation Study

Comparison of Average Service Lives, Net Salvage and Accrual Rates

Account	Description	As of 12/31/2006 SURVIVORS	CURRENT ASL/CURVE	CURRENT SALV	CURRENT RATE	CURRENT ACCRUAL	PROPOSED ASL/CURVE	PROPOSED SALV	PROPOSED RATE	PROPOSED ACCRUAL	DIFFERENCE
	TRANSMISSION										
352	Structures & Improvements	17,627,488	50 R4	-25	2.50%	440,687	50 R4	-25	2.33%	410,720	(29,967)
353	Station Equipment	128,996,972	50 R2	10	1.80%	2,321,945	50 R2	10	1.80%	2,321,945	-
354	Towers & Fixtures	326,171	50 R4	-15	2.30%	7,502	65 R4	-15	1.77%	5,773	(1,729)
355	Poles & Fixtures	35,129,991	45 R3	-75	3.89%	1,366,557	50 R3	-50	3.00%	1,053,900	(312,657)
356	Overhead Conductors & Devices	40,311,339	45 R3	-50	3.33%	1,342,368	50 R3	-39	2.78%	1,120,655	(221,712)
357	Underground Conduit	31,385,273	60 R2	-20	2.00%	627,705	60 R2	-20	2.00%	627,705	-
358	Underground Conductors & Devices	72,953,193	50 O1	0	2.00%	1,459,064	50 O1	0	2.00%	1,459,064	-
	S-TOTAL	326,730,427	50	-25	2.32%	7,565,828	54	-19.86	2.14%	6,999,763	(566,065)
	DISTRIBUTION										
361	Structures & Improvements	21,119,927	50 R3	-25	2.50%	527,998	50 R3	-25	2.45%	517,438	(10,560)
362	Station Equipment	184,086,163	45 R1	10	2.00%	3,681,723	50 R5	10	1.79%	3,295,142	(386,581)
364	Poles, Towers & Fixtures	228,136,532	40 R1	-100	5.00%	11,406,827	43 R2	-100	4.65%	10,608,349	(798,478)
365	Overhead Conductors & Devices	208,605,536	40 R1	-70	4.25%	8,865,735	45 S5	-75	3.88%	8,093,895	(771,840)
366	Underground Conduit	66,614,799	60 R2	-30	2.17%	1,445,541	60 R2	-30	2.17%	1,445,541	-
367	Underground Conductors & Devices	245,019,510	40 R1	-5	2.63%	6,444,013	45 R4	-10	2.44%	5,978,476	(465,537)
368	Line Transformers	262,338,145	40 L0	-25	3.13%	8,211,184	43 R0.5	-25	2.91%	7,634,040	(577,144)
369	Services	64,365,125	40 O1	-30	3.25%	2,091,867	28 S2	-30	4.64%	2,986,542	894,675
370	Meters	90,945,017	38 R2	-20	3.16%	2,873,863	10 Years	0	See Note 1	5,432,191	2,558,329
371	Installations On Customer Premises	21,679,976	40 O1	-30	3.25%	704,599	5 Years	0	See Note 2	2,983,600	2,279,000
373	Street Lighting & Signal Systems	66,611,171	18 R2	0	5.56%	3,703,581	27 R4	0	3.65%	2,431,308	(1,272,273)
	S-TOTAL	1,459,521,901	41	-29.55	3.42%	49,956,931	37	-25.91	3.52%	51,406,522	1,449,591
	GENERAL										
390	Structures & Improvements	32,523,212	50 R2	-10	2.20%	715,511	50 R2	-10	2.20%	715,510.66	-
3911	Office Furniture & Equipment	3,536,067	15 O1	10	6.00%	212,164	12.5 L1	5	7.60%	268,741.09	56,577
3912	Data Processing Equipment	6,143,574	15 O1	10	6.00%	368,614	9 R2.5	5	10.56%	648,761.41	280,147
392	Transportation Equipment	4,412,169	10 L2	10	8.50%	375,034	14 L3	15	5.86%	258,553.10	(116,481)
393	Stores Equipment	888,073	20 O3	0	5.00%	44,404	15 O1	0	6.23%	55,326.95	10,923
394	Tools, Shop & Garage Equipment	9,197,573	25 O2	3	3.88%	356,866	21 O3	3	4.62%	424,927.87	68,062
395	Laboratory Equipment	5,247,182	35 O1	10	2.57%	134,853	39 R1.5	10	2.31%	121,209.90	(13,643)
396	Power Operated Equipment	4,725,623	15 L2	15	5.67%	267,943	19 L0.5	15	4.47%	211,235.35	(56,707)
397	Communications Equipment	244,820	18 L2	-5	5.83%	14,273	14 L1	-6	7.50%	18,361.50	4,088
398	Miscellaneous Equipment	293,531	15 O3	0	5.56%	16,320	15 R3	0	6.67%	19,578.52	3,258
	S-TOTAL	67,211,824	22	4.3	3.73%	2,505,982	21	3.8	4.08%	2,742,206	236,225
	G-TOTAL	1,853,464,152				60,028,741				61,148,491	1,119,751

Note 1: Account 370 - Meters is going to use an end of life date of 10 years from the time the rates are implemented. (4/30/19 if rates are implemented 5/1/09)
Remaining Life Depreciation is calculated on a net plant basis and ensures that all plant, including any new additions are fully depreciated in a 10 year period.
The depreciation rate increases monthly with the average rate of Year 1 being 10.5%

Note 2: Account 371 - Installation on Customer Premises is going to use an end of life date of 5 years from the time the rates are implemented. (4/30/14 if rates are implemented 5/1/09)
Remaining Life Depreciation is calculated on a net plant basis and ensures that all plant, including any new additions are fully depreciated in a 5 year period.
The depreciation rate increases monthly with the average rate of Year 1 being 22.5%

Cleveland Electric Illuminating Company
Theoretical Reserve Summary
As of December 31, 2006

Account	Description	As of 12/31/2006 SURVIVORS	ACTUAL BOOK RESERVE	ACTUAL PCT TO PLANT	PROPOSED THEO. RESERVE	PROPOSED PCT TO PLANT	DIFFERENCE BETWEEN ACTUAL AND THEO. RESERVE
	TRANSMISSION	(1)	(2)	(3) = (2/1)	(4)	(5) = (4/1)	(6) = (2-4)
352	Structures & Improvements	17,627,488	10,788,340	61.20%	10,178,568	57.74%	609,771
353	Station Equipment	128,996,972	52,380,132	40.61%	41,917,124	32.49%	10,463,008
354	Towers & Fixtures	326,171	1,577,440	483.62%	226,633	69.48%	1,350,807
355	Poles & Fixtures	35,129,991	27,249,472	77.57%	19,963,975	56.83%	7,285,497
356	Overhead Conductors & Devices	40,311,339	20,666,788	51.27%	20,099,690	49.86%	567,098
357	Underground Conduit	31,385,273	23,028,666	73.37%	20,746,812	66.10%	2,281,854
358	Underground Conductors & Devices	72,953,193	22,853,739	31.33%	18,882,830	25.88%	3,970,908
	S-TOTAL	326,730,427	158,544,577	48.52%	132,015,633	40.41%	26,528,944
	DISTRIBUTION						
361	Structures & Improvements	21,119,927	13,752,912	65.12%	15,021,784	71.13%	(1,268,872)
362	Station Equipment	184,086,163	52,107,591	28.31%	68,529,416	37.23%	(16,421,825)
364	Poles, Towers & Fixtures	228,136,532	139,433,700	61.12%	136,337,062	59.76%	3,096,637
365	Overhead Conductors & Devices	208,605,536	116,302,638	55.75%	133,845,854	64.16%	(17,543,216)
366	Underground Conduit	66,614,799	29,880,481	44.86%	32,229,601	48.38%	(2,349,120)
367	Underground Conductors & Devices	245,019,510	55,563,607	22.68%	66,614,839	27.19%	(11,051,232)
368	Line Transformers	262,338,145	75,467,258	28.77%	80,329,726	30.62%	(4,862,469)
369	Services	64,365,125	9,046,614	14.06%	37,590,902	58.40%	(28,544,288)
370	Meters	90,945,017	36,623,104	40.27%	29,137,426	32.04%	7,485,679
371	Installations On Customer Premises	21,679,976	6,761,979	31.19%	13,108,061	60.46%	(6,346,082)
373	Street Lighting & Signal Systems	66,611,171	34,147,799	51.26%	31,850,881	47.82%	2,296,918
	S-TOTAL	1,459,521,902	569,087,683	38.99%	644,595,553	44.16%	(75,507,869)
	GENERAL						
390	Structures & Improvements	32,523,212	12,300,430	37.82%	10,953,917	33.68%	1,346,513
3911	Office Furniture & Equipment	3,536,067	828,329	23.43%	1,386,406	39.21%	(558,076)
3912	Data Processing Equipment	6,143,574	1,239,090	20.17%	3,501,503	56.99%	(2,262,413)
392	Transportation Equipment	4,412,169	3,726,380	84.46%	2,805,426	63.58%	920,954
393	Stores Equipment	888,073	48,088	5.41%	612,754	69.00%	(564,666)
394	Tools, Shop & Garage Equipment	9,197,573	2,115,617	23.00%	214,980	2.34%	1,900,637
395	Laboratory Equipment	5,247,182	1,553,603	29.61%	1,668,357	31.80%	(114,754)
396	Power Operated Equipment	4,725,623	3,395,551	71.85%	1,862,325	39.41%	1,533,226
397	Communications Equipment	244,820	45,681	18.66%	76,119	31.09%	(30,438)
398	Miscellaneous Equipment	293,531	88,321	30.09%	4,601	1.57%	83,720
	S-TOTAL	67,211,823	25,341,090	37.70%	23,086,386	34.35%	2,254,704
	G-TOTAL	1,853,464,152	752,973,350	40.63%	799,697,571	43.15%	(46,724,221)

Cleveland Electric Illuminating Company
Theoretical Reserve Ratio Comparisons
As of December 31, 2006

		Ratio of Actual Reserve to Theoretical Reserve	Ratio of Reserve to Percent of Plant Approved Rates	Ratio of Reserve to Percent of Plant Proposed Rates
Actual Depreciation Reserve as of 12/31/06 for Electric Plant	$ 752,973,349.94	--	40.6%	--
Theoretical Reserve as of 12/31/06 per Proposed Rates	$ 799,697,571.42	94.2%	--	43.1%
Plant In Service	$ 1,853,464,152.06			

Cleveland Electric Illuminating Company

Average Life and Salvage Rate Determination

Based On Year End 2006 Data using Beginning Balance 1999

Account 352 Structures & Improvements

Life and Iowa Survivor Curve

Current Life and Iowa Survivor Curve is 50 R4

Actuarial Life Analysis

271 L3 best fit using 1999 - 2006 data

Industry Survey - EEI Survey of Depreciation Statistics 2003

Service Life Range 36 - 70 Years

Recommendation

Continue with 50 R4 based on Industry Standards and Actuarial Life Analysis

Comments:
No change was recommended as our data for analysis was too limited to establish a trend. The previous studies had used historical data through 1993 and also disregarded the 90 R4 that the data produced at that time opting instead to use EEI industry standards.

Salvage Factor Estimates

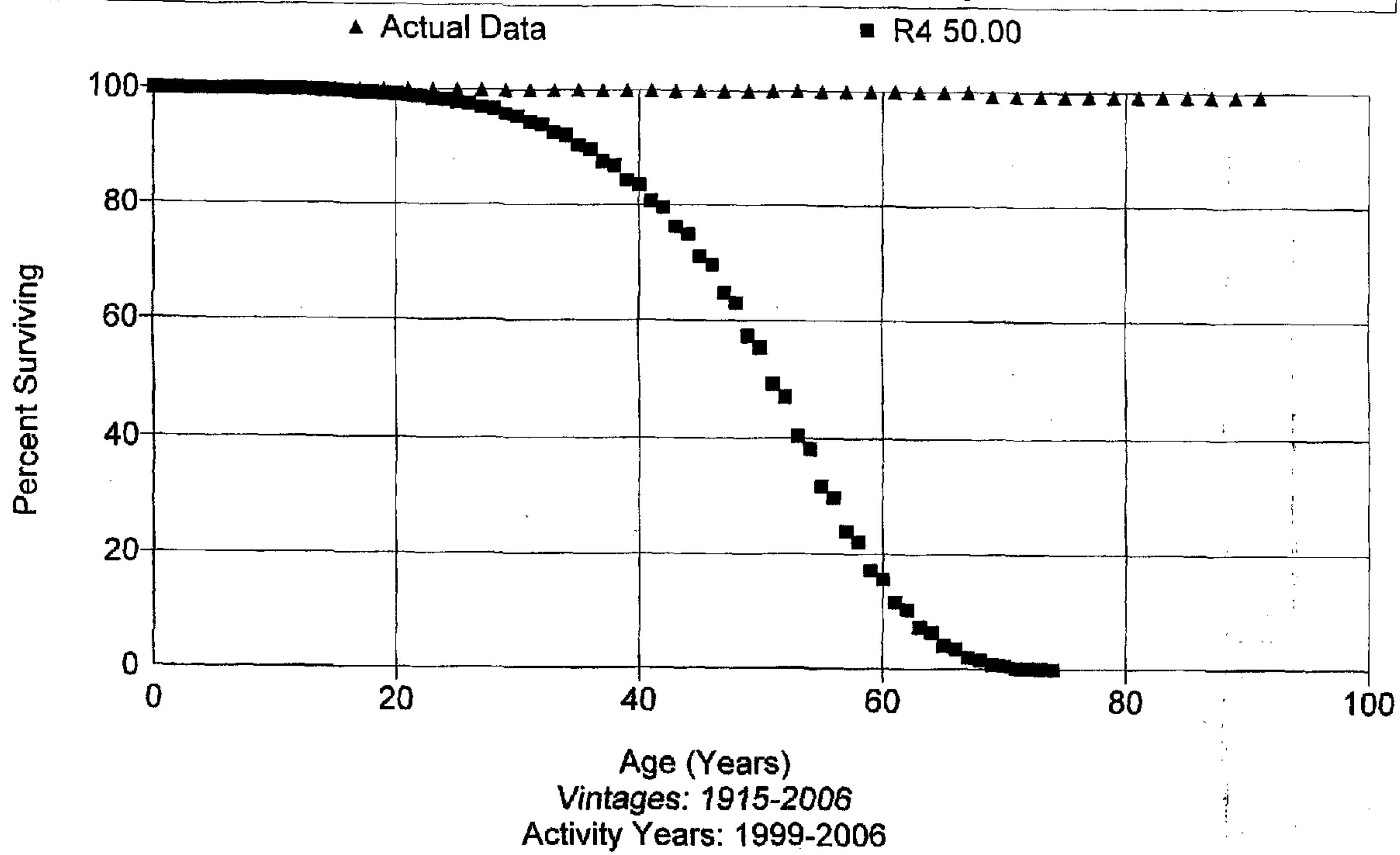
Current Net salvage Rate is -25%
Proposed Net salvage Rate -25%

Comments:
The previous study cited a lack of activity which warranted no change in the current net salvage rate. This study provides data from 1999 - 2006 with only one retirement in the period. Industry Averages per the 2003 EEI Study for the Net Salvage rate range from 0% to -40%

Summary of Recommendations

50	Average Service Life
R4	Iowa Curve
-25	% Net Salvage

Cleveland Electric Illuminating Company
Account: 352 Structures & Improvements



Observed Life Table

Scenario: CECO Txm STudy 2007 Scenario
Account: CECO 101/6-352 Structures/Improve
Placement Band: 1915 - 2006 **Observation Band:** 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirment Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
0	55,685.39	0.00	0.00000	1.00000	100.00
0.5	503,278.42	0.00	0.00000	1.00000	100.00
1.5	4,484,519.12	0.00	0.00000	1.00000	100.00
2.5	4,936,846.83	0.00	0.00000	1.00000	100.00
3.5	5,140,176.22	0.00	0.00000	1.00000	100.00
4.5	5,240,913.22	0.00	0.00000	1.00000	100.00
5.5	5,049,930.74	0.00	0.00000	1.00000	100.00
6.5	9,036,403.74	0.00	0.00000	1.00000	100.00
7.5	9,036,995.74	0.00	0.00000	1.00000	100.00
8.5	8,841,597.03	0.00	0.00000	1.00000	100.00
9.5	4,949,424.47	0.00	0.00000	1.00000	100.00
10.5	4,593,384.93	0.00	0.00000	1.00000	100.00
11.5	4,709,411.11	0.00	0.00000	1.00000	100.00
12.5	4,658,194.11	0.00	0.00000	1.00000	100.00
13.5	4,468,140.11	0.00	0.00000	1.00000	100.00
14.5	1,070,396.11	0.00	0.00000	1.00000	100.00
15.5	1,316,668.11	0.00	0.00000	1.00000	100.00
16.5	809,924.00	0.00	0.00000	1.00000	100.00
17.5	630,126.00	0.00	0.00000	1.00000	100.00
18.5	608,466.00	0.00	0.00000	1.00000	100.00
19.5	1,311,204.00	0.00	0.00000	1.00000	100.00
20.5	2,568,588.00	0.00	0.00000	1.00000	100.00
21.5	3,463,300.00	0.00	0.00000	1.00000	100.00
22.5	2,427,898.00	0.00	0.00000	1.00000	100.00
23.5	2,513,884.00	0.00	0.00000	1.00000	100.00
24.5	2,849,941.00	0.00	0.00000	1.00000	100.00
25.5	1,397,397.00	0.00	0.00000	1.00000	100.00
26.5	3,788,736.00	0.00	0.00000	1.00000	100.00
27.5	3,368,366.00	0.00	0.00000	1.00000	100.00
28.5	3,673,629.00	0.00	0.00000	1.00000	100.00
29.5	3,641,402.00	0.00	0.00000	1.00000	100.00
30.5	3,241,879.00	0.00	0.00000	1.00000	100.00
31.5	3,168,023.00	0.00	0.00000	1.00000	100.00
32.5	2,704,501.00	0.00	0.00000	1.00000	100.00
33.5	2,724,001.00	0.00	0.00000	1.00000	100.00
34.5	534,136.00	0.00	0.00000	1.00000	100.00
35.5	892,208.00	0.00	0.00000	1.00000	100.00
36.5	907,091.00	0.00	0.00000	1.00000	100.00
37.5	533,800.00	0.00	0.00000	1.00000	100.00
38.5	408,800.00	0.00	0.00000	1.00000	100.00
39.5	542,623.00	0.00	0.00000	1.00000	100.00
40.5	1,221,593.00	0.00	0.00000	1.00000	100.00
41.5	1,148,869.00	0.00	0.00000	1.00000	100.00
42.5	1,027,511.00	0.00	0.00000	1.00000	100.00
43.5	1,027,763.00	0.00	0.00000	1.00000	100.00
44.5	873,984.00	0.00	0.00000	1.00000	100.00
45.5	795,684.00	0.00	0.00000	1.00000	100.00
46.5	761,879.00	0.00	0.00000	1.00000	100.00
47.5	699,254.00	0.00	0.00000	1.00000	100.00
48.5	353,317.00	0.00	0.00000	1.00000	100.00
49.5	545,085.00	0.00	0.00000	1.00000	100.00
50.5	424,248.00	0.00	0.00000	1.00000	100.00
51.5	420,996.00	0.00	0.00000	1.00000	100.00
52.5	413,546.00	0.00	0.00000	1.00000	100.00

Observed Life Table

Scenario: CECO Txm STudy 2007 Scenario

Account: CECO 101/6-352 Structures/improve

Placement Band: 1915 - 2006

Observation Band: 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirment Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
53.5	411,214.00	0.00	0.00000	1.00000	100.00
54.5	772,964.00	0.00	0.00000	1.00000	100.00
55.5	882,973.00	0.00	0.00000	1.00000	100.00
56.5	817,315.00	0.00	0.00000	1.00000	100.00
57.5	512,802.00	0.00	0.00000	1.00000	100.00
58.5	495,878.00	0.00	0.00000	1.00000	100.00
59.5	508,140.00	0.00	0.00000	1.00000	100.00
60.5	542,574.00	0.00	0.00000	1.00000	100.00
61.5	641,539.00	0.00	0.00000	1.00000	100.00
62.5	257,955.00	0.00	0.00000	1.00000	100.00
63.5	255,977.00	0.00	0.00000	1.00000	100.00
64.5	280,391.00	0.00	0.00000	1.00000	100.00
65.5	281,149.00	0.00	0.00000	1.00000	100.00
66.5	213,599.00	0.00	0.00000	1.00000	100.00
67.5	447,878.00	2,917.00	0.00651	0.99349	100.00
68.5	691,524.00	0.00	0.00000	1.00000	99.35
69.5	649,418.00	0.00	0.00000	1.00000	99.35
70.5	679,644.00	0.00	0.00000	1.00000	99.35
71.5	696,769.00	0.00	0.00000	1.00000	99.35
72.5	951,947.00	0.00	0.00000	1.00000	99.35
73.5	1,146,033.00	0.00	0.00000	1.00000	99.35
74.5	978,972.00	0.00	0.00000	1.00000	99.35
75.5	885,137.00	0.00	0.00000	1.00000	99.35
76.5	735,894.00	0.00	0.00000	1.00000	99.35
77.5	482,728.00	0.00	0.00000	1.00000	99.35
78.5	452,816.00	0.00	0.00000	1.00000	99.35
79.5	435,097.00	0.00	0.00000	1.00000	99.35
80.5	338,468.00	0.00	0.00000	1.00000	99.35
81.5	200,612.00	0.00	0.00000	1.00000	99.35
82.5	199,631.00	0.00	0.00000	1.00000	99.35
83.5	198,575.00	0.00	0.00000	1.00000	99.35
84.5	94,102.00	0.00	0.00000	1.00000	99.35
85.5	91,152.00	0.00	0.00000	1.00000	99.35
86.5	91,152.00	0.00	0.00000	1.00000	99.35
87.5	91,125.00	0.00	0.00000	1.00000	99.35
88.5	13,670.00	0.00	0.00000	1.00000	99.35
89.5	0.00	0.00	0.00000	0.00000	99.35

Net Salvage Analysis Report

			Gross Salvage (Cash)		Gross Salvage (Returns)		Cost of Removal		Net Salvage		
Account	Year	Retirements	Amount	Pct.	Amount	Pct.	Amount	Pct.	Amount	Pct.	1-Yr Avg
CECO 352 Structures/Improvements	2000	2,917.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CECO 352 Structures/Improvements	2004	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		2,917.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

Whole Life Depreciation Accrual

Account: CECO 101/6-352 Structures/improve
Dispersion: 50 - R4

erage Net Salvage Rate: -25.00%
ture Net Salvage Rate: -25.00%

Broad Group Procedure

January 1 , 2007

	Plant Amt	Period (Years)	Accrual (Dollars)	Accrual Rate (Percent)
Pre- 2007 Additions	$17,627,487.65		$405,374.61	2.299676
Whole Life		50	$410,330.52	
Amortization		0	$0.00	
Retirements	$396,472.17	*50*	$4,955.90	
2007 Additions	$0.00		$0.00	0.000000
Whole Life			$0.00	
Retirements	$0.00	0.00	$0.00	
Total:	$17,627,487.65 *		$405,374.61	2.299679
Average:	$17,429,251.56		$405,374.61	2.325829
Grand Total:	$17,627,487.65 *		$405,374.61	2.299679

* Excluding 2007 Retirements

Generation Arrangement Report

Account: CECO 101/6-352 Structures/improve

Dispersion: 50.00 - R4

Average Net Salvage Rate: -25.00%

Future Net Salvage Rate: -25.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
2004	2.50	$0.00	50.00	47.50	1.1876	1.0000	$0.00	$0.00
2003	3.50	$274,299.91	50.00	46.50	1.1626	1.0000	$318,903.32	$6,857.50
2000	6.50	$0.00	50.00	43.51	1.0878	1.0000	$0.00	$0.00
1999	7.50	$0.00	50.00	42.52	1.0629	1.0000	$0.00	$0.00
1998	8.50	$0.00	50.00	41.52	1.0381	1.0000	$0.00	$0.00
1997	9.50	$4,410,540.01	50.00	40.53	1.0133	1.0000	$4,468,983.88	$110,263.50
1996	10.50	$519,978.32	50.00	39.54	0.9885	1.0000	$513,983.66	$12,999.46
1995	11.50	$169,524.30	50.00	38.55	0.9637	1.0000	$163,374.87	$4,238.11
1994	12.50	$14,239.00	50.00	37.56	0.9390	1.0000	$13,370.99	$355.97
1993	13.50	$121,758.00	50.00	36.58	0.9144	1.0000	$111,337.99	$3,043.95
1992	14.50	$4,072,971.00	50.00	35.59	0.8899	1.0000	$3,624,424.50	$101,824.28
1991	15.50	$0.00	50.00	34.62	0.8654	1.0000	$0.00	$0.00
1990	16.50	$26,205.11	50.00	33.64	0.8411	1.0000	$22,039.85	$655.13
1989	17.50	$61,948.00	50.00	32.67	0.8168	1.0000	$50,599.17	$1,548.70
1988	18.50	$25,795.00	50.00	31.71	0.7927	1.0000	$20,447.04	$644.88
1987	19.50	$149,110.00	50.00	30.75	0.7687	1.0000	$114,619.07	$3,727.75
1986	20.50	$26,727.00	50.00	29.79	0.7449	1.0000	$19,907.94	$668.18
1985	21.50	$61,445.00	50.00	28.85	0.7212	1.0000	$44,314.26	$1,536.13
1984	22.50	$68,333.00	50.00	27.91	0.6977	1.0000	$47,678.53	$1,708.33
1983	23.50	$108,953.00	50.00	26.98	0.6745	1.0000	$73,487.08	$2,723.83
1982	24.50	$76,791.00	50.00	26.06	0.6515	1.0000	$50,025.69	$1,919.78
1981	25.50	$18,786.00	50.00	25.15	0.6287	1.0000	$11,810.12	$469.65
1980	26.50	$16,025.00	50.00	24.25	0.6061	1.0000	$9,713.45	$400.63
1979	27.50	$481,223.00	50.00	23.36	0.5839	1.0000	$280,987.71	$12,030.58
1978	28.50	$22,670.00	50.00	22.48	0.5620	1.0000	$12,739.60	$566.75
1977	29.50	$49,293.00	50.00	21.61	0.5403	1.0000	$26,634.33	$1,232.32
1976	30.50	$246,947.00	50.00	20.76	0.5190	1.0000	$128,171.17	$6,173.68
1975	31.50	$71,378.00	50.00	19.92	0.4981	1.0000	$35,550.47	$1,784.45
1974	32.50	$486,199.00	50.00	19.10	0.4775	1.0000	$232,136.04	$12,154.98
1973	33.50	$10,959.00	50.00	18.29	0.4572	1.0000	$5,010.57	$273.98
1972	34.50	$2,192,963.00	50.00	17.49	0.4373	1.0000	$959,058.69	$54,824.08
1971	35.50	$41,820.00	50.00	16.71	0.4178	1.0000	$17,473.98	$1,045.50
1970	36.50	$177,926.00	50.00	15.95	0.3987	1.0000	$70,943.37	$4,448.15

Account: CECO 101/6-352 Structures/improve

Dispersion: 50.00 - R4

Average Net Salvage Rate: -25.00%

Future Net Salvage Rate: -25.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
1969	37.50	$29,153.00	50.00	15.20	0.3800	1.0000	$11,077.76	$728.83
1968	38.50	$206,567.00	50.00	14.46	0.3616	1.0000	$74,698.83	$5,164.18
1967	39.50	$0.00	50.00	13.75	0.3436	1.0000	$0.00	$0.00
1966	40.50	$23,424.00	50.00	13.04	0.3260	1.0000	$7,635.88	$585.60
1965	41.50	$3,564.00	50.00	12.35	0.3087	1.0000	$1,100.16	$89.10
1964	42.50	$13,301.00	50.00	11.67	0.2917	1.0000	$3,880.28	$332.53
1963	43.50	$10,947.00	50.00	11.01	0.2752	1.0000	$3,012.08	$273.68
1962	44.50	$163,612.00	50.00	10.36	0.2591	1.0000	$42,384.40	$4,090.30
1961	45.50	$81,862.00	50.00	9.74	0.2435	1.0000	$19,936.87	$2,046.55
1960	46.50	$23,688.00	50.00	9.15	0.2287	1.0000	$5,417.80	$592.20
1959	47.50	$48,608.00	50.00	8.59	0.2147	1.0000	$10,433.93	$1,215.20
1958	48.50	$571,155.00	50.00	8.06	0.2014	1.0000	$115,031.91	$14,278.88
1957	49.50	$8,370.00	50.00	7.56	0.1890	1.0000	$1,581.70	$209.25
1956	50.50	$96,930.00	50.00	7.09	0.1774	1.0000	$17,191.01	$2,423.25
1955	51.50	$4,713.00	50.00	6.66	0.1665	1.0000	$784.74	$117.83
1954	52.50	$9,649.00	50.00	6.26	0.1564	1.0000	$1,508.89	$241.23
1953	53.50	$5,042.00	50.00	5.88	0.1469	1.0000	$740.68	$126.05
1952	54.50	$477.00	50.00	5.52	0.1380	1.0000	$65.83	$11.93
1950	56.50	$194,034.00	50.00	4.87	0.1217	1.0000	$23,604.59	$4,850.85
1949	57.50	$198,582.00	50.00	4.56	0.1140	1.0000	$22,647.77	$4,964.55
1948	58.50	$10,195.00	50.00	4.27	0.1067	1.0000	$1,088.21	$254.88
1947	59.50	$2,646.00	50.00	3.99	0.0997	1.0000	$263.71	$66.15
1946	60.50	$1,487.00	50.00	3.71	0.0928	1.0000	$137.95	$37.17
1945	61.50	$1,914.00	50.00	3.44	0.0860	1.0000	$164.64	$47.85
1944	62.50	$360,539.00	50.00	3.18	0.0794	1.0000	$28,622.34	$9,013.48
1943	63.50	$2,156.00	50.00	2.91	0.0729	1.0000	$157.09	$53.90
1942	64.50	$121,601.00	50.00	2.66	0.0664	1.0000	$8,079.47	$3,040.03
1941	65.50	$155.00	50.00	2.41	0.0601	1.0000	$9.32	$3.88
1940	66.50	$444.00	50.00	2.16	0.0540	1.0000	$23.97	$11.10
1939	67.50	$17,814.00	50.00	1.92	0.0480	1.0000	$854.91	$445.35
1938	68.50	$7,153.00	50.00	1.69	0.0422	1.0000	$301.82	$178.83
1937	69.50	$100,890.00	50.00	1.46	0.0366	1.0000	$3,694.51	$2,522.25
1936	70.50	$7,725.00	50.00	1.25	0.0313	1.0000	$241.68	$193.13

Generation Arrangement Report

Account: CECO 101/6-352 Structures/improve

Dispersion: 50.00 - R4

Average Net Salvage Rate: -25.00%

Future Net Salvage Rate: -25.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
1935	71.50	$195.00	50.00	1.05	0.0262	1.0000	$5.11	$4.88
1934	72.50	$76,360.00	50.00	0.86	0.0214	1.0000	$1,636.71	$1,909.00
1933	73.50	$913.00	50.00	0.68	0.0170	1.0000	$15.54	$22.83
1932	74.50	$2,549.00	50.00	0.50	0.0125	1.0000	$31.86	$63.72
1931	75.50	$135,430.00	50.00	0.00	0.0000	0.0000	$0.00	$0.00
1930	76.50	$253,716.00	50.00	0.00	0.0000	0.0000	$0.00	$0.00
1929	77.50	$172,104.00	50.00	0.00	0.0000	0.0000	$0.00	$0.00
1928	78.50	$29,912.00	50.00	0.00	0.0000	0.0000	$0.00	$0.00
1927	79.50	$17,746.00	50.00	0.00	0.0000	0.0000	$0.00	$0.00
1926	80.50	$174,084.00	50.00	0.00	0.0000	0.0000	$0.00	$0.00
1925	81.50	$151,526.00	50.00	0.00	0.0000	0.0000	$0.00	$0.00
1924	82.50	$981.00	50.00	0.00	0.0000	0.0000	$0.00	$0.00
1923	83.50	$1,056.00	50.00	0.00	0.0000	0.0000	$0.00	$0.00
1922	84.50	$104,473.00	50.00	0.00	0.0000	0.0000	$0.00	$0.00
1921	85.50	$2,950.00	50.00	0.00	0.0000	0.0000	$0.00	$0.00
1919	87.50	$27.00	50.00	0.00	0.0000	0.0000	$0.00	$0.00
1918	88.50	$77,455.00	50.00	0.00	0.0000	0.0000	$0.00	$0.00
1917	89.50	$13,670.00	50.00	0.00	0.0000	0.0000	$0.00	$0.00
1913	93.50	$30,452.00	50.00	0.00	0.0000	0.0000	$0.00	$0.00
1911	95.50	$7,093.00	50.00	0.00	0.0000	0.0000	$0.00	$0.00
1910	96.50	$41,592.00	50.00	0.00	0.0000	0.0000	$0.00	$0.00
		$17,627,487.65	50.00	26.90	0.6726	1.0000	$11,855,791.30	$410,330.52

Depreciation Reserve Summary

Account: CECO 101/6-352 Structures/improve
Scenario: CECO Txm STudy 2007 Scenario
persion: 50 - R4
rage Net Salvage Rate: -25.00%
Future Net Salvage Rate: -25.00%

Broad Group Procedure

January 1 , 2007

		Depreciation Reserve		Net Plant	
	Plant Amt	Amount	Ratio	Amount	Ratio
Recorded	$17,627,487.65	$10,788,339.76	0.6120	$11,246,019.80	0.6380
Computed	$17,627,487.65	$10,178,568.27	0.5774	$11,855,791.29	0.6726
Difference		$609,771.49	0.0346	($609,771.49)	-0.0346

Cleveland Electric & Illuminating Company

Average Life and Salvage Rate Determination

Based On Year End 2006 Data using Beginning Balance 1999

Account 353 Station Equipment

Life and Iowa Survivor Curve

Current Life and Iowa Survivor Curve is 50 R2

Actuarial Life Analysis

190 L0 best fit using 1999 - 2006 data

Industry Survey - EEI Survey of Depreciation Statistics 2003

Service Life Range 10 - 60 Years

Recommendation

Continue with 50 R2 based on Industry Standards and Actuarial Life Analysis

Comments:
No change was recommended as our data for analysis was too limited to establish a trend.
The previous study recommended a 50 R2 as it was in line with Industry Standards in 1993.
It remains a viable choice in reviewing the 2003 EEI Report.

Salvage Factor Estimates

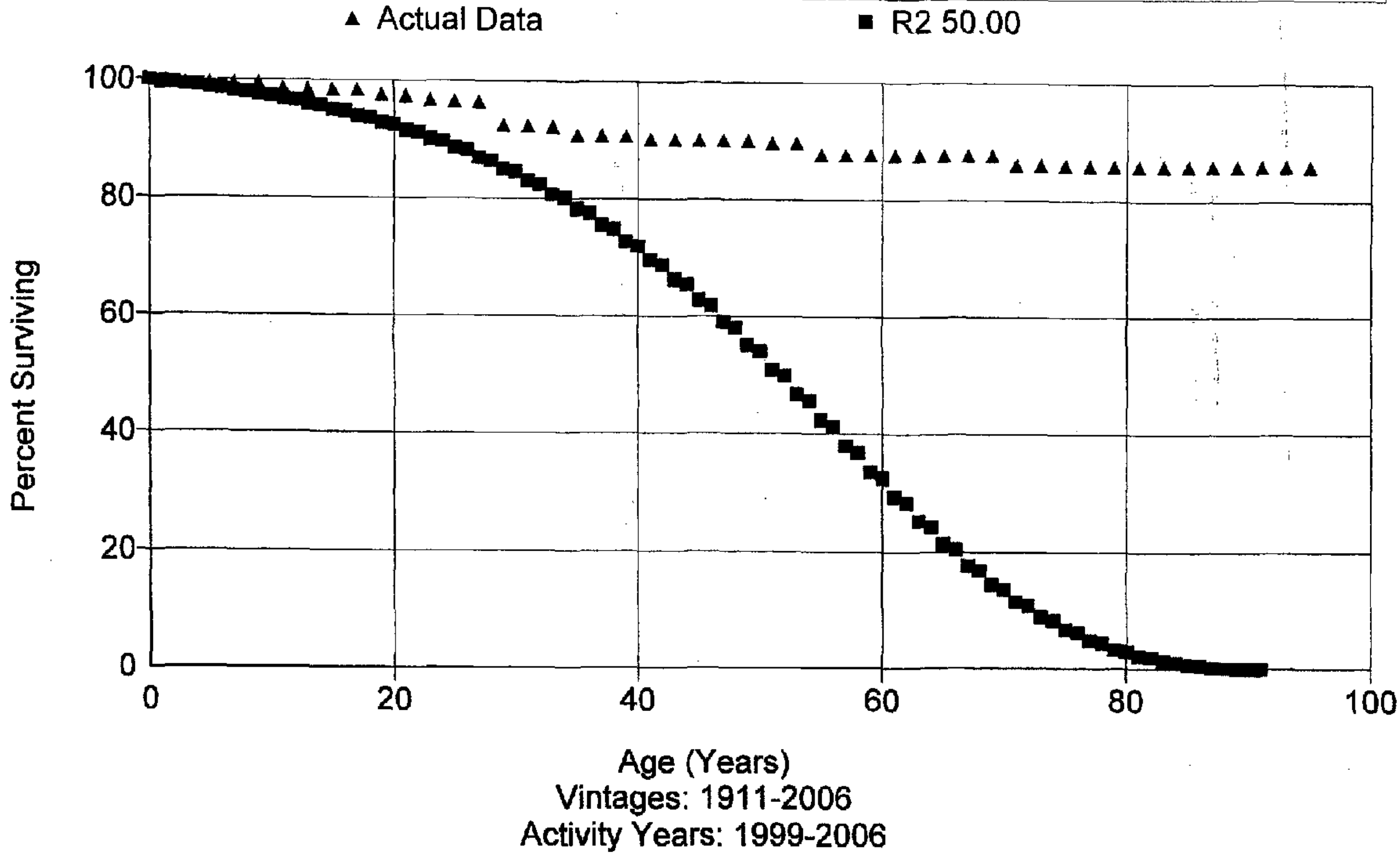
Current Net salvage Rate is 10%
Proposed Net salvage Rate 10%

Comments:
The current 8 year study results were inconclusive and well in excess of industry trends . The EEI Industry ranges for net salvage are 30% to -25%. At this juncture we recommend continuing with the salvage rate of 10% arrived at in the previous Study.

Summary of Recommendations

50	Average Service Life
R2	Iowa Curve
10	% Net Salvage

Cleveland Electric Illuminating Company
Account 353 Station Equipment



Observed Life Table

Scenario: CECO Txm STudy 2007 Scenario
Account: CECO 101/6-353 Station equipment
Placement Band: 1911 - 2006 Observation Band: 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirement Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
0	322,199.56	0.00	0.00000	1.00000	100.00
0.5	7,438,022.46	29,198.37	0.00393	0.99607	100.00
1.5	29,009,727.98	21,706.00	0.00075	0.99925	99.61
2.5	52,748,308.15	145.73	0.00000	1.00000	99.54
3.5	59,700,324.66	0.00	0.00000	1.00000	99.54
4.5	75,328,056.82	0.00	0.00000	1.00000	99.54
5.5	76,368,485.77	0.00	0.00000	1.00000	99.54
6.5	82,053,940.63	-2,918.25	-0.00004	1.00004	99.54
7.5	76,611,631.41	-13,917.00	-0.00018	1.00018	99.54
8.5	70,279,251.41	0.00	0.00000	1.00000	99.56
9.5	64,209,507.65	626,360.04	0.00975	0.99025	99.56
10.5	41,712,268.45	0.00	0.00000	1.00000	98.59
11.5	55,892,426.63	79,334.00	0.00142	0.99858	98.59
12.5	40,526,690.04	0.00	0.00000	1.00000	98.45
13.5	36,771,713.93	0.00	0.00000	1.00000	98.45
14.5	46,709,956.57	0.00	0.00000	1.00000	98.45
15.5	41,903,629.94	0.00	0.00000	1.00000	98.45
16.5	29,450,690.27	1,055.12	0.00004	0.99996	98.45
17.5	19,108,455.54	0.00	0.00000	1.00000	98.45
18.5	11,251,513.00	94,780.10	0.00842	0.99158	98.45
19.5	9,831,451.86	7,903.74	0.00080	0.99920	97.62
20.5	21,462,032.16	0.00	0.00000	1.00000	97.54
21.5	30,534,385.16	193,658.00	0.00634	0.99366	97.54
22.5	23,571,735.16	12,960.00	0.00055	0.99945	96.92
23.5	19,618,481.16	0.00	0.00000	1.00000	96.87
24.5	20,265,293.00	55,456.00	0.00274	0.99726	96.87
25.5	14,008,678.00	0.00	0.00000	1.00000	96.60
26.5	22,525,187.00	14,601.00	0.00065	0.99935	96.60
27.5	22,692,804.00	15,076.00	0.00066	0.99934	96.54
28.5	23,271,451.92	928,120.00	0.03988	0.96012	96.48
29.5	23,361,362.65	0.00	0.00000	1.00000	92.63
30.5	22,999,300.00	28,312.32	0.00123	0.99877	92.63
31.5	20,834,738.68	20,830.89	0.00100	0.99900	92.52
32.5	15,320,326.79	9,618.00	0.00063	0.99937	92.43
33.5	15,330,966.79	200,819.00	0.01310	0.98690	92.37
34.5	10,356,582.79	24,081.00	0.00233	0.99767	91.16
35.5	8,311,686.40	625.00	0.00008	0.99992	90.95
36.5	7,315,734.11	0.00	0.00000	1.00000	90.94
37.5	5,532,073.11	373.00	0.00007	0.99993	90.94
38.5	4,155,757.11	5,828.67	0.00140	0.99860	90.93
39.5	5,948,764.33	26,862.00	0.00452	0.99548	90.80
40.5	9,980,631.33	6,225.00	0.00062	0.99938	90.39
41.5	10,138,456.09	0.00	0.00000	1.00000	90.33
42.5	10,157,064.09	16,382.17	0.00161	0.99839	90.33
43.5	10,172,864.59	6,857.00	0.00067	0.99933	90.18
44.5	9,627,624.73	663.19	0.00007	0.99993	90.12
45.5	10,043,916.54	0.00	0.00000	1.00000	90.11
46.5	9,904,277.54	0.00	0.00000	1.00000	90.11
47.5	9,558,992.40	191.00	0.00002	0.99998	90.11
48.5	10,144,853.40	362.00	0.00004	0.99996	90.11
49.5	8,343,801.59	2,408.00	0.00029	0.99971	90.11
50.5	7,261,393.00	30,133.66	0.00415	0.99585	90.08
51.5	6,345,163.34	0.00	0.00000	1.00000	89.71
52.5	5,509,247.34	0.00	0.00000	1.00000	89.71

Observed Life Table

Scenario: CECO Txm STudy 2007 Scenario

Account: CECO 101/6-353 Station equipment

Placement Band: 1911 - 2006

Observation Band: 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirment Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
53.5	5,395,567.34	281.00	0.00005	0.99995	89.71
54.5	6,100,791.34	133,050.00	0.02181	0.97819	89.71
55.5	5,678,187.34	0.00	0.00000	1.00000	87.75
56.5	4,021,937.50	0.00	0.00000	1.00000	87.75
57.5	2,836,026.50	0.00	0.00000	1.00000	87.75
58.5	2,576,733.00	0.00	0.00000	1.00000	87.75
59.5	2,769,067.00	0.00	0.00000	1.00000	87.75
60.5	3,250,527.00	0.00	0.00000	1.00000	87.75
61.5	3,437,128.00	0.00	0.00000	1.00000	87.75
62.5	2,895,904.00	0.00	0.00000	1.00000	87.75
63.5	2,535,093.00	0.00	0.00000	1.00000	87.75
64.5	1,454,125.00	0.00	0.00000	1.00000	87.75
65.5	1,726,285.00	0.00	0.00000	1.00000	87.75
66.5	1,622,854.00	0.00	0.00000	1.00000	87.75
67.5	2,326,231.00	0.00	0.00000	1.00000	87.75
68.5	2,757,582.00	0.00	0.00000	1.00000	87.75
69.5	2,388,551.00	43,075.50	0.01803	0.98197	87.75
70.5	2,736,424.50	0.00	0.00000	1.00000	86.17
71.5	2,725,343.50	0.00	0.00000	1.00000	86.17
72.5	3,394,245.50	821.00	0.00024	0.99976	86.17
73.5	3,993,481.50	140.00	0.00004	0.99996	86.15
74.5	3,752,336.50	0.00	0.00000	1.00000	86.15
75.5	3,294,900.00	7,433.00	0.00226	0.99774	86.15
76.5	2,657,431.00	0.00	0.00000	1.00000	85.96
77.5	2,433,625.00	0.00	0.00000	1.00000	85.96
78.5	2,032,811.00	0.00	0.00000	1.00000	85.96
79.5	2,062,865.00	0.00	0.00000	1.00000	85.96
80.5	1,495,459.00	0.00	0.00000	1.00000	85.96
81.5	786,554.00	0.00	0.00000	1.00000	85.96
82.5	518,261.00	0.00	0.00000	1.00000	85.96
83.5	356,237.00	0.00	0.00000	1.00000	85.96
84.5	280,576.00	0.00	0.00000	1.00000	85.96
85.5	280,576.00	0.00	0.00000	1.00000	85.96
86.5	96,233.00	0.00	0.00000	1.00000	85.96
87.5	66,317.00	0.00	0.00000	1.00000	85.96
88.5	663.00	0.00	0.00000	1.00000	85.96
89.5	663.00	0.00	0.00000	1.00000	85.96
90.5	605.00	0.00	0.00000	1.00000	85.96
91.5	605.00	0.00	0.00000	1.00000	85.96
92.5	605.00	0.00	0.00000	1.00000	85.96
93.5	605.00	0.00	0.00000	1.00000	85.96
94.5	605.00	0.00	0.00000	1.00000	85.96
95.5	0.00	0.00	0.00000	0.00000	85.96

Net Salvage Analysis Report

Account	Year	Retirements	Gross Salvage (Cash) Amount	Gross Salvage (Cash) Pct.	Gross Salvage (Returns) Amount	Gross Salvage (Returns) Pct.	Cost of Removal Amount	Cost of Removal Pct.	Net Salvage Amount	Net Salvage Pct.	1-Yr Avg
CECO 353 Station Equipment	1999	1,046,681.79	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CECO 353 Station Equipment	2000	30,306.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CECO 353 Station Equipment	2001	797,903.71	0.00	0.00	0.00	0.00	319.17	0.04	(319.17)	-0.04	-0.04
CECO 353 Station Equipment	2002	211,951.37	2,230,986.46	1052.59	0.00	0.00	0.00	0.00	2,230,986.46	1052.59	1052.59
CECO 353 Station Equipment	2004	98,630.00	0.00	0.00	0.00	0.00	11,355.53	11.51	(11,355.53)	-11.51	-11.51
CECO 353 Station Equipment	2005	0.00	0.00	0.00	0.00	0.00	706.70	0.00	(706.70)	0.00	0.00
CECO 353 Station Equipment	2006	312,552.51	3,939,827.09	1260.53	0.00	0.00	86,522.64	27.68	3,853,304.45	1232.85	1232.85
		2,498,025.38	6,170,813.55	247.03	0.00	0.00	98,904.04	3.96	6,071,909.51	243.07	

Whole Life Depreciation Accrual

Account: CECO 101/6-353 Station equipment
Dispersion: 50 - R2

[illegible]rage Net Salvage Rate: 10.00%
[illegible]ture Net Salvage Rate: 10.00%

Broad Group Procedure

January 1 , 2007

	Plant Amt	Period (Years)	Accrual (Dollars)	Accrual Rate (Percent)
Pre- 2007 Additions	$128,996,971.52		$2,300,700.73	1.783531
Whole Life		50	$2,321,934.60	
Amortization		0	$0.00	
Retirements	$2,369,319.04	50	$21,233.87	
2007 Additions	$0.00		$0.00	0.000000
Whole Life			$0.00	
Retirements	$0.00	0.00	$0.00	
Total:	$128,996,971.52 *		$2,300,700.73	1.783532
Average:	$127,817,312.00		$2,300,700.73	1.799991
Grand Total:	$128,996,971.52 *		$2,300,700.73	1.783532

* Excluding 2007 Retirements

Generation Arrangement Report

Account: CECO 101/6-353 Station equipment

Dispersion: 50.00 - R2

Average Net Salvage Rate: 10.00%

Future Net Salvage Rate: 10.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
2006	0.50	$1,251,996.26	50.00	49.55	0.8919	1.0000	$1,116,593.89	$22,636.81
2005	1.50	$581,852.40	50.00	48.65	0.8756	1.0000	$509,477.87	$10,473.34
2004	2.50	$376,065.86	50.00	47.75	0.8595	1.0000	$323,220.19	$6,769.19
2003	3.50	$1,094,641.87	50.00	46.86	0.8434	1.0000	$923,254.97	$19,703.55
2002	4.50	$1,316,146.51	50.00	45.97	0.8275	1.0000	$1,089,083.33	$23,690.64
2001	5.50	$463,760.14	50.00	45.09	0.8116	1.0000	$376,399.43	$8,347.68
2000	6.50	$177,322.92	50.00	44.22	0.7959	1.0000	$141,126.80	$3,191.81
1999	7.50	$143,942.27	50.00	43.35	0.7802	1.0000	$112,308.15	$2,590.96
1998	8.50	$492,217.92	50.00	42.48	0.7647	1.0000	$376,397.47	$8,859.92
1997	9.50	$12,949,795.86	50.00	41.63	0.7493	1.0000	$9,702,878.06	$233,096.33
1996	10.50	$25,419,540.53	50.00	40.77	0.7339	1.0000	$18,656,665.48	$457,551.73
1995	11.50	$1,841,429.26	50.00	39.93	0.7188	1.0000	$1,323,627.44	$33,145.73
1994	12.50	$13,913,094.83	50.00	39.09	0.7037	1.0000	$9,790,156.57	$250,435.71
1993	13.50	$2,987,523.31	50.00	38.26	0.6887	1.0000	$2,057,516.98	$53,775.42
1992	14.50	$2,804,992.70	50.00	37.44	0.6739	1.0000	$1,890,177.95	$50,489.87
1991	15.50	$2,280,039.63	50.00	36.62	0.6591	1.0000	$1,502,883.92	$41,040.71
1990	16.50	$3,016,410.40	50.00	35.81	0.6446	1.0000	$1,944,248.90	$54,295.39
1989	17.50	$7,473,568.88	50.00	35.01	0.6301	1.0000	$4,709,076.13	$134,524.24
1988	18.50	$1,494,969.00	50.00	34.21	0.6158	1.0000	$920,567.22	$26,909.44
1987	19.50	$3,008,026.00	50.00	33.42	0.6016	1.0000	$1,809,578.13	$54,144.47
1986	20.50	$163,796.00	50.00	32.64	0.5875	1.0000	$96,235.21	$2,948.33
1985	21.50	$881,686.00	50.00	31.87	0.5736	1.0000	$505,753.06	$15,870.35
1984	22.50	$1,401,655.00	50.00	31.10	0.5599	1.0000	$784,719.99	$25,229.79
1983	23.50	$349,381.00	50.00	30.35	0.5462	1.0000	$190,841.58	$6,288.86
1982	24.50	$583,458.00	50.00	29.60	0.5328	1.0000	$310,838.83	$10,502.24
1981	25.50	$256,684.00	50.00	28.86	0.5194	1.0000	$133,330.37	$4,620.31
1980	26.50	$98,764.00	50.00	28.13	0.5063	1.0000	$50,000.82	$1,777.75
1979	27.50	$345,209.00	50.00	27.40	0.4933	1.0000	$170,275.84	$6,213.76
1978	28.50	$1,001,039.00	50.00	26.69	0.4804	1.0000	$480,905.15	$18,018.70
1977	29.50	$570,719.00	50.00	25.98	0.4677	1.0000	$266,937.34	$10,272.94
1976	30.50	$1,950,893.00	50.00	25.29	0.4552	1.0000	$888,067.95	$35,116.07
1975	31.50	$1,782,832.00	50.00	24.60	0.4429	1.0000	$789,546.76	$32,090.98
1974	32.50	$3,255,136.00	50.00	23.93	0.4307	1.0000	$1,401,946.49	$58,592.45

Generation Arrangement Report

Account: CECO 101/6-353 Station equipment

Dispersion: 50.00 - R2

Average Net Salvage Rate: 10.00%

Future Net Salvage Rate: 10.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
1973	33.50	$153,532.00	50.00	23.26	0.4187	1.0000	$64,282.63	$2,763.58
1972	34.50	$5,057,383.00	50.00	22.60	0.4069	1.0000	$2,057,728.93	$91,032.89
1971	35.50	$1,037,597.00	50.00	21.96	0.3952	1.0000	$410,102.03	$18,676.75
1970	36.50	$2,889,405.68	50.00	21.32	0.3838	1.0000	$1,108,946.29	$52,009.30
1969	37.50	$890,918.00	50.00	20.70	0.3725	1.0000	$331,907.22	$16,036.52
1968	38.50	$1,803,550.00	50.00	20.08	0.3615	1.0000	$651,955.42	$32,463.90
1967	39.50	$299,940.00	50.00	19.48	0.3506	1.0000	$105,163.49	$5,398.92
1966	40.50	$548,150.00	50.00	18.89	0.3400	1.0000	$186,344.78	$9,866.70
1965	41.50	$73,706.00	50.00	18.30	0.3295	1.0000	$24,285.24	$1,326.71
1964	42.50	$92,220.00	50.00	17.74	0.3192	1.0000	$29,439.41	$1,659.96
1963	43.50	$146,509.00	50.00	17.18	0.3092	1.0000	$45,297.44	$2,637.16
1962	44.50	$967,623.45	50.00	16.63	0.2993	1.0000	$289,647.10	$17,417.22
1961	45.50	$390,797.00	50.00	16.09	0.2897	1.0000	$113,217.21	$7,034.35
1960	46.50	$256,992.00	50.00	15.57	0.2803	1.0000	$72,031.67	$4,625.86
1959	47.50	$360,490.00	50.00	15.06	0.2711	1.0000	$97,724.08	$6,488.82
1958	48.50	$2,629,285.00	50.00	14.56	0.2621	1.0000	$689,124.18	$47,327.13
1957	49.50	$1,563,770.00	50.00	14.07	0.2533	1.0000	$396,140.80	$28,147.86
1956	50.50	$819,339.00	50.00	13.60	0.2448	1.0000	$200,546.53	$14,748.10
1955	51.50	$574,856.00	50.00	13.13	0.2364	1.0000	$135,908.40	$10,347.39
1954	52.50	$478,064.00	50.00	12.68	0.2283	1.0000	$109,136.94	$8,605.15
1953	53.50	$249,369.00	50.00	12.24	0.2204	1.0000	$54,952.97	$4,488.64
1952	54.50	$40,181.00	50.00	11.81	0.2127	1.0000	$8,544.70	$723.26
1951	55.50	$879,154.00	50.00	11.40	0.2052	1.0000	$180,358.59	$15,824.77
1950	56.50	$2,917,861.84	50.00	10.99	0.1978	1.0000	$577,280.09	$52,521.51
1949	57.50	$531,678.00	50.00	10.60	0.1907	1.0000	$101,410.90	$9,570.20
1948	58.50	$225,051.50	50.00	10.21	0.1838	1.0000	$41,368.98	$4,050.93
1947	59.50	$20,158.00	50.00	9.84	0.1771	1.0000	$3,569.67	$362.84
1946	60.50	$2,861.00	50.00	9.47	0.1705	1.0000	$487.88	$51.50
1945	61.50	$132,888.00	50.00	9.12	0.1641	1.0000	$21,809.30	$2,391.62
1944	62.50	$745,322.00	50.00	8.77	0.1579	1.0000	$117,697.76	$13,415.80
1943	63.50	$174,140.00	50.00	8.44	0.1518	1.0000	$26,440.90	$3,134.52
1942	64.50	$1,199,431.00	50.00	8.11	0.1459	1.0000	$174,997.45	$21,589.76
1941	65.50	$37,626.00	50.00	7.78	0.1401	1.0000	$5,270.96	$677.27

Generation Arrangement Report

Account: CECO 101/6-353 Station equipment

Dispersion: 50.00 - R2

Average Net Salvage Rate: 10.00%

Future Net Salvage Rate: 10.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
1940	66.50	$28,501.00	50.00	7.47	0.1344	1.0000	$3,830.28	$513.02
1939	67.50	$233,421.00	50.00	7.16	0.1288	1.0000	$30,063.29	$4,201.58
1938	68.50	$287,983.00	50.00	6.85	0.1233	1.0000	$35,503.79	$5,183.69
1937	69.50	$313,205.00	50.00	6.55	0.1179	1.0000	$36,913.36	$5,637.69
1936	70.50	$227,477.00	50.00	6.25	0.1125	1.0000	$25,587.66	$4,094.59
1935	71.50	$1,054.00	50.00	5.95	0.1072	1.0000	$112.95	$18.97
1934	72.50	$47,256.00	50.00	5.66	0.1019	1.0000	$4,814.43	$850.61
1933	73.50	$251,903.00	50.00	5.37	0.0966	1.0000	$24,339.43	$4,534.25
1932	74.50	$22,818.00	50.00	5.08	0.0914	1.0000	$2,085.24	$410.72
1931	75.50	$555,816.50	50.00	4.79	0.0862	1.0000	$47,890.57	$10,004.70
1930	76.50	$702,149.00	50.00	4.50	0.0810	1.0000	$56,839.60	$12,638.68
1929	77.50	$142,227.00	50.00	4.21	0.0758	1.0000	$10,773.87	$2,560.09
1928	78.50	$480,155.00	50.00	3.92	0.0706	1.0000	$33,881.51	$8,642.79
1927	79.50	$467.00	50.00	3.63	0.0654	1.0000	$30.54	$8.41
1926	80.50	$632,320.00	50.00	3.35	0.0603	1.0000	$38,100.61	$11,381.76
1925	81.50	$364,587.00	50.00	3.06	0.0552	1.0000	$20,107.39	$6,562.57
1924	82.50	$268,351.00	50.00	2.78	0.0501	1.0000	$13,442.00	$4,830.32
1923	83.50	$162,024.00	50.00	2.51	0.0451	1.0000	$7,305.83	$2,916.43
1922	84.50	$75,661.00	50.00	2.23	0.0402	1.0000	$3,038.46	$1,361.90
1920	86.50	$184,343.00	50.00	1.70	0.0306	1.0000	$5,634.96	$3,318.17
1919	87.50	$30,521.00	50.00	1.44	0.0259	1.0000	$791.98	$549.38
1918	88.50	$65,654.00	50.00	1.19	0.0215	1.0000	$1,411.68	$1,181.77
1916	90.50	$58.00	50.00	0.76	0.0137	1.0000	$0.80	$1.04
1911	95.50	$605.00	50.00	0.00	0.0000	0.0000	$0.00	$0.00
		$128,996,971.52	50.00	31.95	0.5751	1.0000	$74,180,150.46	$2,321,934.60

Depreciation Reserve Summary

Account: CECO 101/6-353 Station equipment
Scenario: CECO Txm STudy 2007 Scenario
Dispersion: 50 - R2
Average Net Salvage Rate: 10.00%
Future Net Salvage Rate: 10.00%

Broad Group Procedure

January 1 , 2007

	Plant Amt	Depreciation Reserve Amount	Depreciation Reserve Ratio	Net Plant Amount	Net Plant Ratio
Recorded	$128,996,971.52	$52,380,132.31	0.4061	$63,717,142.06	0.4939
Computed	$128,996,971.52	$41,917,123.90	0.3249	$74,180,150.47	0.5751
Difference		$10,463,008.41	0.0811	($10,463,008.41)	-0.0811

Cleveland Electric & Illuminating Company

Average Life and Salvage Rate Determination

Based On Year End 2006 Data using Beginning Balance 1999

Account 354 Towers & Fixtures

Life and Iowa Survivor Curve

Current Life and Iowa Survivor Curve is 50 R4

Actuarial Life Analysis

87 L3 best fit using 1999 - 2006 data

Industry Survey - EEI Survey of Depreciation Statistics 2003

Service Life Range 20 - 75 Years

Recommendation

Change to 65 R4 based on Industry Standards and Actuarial Life Analysis

Comments:
The current Iowa Curve is very representative of industry standards today according to the 2003 EEI Study. We do recommend a change in service life as our data demonstrates there are few retirements and a better match to exposures appears at R4 65 years. EEI Industry trends appear to demonstrate longer lives for towers. The 87 year life which represented the best fit however, seemed unreasonable with Industry Average.

Salvage Factor Estimates

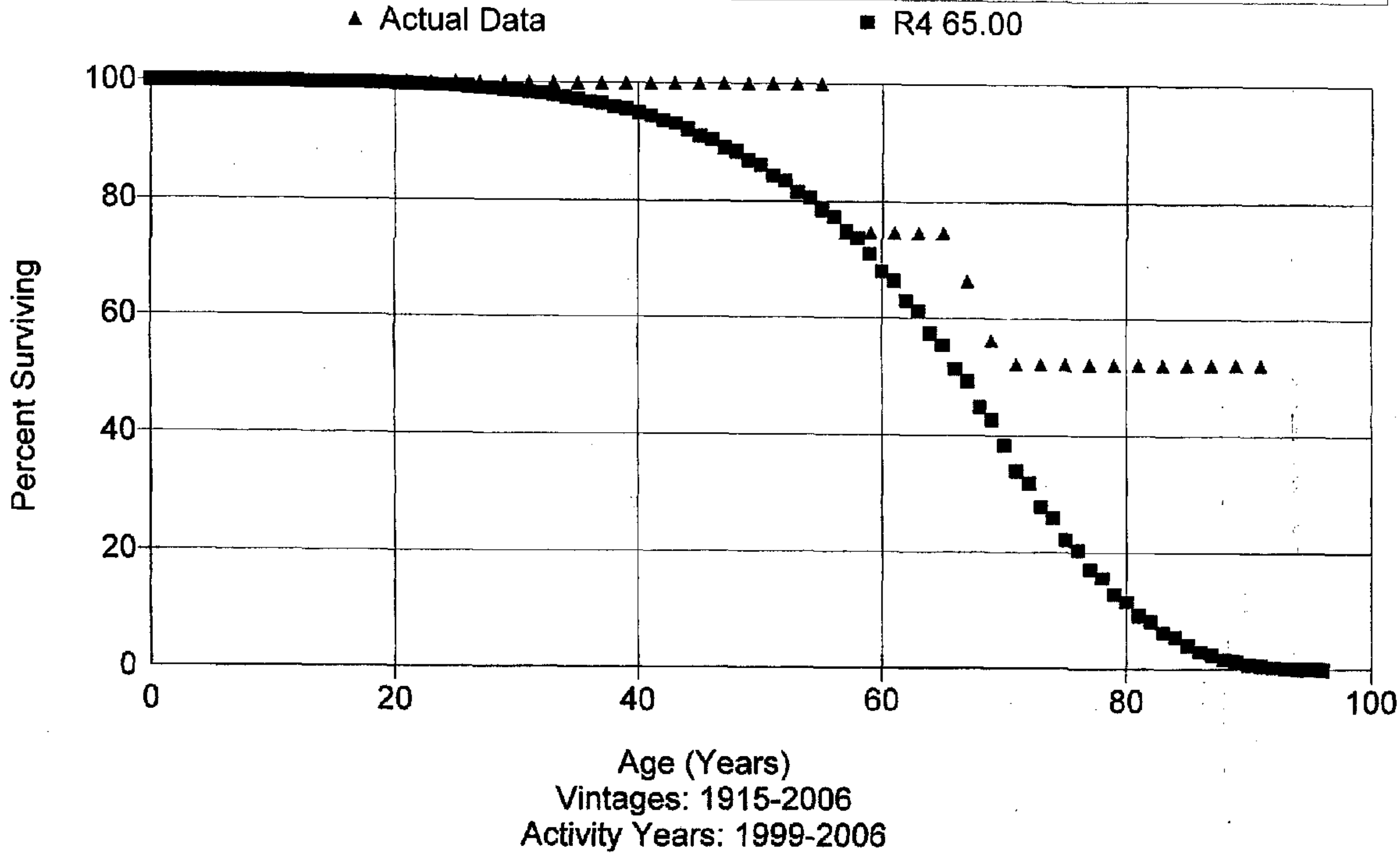
Current Net salvage Rate is -15%
Proposed Net salvage Rate -15%

Comments:
Data associated with the current study produced inconclusive results for net salvage associated with Towers . The EEI Industry Averages are between 14% and -60%. The -15% arrived at in the Previous Study appears to be reasonable.

Summary of Recommendations

65	Average Service Life
R4	Iowa Curve
-15	% Net Salvage

Cleveland Electric Illuminating Company
Account 354 Towers & Fixtures



Observed Life Table

Scenario: CECO Txm STudy 2007 Scenario

Account: CECO 101/6-354 Towers & fixtures

Placement Band: 1915 - 2006 Observation Band: 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirment Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
0	0.00	0.00	0.00000	0.00000	100.00
0.5	0.00	0.00	0.00000	0.00000	0.00
1.5	0.00	0.00	0.00000	0.00000	
2.5	0.00	0.00	0.00000	0.00000	
3.5	0.00	0.00	0.00000	0.00000	
4.5	47,036.00	0.00	0.00000	1.00000	
5.5	308,268.00	0.00	0.00000	1.00000	
6.5	302,985.00	0.00	0.00000	1.00000	
7.5	256,453.00	0.00	0.00000	1.00000	
8.5	214,700.00	0.00	0.00000	1.00000	
9.5	39,202.00	0.00	0.00000	1.00000	
10.5	53,417.00	0.00	0.00000	1.00000	
11.5	53,417.00	0.00	0.00000	1.00000	
12.5	410,188.00	0.00	0.00000	1.00000	
13.5	593,048.00	0.00	0.00000	1.00000	
14.5	222,062.00	0.00	0.00000	1.00000	
15.5	27,822,193.00	0.00	0.00000	1.00000	
16.5	27,893,580.00	0.00	0.00000	1.00000	
17.5	285,391.00	0.00	0.00000	1.00000	
18.5	826,356.00	0.00	0.00000	1.00000	
19.5	1,538,269.00	0.00	0.00000	1.00000	
20.5	29,520,506.00	0.00	0.00000	1.00000	
21.5	29,410,776.00	0.00	0.00000	1.00000	
22.5	1,604,712.00	0.00	0.00000	1.00000	
23.5	1,501,507.00	0.00	0.00000	1.00000	
24.5	927,839.00	0.00	0.00000	1.00000	
25.5	1,237,989.00	0.00	0.00000	1.00000	
26.5	6,252,883.00	0.00	0.00000	1.00000	
27.5	8,467,734.00	0.00	0.00000	1.00000	
28.5	4,556,950.00	0.00	0.00000	1.00000	
29.5	1,879,923.00	0.00	0.00000	1.00000	
30.5	1,813,037.00	0.00	0.00000	1.00000	
31.5	1,301,481.00	0.00	0.00000	1.00000	
32.5	151,512.00	0.00	0.00000	1.00000	
33.5	887,660.00	0.00	0.00000	1.00000	
34.5	903,553.00	0.00	0.00000	1.00000	
35.5	1,514,521.00	0.00	0.00000	1.00000	
36.5	1,786,419.00	0.00	0.00000	1.00000	
37.5	728,235.00	0.00	0.00000	1.00000	
38.5	514,280.00	0.00	0.00000	1.00000	
39.5	616,816.00	0.00	0.00000	1.00000	
40.5	866,263.00	0.00	0.00000	1.00000	
41.5	664,323.00	0.00	0.00000	1.00000	
42.5	316,427.00	0.00	0.00000	1.00000	
43.5	712,011.00	0.00	0.00000	1.00000	
44.5	708,984.00	0.00	0.00000	1.00000	
45.5	243,722.98	0.00	0.00000	1.00000	
46.5	169,250.98	0.00	0.00000	1.00000	
47.5	12,731.98	0.00	0.00000	1.00000	
48.5	14,853.98	0.00	0.00000	1.00000	
49.5	863,644.98	0.00	0.00000	1.00000	
50.5	861,522.98	0.00	0.00000	1.00000	
51.5	2,401.98	0.00	0.00000	1.00000	
52.5	2,401.98	0.00	0.00000	1.00000	

Observed Life Table

Scenario: CECO Txm STudy 2007 Scenario

Account: CECO 101/6-354 Towers & fixtures

Placement Band: 1915 - 2006 **Observation Band:** 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirment Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
53.5	0.00	0.00	0.00000	0.00000	
54.5	600,988.87	0.00	0.00000	1.00000	
55.5	600,988.87	0.00	0.00000	1.00000	
56.5	11,373.87	2,884.98	0.25365	0.74635	
57.5	8,488.89	0.00	0.00000	1.00000	
58.5	8,488.89	0.00	0.00000	1.00000	
59.5	8,488.89	0.00	0.00000	1.00000	
60.5	8,488.89	0.00	0.00000	1.00000	
61.5	8,488.89	0.00	0.00000	1.00000	
62.5	0.00	0.00	0.00000	0.00000	
63.5	0.00	0.00	0.00000	0.00000	
64.5	1,910,634.29	0.00	0.00000	1.00000	
65.5	1,910,634.29	0.00	0.00000	1.00000	
66.5	40,527.29	4,459.84	0.11005	0.88995	
67.5	36,067.45	2,229.92	0.06183	0.93817	
68.5	33,837.53	3,344.88	0.09885	0.90115	
69.5	30,492.65	2,229.92	0.07313	0.92687	
70.5	28,262.73	0.00	0.00000	1.00000	
71.5	28,262.73	0.00	0.00000	1.00000	
72.5	0.00	0.00	0.00000	0.00000	
73.5	0.00	0.00	0.00000	0.00000	
74.5	195,152.00	0.00	0.00000	1.00000	
75.5	195,152.00	0.00	0.00000	1.00000	
76.5	0.00	0.00	0.00000	0.00000	

Net Salvage Analysis Report

			Gross Salvage (Cash)		Gross Salvage (Returns)		Cost of Removal		Net Salvage		
Account	Year	Retirements	Amount	Pct.	Amount	Pct.	Amount	Pct.	Amount	Pct.	1-Yr Avg
CECO 354 Towers & Fixtures	2001	7,344.82	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CECO 354 Towers & Fixtures	2002	2,229.92	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CECO 354 Towers & Fixtures	2003	3,344.88	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CECO 354 Towers & Fixtures	2004	2,229.92	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		15,149.54	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

Whole Life Depreciation Accrual

Account: CECO 101/6-354 Towers & fixtures
Dispersion: 65 - R4

Average Net Salvage Rate: -15.00%
Future Net Salvage Rate: -15.00%

Broad Group Procedure

January 1 , 2007

		Plant Amt	Period (Years)	Accrual (Dollars)	Accrual Rate (Percent)
Pre- 2007	Additions	$326,171.26		$5,722.01	1.754450
	Whole Life		65	$5,770.72	
	Amortization		0	$0.00	
	Retirements	$5,506.42	65	$48.71	
2007	Additions	$0.00		$0.00	0.000000
	Whole Life			$0.00	
	Retirements	$0.00	0.00	$0.00	
	Total:	$326,171.26 *		$5,722.01	1.754601
	Average:	$323,418.05		$5,722.01	1.769230
	Grand Total:	$326,171.26 *		$5,722.01	1.754601

* Excluding 2007 Retirements

Generation Arrangement Report

Account: CECO 101/6-354 Towers & fixtures

Dispersion: 65.00 - R4

rage Net Salvage Rate: -15.00%

Future Net Salvage Rate: -15.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
2003	3.50	$0.00	65.00	61.50	1.0881	1.0000	$0.00	$0.00
2002	4.50	$0.00	65.00	60.51	1.0705	1.0000	$0.00	$0.00
2001	5.50	$0.00	65.00	59.51	1.0528	1.0000	$0.00	$0.00
2000	6.50	$0.00	65.00	58.51	1.0352	1.0000	$0.00	$0.00
1999	7.50	$0.00	65.00	57.51	1.0175	1.0000	$0.00	$0.00
1994	12.50	$0.00	65.00	52.54	0.9296	1.0000	$0.00	$0.00
1993	13.50	$0.00	65.00	51.55	0.9120	1.0000	$0.00	$0.00
1992	14.50	$0.00	65.00	50.56	0.8945	1.0000	$0.00	$0.00
1991	15.50	$48,688.60	65.00	49.57	0.8770	1.0000	$42,700.60	$861.41
1988	18.50	$0.00	65.00	46.62	0.8248	1.0000	$0.00	$0.00
1986	20.50	$0.00	65.00	44.66	0.7901	1.0000	$0.00	$0.00
1985	21.50	$0.00	65.00	43.69	0.7729	1.0000	$0.00	$0.00
983	23.50	$0.00	65.00	41.75	0.7386	1.0000	$0.00	$0.00
1982	24.50	$0.00	65.00	40.79	0.7216	1.0000	$0.00	$0.00
1981	25.50	$0.00	65.00	39.83	0.7047	1.0000	$0.00	$0.00
1980	26.50	$0.00	65.00	38.87	0.6878	1.0000	$0.00	$0.00
1979	27.50	$0.00	65.00	37.93	0.6710	1.0000	$0.00	$0.00
1978	28.50	$0.00	65.00	36.98	0.6543	1.0000	$0.00	$0.00
1977	29.50	$0.00	65.00	36.05	0.6378	1.0000	$0.00	$0.00
1976	30.50	$0.00	65.00	35.12	0.6213	1.0000	$0.00	$0.00
1975	31.50	$0.00	65.00	34.20	0.6050	1.0000	$0.00	$0.00
1974	32.50	$0.00	65.00	33.28	0.5888	1.0000	$0.00	$0.00
1973	33.50	$0.00	65.00	32.37	0.5727	1.0000	$0.00	$0.00
1972	34.50	$0.00	65.00	31.47	0.5569	1.0000	$0.00	$0.00
1971	35.50	$0.00	65.00	30.58	0.5411	1.0000	$0.00	$0.00
1970	36.50	$72,901.06	65.00	29.70	0.5255	1.0000	$38,310.07	$1,289.79
1969	37.50	$0.00	65.00	28.83	0.5100	1.0000	$0.00	$0.00
1968	38.50	$0.00	65.00	27.97	0.4948	1.0000	$0.00	$0.00
1967	39.50	$0.00	65.00	27.11	0.4797	1.0000	$0.00	$0.00
1966	40.50	$0.00	65.00	26.27	0.4649	1.0000	$0.00	$0.00
1965	41.50	$0.00	65.00	25.44	0.4501	1.0000	$0.00	$0.00
1964	42.50	$6,726.00	65.00	24.62	0.4357	1.0000	$2,930.19	$119.00
1963	43.50	$0.00	65.00	23.81	0.4213	1.0000	$0.00	$0.00

Account: *CECO 101/6-354 Towers & fixtures*

Dispersion: *65.00 - R4*

Average Net Salvage Rate: -15.00%

Future Net Salvage Rate: -15.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
1962	44.50	$909.00	65.00	23.02	0.4072	1.0000	$370.18	$16.08
1961	45.50	$0.00	65.00	22.23	0.3933	1.0000	$0.00	$0.00
1960	46.50	$62,192.00	65.00	21.45	0.3796	1.0000	$23,607.17	$1,100.32
1959	47.50	$92,569.00	65.00	20.70	0.3661	1.0000	$33,893.79	$1,637.76
1958	48.50	$0.00	65.00	19.94	0.3528	1.0000	$0.00	$0.00
1957	49.50	$3,032.00	65.00	19.21	0.3398	1.0000	$1,030.24	$53.64
1956	50.50	$0.00	65.00	18.48	0.3269	1.0000	$0.00	$0.00
1955	51.50	$0.00	65.00	17.76	0.3142	1.0000	$0.00	$0.00
1954	52.50	$0.00	65.00	17.05	0.3017	1.0000	$0.00	$0.00
1953	53.50	$2,401.98	65.00	16.36	0.2895	1.0000	$695.26	$42.50
1951	55.50	$0.00	65.00	15.00	0.2654	1.0000	$0.00	$0.00
1950	56.50	$0.00	65.00	14.34	0.2537	1.0000	$0.00	$0.00
1949	57.50	$0.00	65.00	13.69	0.2423	1.0000	$0.00	$0.00
1944	62.50	$8,488.89	65.00	10.76	0.1903	1.0000	$1,615.49	$150.19
1934	72.50	$28,262.73	65.00	6.62	0.1172	1.0000	$3,311.32	$500.03
1924	82.50	$0.00	65.00	3.79	0.0670	1.0000	$0.00	$0.00
		$326,171.26	65.00	25.73	0.4552	1.0000	$148,464.32	$5,770.72

Depreciation Reserve Summary

Account: CECO 101/6-354 Towers & fixtures
Scenario: CECO Txm STudy *2007 Scenario*
Dispersion: 65 - R4
Average Net Salvage Rate: -15.00%
Future Net Salvage Rate: -15.00%

Broad Group Procedure

January 1 , 2007

		Depreciation Reserve		Net Plant	
	Plant Amt	Amount	Ratio	Amount	Ratio
Recorded	$326,171.26	$1,577,439.55	4.8362	($1,202,342.60)	-3.6862
Computed	$326,171.26	$226,632.63	0.6948	$148,464.32	0.4552
Difference		*$1,350,806.92*	*4.1414*	*($1,350,806.92)*	-4.1414

Cleveland Electric & Illuminating Company

Average Life and Salvage Rate Determination

Based On Year End 2006 Data using Beginning Balance 1999

Account 355 Poles & Fixtures

Life and Iowa Survivor Curve

Current Life and Iowa Survivor Curve is 45 R3

Actuarial Life Analysis

101 L1 is the best fit using 1999 - 2006 data.

Industry Survey - EEI Survey of Depreciation Statistics 2003

Service Life Range 20 - 70 Years

Recommendation

Change to 50 R3 based on Industry Standards and Actuarial Life Analysis

Comments:
Based on the results of the current life study a life extension for poles seems warranted. The 2003 EEI Study results appear to demonstrate this same trend in general. Exposures drop below 10% after age 50. We chose to extend the life to 50 years which also fell within the EEI Industry Study results.

Salvage Factor Estimates

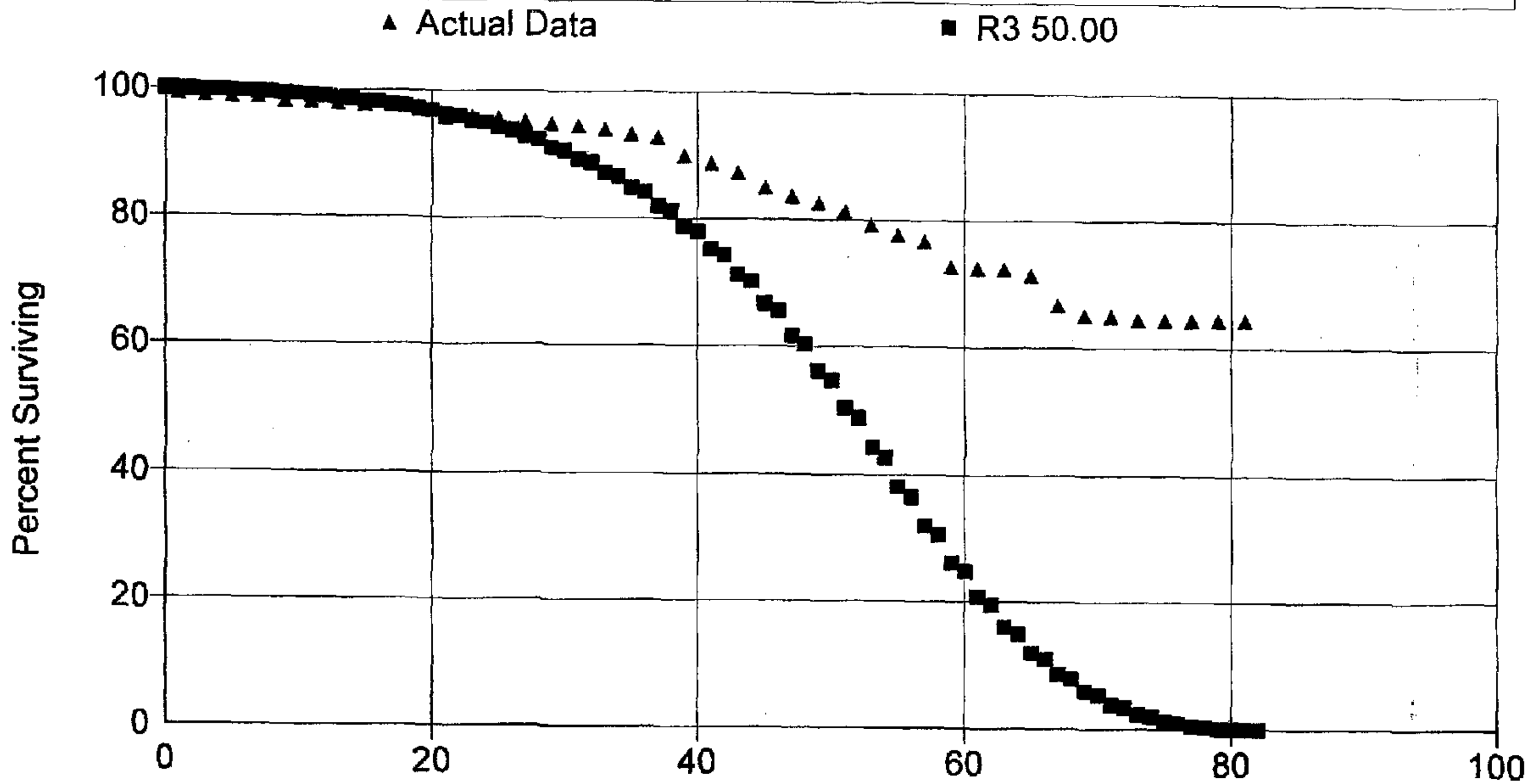
Current Net salvage Rate is -75%
Proposed Net salvage Rate -50%

Comments:
The net cost of removal results in this study resulted in a -25% rate. The previous study had arrived at a -75 % rate for net salvage. EEI Industry standards indicate a range between 5% and -60% . We recommend a rate between the two study results of -50% which also falls within the EEI Industry Standards.

Summary of Recommendations

50	Average Service Life
R3	*Iowa Curve*
-50	% Net Salvage

Cleveland Electric Illuminating Company
Account: 355 Poles & Fixtures



Age (Years)
Vintages: 1925-2006
Activity Years: 1999-2006

Observed Life Table

Scenario: CECO Txm STudy 2007 Scenario
Account: CECO 101/6-355 Poles & fixtures
Placement Band: 1925 - 2006
Observation Band: 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirment Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
0	5,513,637.25	0.00	0.00000	1.00000	100.00
0.5	6,571,342.20	45,260.97	0.00689	0.99311	100.00
1.5	7,473,688.93	0.00	0.00000	1.00000	99.31
2.5	7,760,661.79	20,685.30	0.00267	0.99733	99.31
3.5	8,768,180.74	18,839.76	0.00215	0.99785	99.04
4.5	10,112,497.52	4,004.20	0.00040	0.99960	98.83
5.5	11,137,656.07	-1,337.12	-0.00012	1.00012	98.79
6.5	11,436,224.95	0.00	0.00000	1.00000	98.80
7.5	12,847,704.14	16,464.96	0.00128	0.99872	98.80
8.5	10,460,580.84	47,164.22	0.00451	0.99549	98.67
9.5	9,856,890.22	0.00	0.00000	1.00000	98.22
10.5	8,750,337.05	3,235.87	0.00037	0.99963	98.22
11.5	8,029,549.20	20,570.17	0.00256	0.99744	98.18
12.5	6,950,372.76	2,141.45	0.00031	0.99969	97.93
13.5	6,221,753.51	10,727.60	0.00172	0.99828	97.90
14.5	6,568,365.06	0.00	0.00000	1.00000	97.73
15.5	16,978,874.40	10,057.04	0.00059	0.99941	97.73
16.5	17,032,361.51	0.00	0.00000	1.00000	97.67
17.5	6,439,814.42	22,237.63	0.00345	0.99655	97.67
18.5	6,802,640.89	5,800.28	0.00085	0.99915	97.33
19.5	8,425,551.92	8,755.46	0.00104	0.99896	97.25
20.5	16,229,955.51	219,842.71	0.01355	0.98645	97.15
21.5	15,600,439.78	1,411.88	0.00009	0.99991	95.83
22.5	7,482,240.32	1,112.20	0.00015	0.99985	95.82
23.5	12,113,880.18	7,807.32	0.00064	0.99936	95.81
24.5	10,886,286.26	11,005.10	0.00101	0.99899	95.75
25.5	5,720,757.54	19,694.96	0.00344	0.99656	95.65
26.5	6,104,528.61	10,112.63	0.00166	0.99834	95.32
27.5	6,940,984.36	8,082.84	0.00116	0.99884	95.16
28.5	7,333,588.07	7,022.93	0.00096	0.99904	95.05
29.5	6,836,181.82	12,803.47	0.00187	0.99813	94.96
30.5	5,882,565.45	9,412.04	0.00160	0.99840	94.78
31.5	3,354,090.57	4,313.61	0.00129	0.99871	94.63
32.5	2,907,740.49	13,145.10	0.00452	0.99548	94.51
33.5	3,197,372.01	15,032.58	0.00470	0.99530	94.08
34.5	2,905,501.04	9,478.49	0.00326	0.99674	93.64
35.5	3,101,508.82	12,120.50	0.00391	0.99609	93.33
36.5	3,284,944.82	4,276.96	0.00130	0.99870	92.97
37.5	2,542,203.47	64,013.44	0.02518	0.97482	92.85
38.5	2,261,955.13	12,364.99	0.00547	0.99453	90.51
39.5	2,357,440.44	15,941.20	0.00676	0.99324	90.01
40.5	2,614,222.39	15,785.15	0.00604	0.99396	89.40
41.5	2,958,798.40	23,688.82	0.00801	0.99199	88.86
42.5	2,999,114.45	26,742.16	0.00892	0.99108	88.15
43.5	2,985,900.93	57,737.28	0.01934	0.98066	87.36
44.5	2,563,207.80	17,584.98	0.00686	0.99314	85.67
45.5	2,427,723.27	20,963.88	0.00864	0.99136	85.08
46.5	2,066,204.97	14,520.15	0.00703	0.99297	84.34
47.5	1,730,650.69	9,158.41	0.00529	0.99471	83.75
48.5	1,171,550.38	9,126.72	0.00779	0.99221	83.31
49.5	593,609.96	1,765.73	0.00298	0.99702	82.66
50.5	458,626.75	5,709.67	0.01245	0.98755	82.41
51.5	265,513.01	2,307.75	0.00869	0.99131	81.38
52.5	227,063.18	3,978.92	0.01752	0.98248	80.67

Observed Life Table

Scenario: CECO Txm STudy 2007 Scenario
Account: CECO 101/6-355 Poles & fixtures
Placement Band: 1925 - 2006 **Observation Band:** 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirment Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
53.5	132,247.53	1,534.35	0.01160	0.98840	79.26
54.5	181,715.21	1,638.46	0.00901	0.99099	78.34
55.5	148,291.48	1,901.36	0.01282	0.98718	77.63
56.5	122,504.76	28.07	0.00023	0.99977	76.63
57.5	109,371.61	5,617.44	0.05136	0.94864	76.61
58.5	89,620.67	0.00	0.00000	1.00000	72.68
59.5	80,974.97	0.00	0.00000	1.00000	72.68
60.5	52,571.48	173.08	0.00329	0.99671	72.68
61.5	51,629.99	86.54	0.00169	0.99831	72.44
62.5	0.00	0.00	0.00000	0.00000	72.32
63.5	0.00	0.00	0.00000	0.00000	
64.5	77,814.74	1,120.09	0.01439	0.98561	
65.5	76,694.65	4,768.98	0.06218	0.93782	
66.5	71,925.67	236.00	0.00328	0.99672	
67.5	71,689.67	1,718.14	0.02396	0.97604	
68.5	69,971.53	0.00	0.00000	1.00000	
69.5	69,971.53	47.20	0.00067	0.99933	
70.5	69,924.33	47.20	0.00067	0.99933	
71.5	69,877.13	566.39	0.00810	0.99190	
72.5	0.00	0.00	0.00000	0.00000	

Net Salvage Analysis Report

			Gross Salvage (Cash)		Gross Salvage (Returns)		Cost of Removal		Net Salvage		
Account	Year	Retirements	Amount	Pct.	Amount	Pct.	Amount	Pct.	Amount	Pct.	1-Yr Avg
CECO 355 Poles & Fixtures	1999	212,943.37	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CECO 355 Poles & Fixtures	2000	82,602.75	0.00	0.00	0.00	0.00	15,127.00	18.31	(15,127.00)	-18.31	-18.31
CECO 355 Poles & Fixtures	2001	67,242.46	0.00	0.00	0.00	0.00	28,220.87	41.97	(28,220.87)	-41.97	-41.97
CECO 355 Poles & Fixtures	2002	415,166.79	0.00	0.00	0.00	0.00	(7,580.10)	-1.83	7,580.10	1.83	1.83
CECO 355 Poles & Fixtures	2003	16,207.37	0.00	0.00	0.00	0.00	25,018.94	154.37	(25,018.94)	-154.37	-154.37
CECO 355 Poles & Fixtures	2004	22,544.55	0.00	0.00	0.00	0.00	10,799.54	47.90	(10,799.54)	-47.90	-47.90
CECO 355 Poles & Fixtures	2005	51,819.44	0.00	0.00	0.00	0.00	45,432.45	87.67	(45,432.45)	-87.67	-87.67
CECO 355 Poles & Fixtures	2006	97,527.35	30,140.54	30.90	0.00	0.00	150,568.53	154.39	(120,427.99)	-123.48	-123.48
		966,054.08	30,140.54	3.12	0.00	0.00	267,587.23	27.70	(237,446.69)	-24.58	

Whole Life Depreciation Accrual

Account: CECO 101/6-355 Poles & fixtures
Dispersion: 50 - R3

Average Net Salvage Rate: -50.00%
Future Net Salvage Rate: -50.00%

Broad Group Procedure

January 1, 2007

	Plant Amt	Period (Years)	Accrual (Dollars)	Accrual Rate (Percent)
Pre- 2007 Additions	$35,129,991.33		$1,048,555.24	2.984788
Whole Life		50	$1,053,899.74	
Amortization		0	$0.00	
Retirements	*$356,299.70*	*50*	$5,344.50	
2007 Additions	$0.00		$0.00	0.000000
Whole Life			$0.00	
Retirements	$0.00	0.00	$0.00	
Total:	$35,129,991.33 *		$1,048,555.24	2.984789
Average:	$34,951,841.48		$1,048,555.24	3.000000
Grand Total:	$35,129,991.33 *		$1,048,555.24	2.984789

* Excluding 2007 Retirements

 03/10/2007

Generation Arrangement Report

Account: CECO 101/6-355 Poles & fixtures

Dispersion: 50.00 - R3

Average Net Salvage Rate: -50.00%

Future Net Salvage Rate: -50.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
2006	0.50	$1,755,130.78	50.00	49.51	1.4852	1.0000	$2,606,762.20	$52,653.92
2005	1.50	$630,892.69	50.00	48.53	1.4558	1.0000	$918,424.22	$18,926.78
2004	2.50	$1,591,738.23	50.00	47.54	1.4263	1.0000	$2,270,367.41	$47,762.15
2003	3.50	$124,715.53	50.00	46.57	1.3970	1.0000	$174,230.48	$3,741.47
2002	4.50	$447,326.95	50.00	45.59	1.3678	1.0000	$611,859.36	$13,419.81
2001	5.50	$597,889.25	50.00	44.62	1.3387	1.0000	$800,390.78	$17,936.68
2000	6.50	$842,025.24	50.00	43.66	1.3097	1.0000	$1,102,803.38	$25,260.76
1999	7.50	$248,358.89	50.00	42.69	1.2808	1.0000	$318,106.68	$7,450.77
1998	8.50	$640,140.55	50.00	41.74	1.2521	1.0000	$801,524.58	$19,204.22
1997	9.50	$865,143.92	50.00	40.78	1.2235	1.0000	$1,058,526.56	$25,954.32
1996	10.50	$1,446,387.94	50.00	39.84	1.1951	1.0000	$1,728,574.79	$43,391.64
1995	11.50	$1,016,773.26	50.00	38.89	1.1668	1.0000	$1,186,408.11	$30,503.20
1994	12.50	$1,964,375.48	50.00	37.96	1.1388	1.0000	$2,236,947.74	$58,931.26
1993	13.50	$1,264,617.00	50.00	37.03	1.1109	1.0000	$1,405,053.19	$37,944.51
1992	14.50	$968,523.77	50.00	36.11	1.0832	1.0000	$1,049,093.51	$29,055.71
1991	15.50	$1,218,932.88	50.00	35.19	1.0557	1.0000	$1,286,838.86	$36,567.99
1990	16.50	$715,429.99	50.00	34.28	1.0284	1.0000	$735,782.66	$21,462.90
1989	17.50	$587,061.61	50.00	33.38	1.0014	1.0000	$587,897.41	$17,611.85
1988	18.50	$825,237.13	50.00	32.49	0.9746	1.0000	$804,303.38	$24,757.11
1987	19.50	$475,415.34	50.00	31.60	0.9481	1.0000	$450,737.81	$14,262.46
1986	20.50	$736,537.15	50.00	30.73	0.9218	1.0000	$678,945.66	$22,096.11
1985	21.50	$538,339.20	50.00	29.86	0.8958	1.0000	$482,234.84	$16,150.18
1984	22.50	$1,203,657.33	50.00	29.00	0.8700	1.0000	$1,047,228.51	$36,109.72
1983	23.50	$471,034.92	50.00	28.15	0.8446	1.0000	$397,821.61	$14,131.05
1982	24.50	$878,010.07	50.00	27.31	0.8194	1.0000	$719,427.66	$26,340.30
1981	25.50	$1,080,946.05	50.00	26.48	0.7945	1.0000	$858,803.91	$32,428.38
1980	26.50	$401,350.01	50.00	25.66	0.7699	1.0000	$308,997.13	$12,040.50
1979	27.50	$388,217.18	50.00	24.85	0.7456	1.0000	$289,456.41	$11,646.52
1978	28.50	$518,402.45	50.00	24.05	0.7216	1.0000	$374,093.96	$15,552.07
1977	29.50	$671,114.32	50.00	23.27	0.6980	1.0000	$468,418.97	$20,133.43
1976	30.50	$541,106.38	50.00	22.49	0.6746	1.0000	$365,065.67	$16,233.19
1975	31.50	$2,112,614.03	50.00	21.72	0.6516	1.0000	$1,376,682.96	$63,378.42
1974	32.50	$785,099.45	50.00	20.97	0.6290	1.0000	$493,824.95	$23,552.98

Generation Arrangement Report

Account: CECO 101/6-355 Poles & fixtures

Dispersion: 50.00 - R3

Average Net Salvage Rate: -50.00%

Future Net Salvage Rate: -50.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
1973	33.50	$227,049.67	50.00	20.22	0.6067	1.0000	$137,750.88	$6,811.49
1972	34.50	$383,141.24	50.00	19.49	0.5848	1.0000	$224,050.75	$11,494.24
1971	35.50	$334,805.81	50.00	18.77	0.5632	1.0000	$188,569.54	$10,044.17
1970	36.50	$260,757.06	50.00	18.07	0.5421	1.0000	$141,345.23	$7,822.71
1969	37.50	$374,700.27	50.00	17.38	0.5213	1.0000	$195,333.28	$11,241.01
1968	38.50	$595,162.44	50.00	16.70	0.5010	1.0000	$298,161.65	$17,854.87
1967	39.50	$197,314.43	50.00	16.04	0.4811	1.0000	$94,924.91	$5,919.43
1966	40.50	$357,012.22	50.00	15.39	0.4616	1.0000	$164,813.30	$10,710.37
1965	41.50	$252,180.40	50.00	14.76	0.4427	1.0000	$111,636.69	$7,565.41
1964	42.50	$102,930.30	50.00	14.14	0.4242	1.0000	$43,664.14	$3,087.91
1963	43.50	$201,972.71	50.00	13.54	0.4062	1.0000	$82,050.23	$6,059.18
1962	44.50	$439,301.11	50.00	12.96	0.3888	1.0000	$170,799.78	$13,179.03
1961	45.50	$220,316.01	50.00	12.40	0.3719	1.0000	$81,933.87	$6,609.48
1960	46.50	$359,263.82	50.00	11.85	0.3555	1.0000	$127,732.28	$10,777.91
1959	47.50	$360,786.15	50.00	11.32	0.3397	1.0000	$122,572.91	$10,823.58
1958	48.50	$570,600.79	50.00	10.82	0.3245	1.0000	$185,166.81	$17,118.02
1957	49.50	$580,358.97	50.00	10.33	0.3099	1.0000	$179,825.89	$17,410.77
1956	50.50	$151,049.24	50.00	9.86	0.2958	1.0000	$44,675.93	$4,531.48
1955	51.50	$201,620.28	50.00	9.41	0.2823	1.0000	$56,909.14	$6,048.61
1954	52.50	$64,473.39	50.00	8.98	0.2693	1.0000	$17,363.40	$1,934.20
1953	53.50	$92,028.98	50.00	8.56	0.2569	1.0000	$23,644.01	$2,760.87
1952	54.50	$13,376.24	50.00	8.17	0.2451	1.0000	$3,278.16	$401.29
1951	55.50	$31,897.36	50.00	7.79	0.2337	1.0000	$7,455.86	$956.92
1950	56.50	$18,732.77	50.00	7.43	0.2229	1.0000	$4,175.97	$561.98
1949	57.50	$13,551.57	50.00	7.09	0.2126	1.0000	$2,880.75	$406.55
1948	58.50	$14,203.88	50.00	6.76	0.2027	1.0000	$2,878.77	$426.12
1947	59.50	$8,564.64	50.00	6.44	0.1932	1.0000	$1,654.50	$256.94
1946	60.50	$28,735.35	50.00	6.14	0.1841	1.0000	$5,289.20	$862.06
1945	61.50	$768.41	50.00	5.84	0.1753	1.0000	$134.68	$23.05
1944	62.50	$51,618.19	50.00	5.56	0.1668	1.0000	$8,608.79	$1,548.55
1934	72.50	$68,972.66	50.00	2.95	0.0885	1.0000	$6,106.29	$2,069.18
		$35,129,991.33	50.00	31.06	0.9317	1.0000	$32,731,011.94	$1,053,899.74

Depreciation Reserve Summary

Account: CECO 101/6-355 Poles & fixtures
Scenario: CECO Txm STudy 2007 Scenario
Dispersion: 50 - R3
Average Net Salvage Rate: -50.00%
Future Net Salvage Rate: -50.00%

Broad Group Procedure

January 1 , 2007

		Depreciation Reserve		Net Plant	
	Plant Amt	Amount	Ratio	Amount	Ratio
Recorded	$35,129,991.33	$27,249,472.26	0.7757	$25,445,514.73	0.7243
Computed	$35,129,991.33	$19,963,975.06	0.5683	$32,731,011.94	0.9317
Difference		$7,285,497.20	0.2074	($7,285,497.20)	-0.2074

Cleveland Electric & Illuminating Company

Average Life and Salvage Rate Determination

Based On Year End 2006 Data using Beginning Balance 1999

Account 356 Overhead Conductor

Life and Iowa Survivor Curve

Current Life and Iowa Survivor Curve is 45 R3

Actuarial Life Analysis

209 R0.5 best fit using 1999 - 2006 data

Industry Survey - EEI Survey of Depreciation Statistics 2003

Service Life Range 30 - 72 Years

Recommendation

Change to 50 R3 based on Industry Standards and Actuarial Life Analysis

Comments:
The 1999 - 2006 activity analysis and the prior study data produce virtual straight line data which is inconclusive. The EEI study data indicates a change to 50 R3 would be well within current industry trends. The data in the observation life table again becomes statistically insignificant after 50 years which is why the life was chosen. The R3 Iowa Curve appears to be the best fit still taking into account the 50 year life. R3 is also used frequently in the EEI Study.

Salvage Factor Estimates

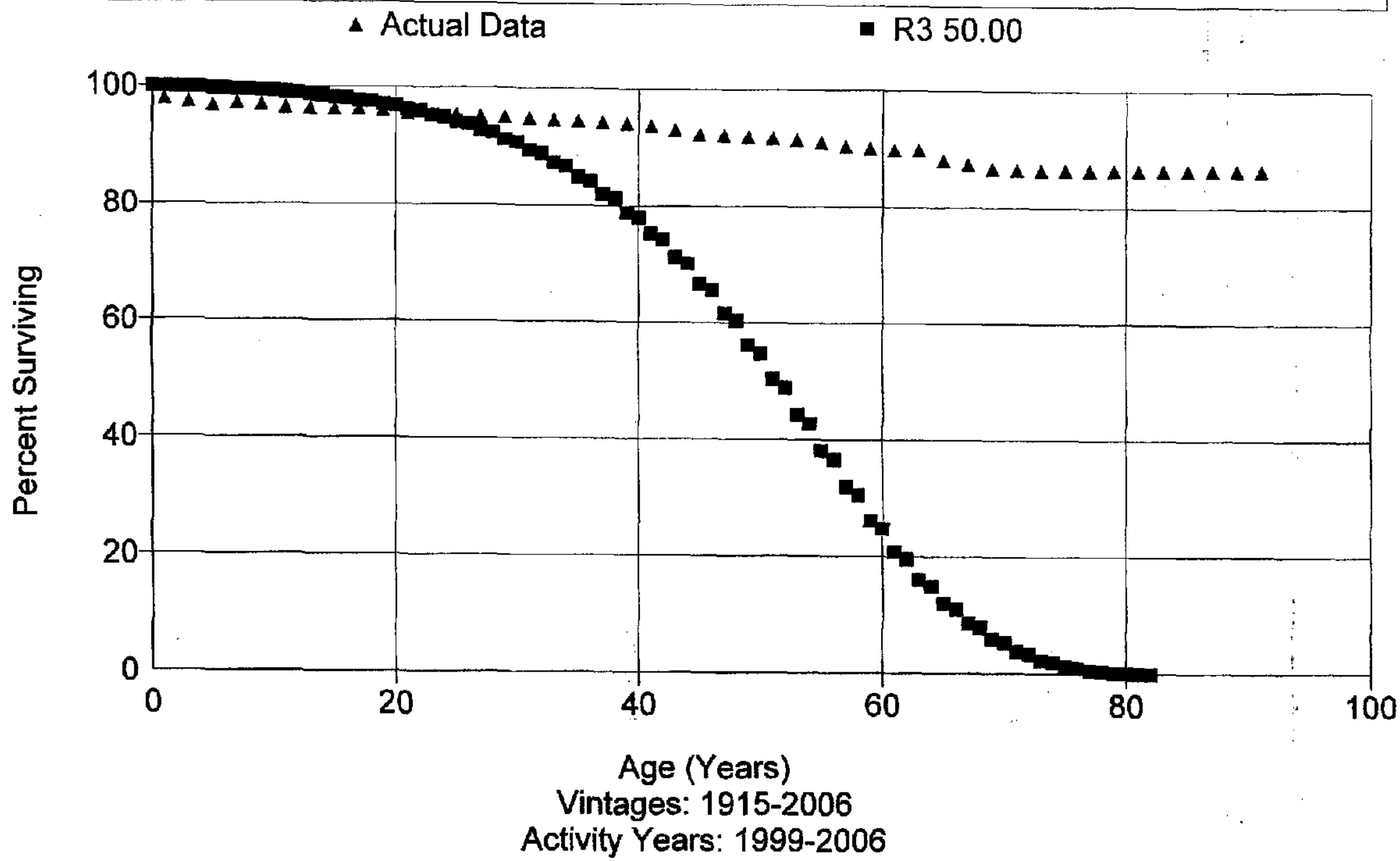
Current Net salvage Rate is -50%
Proposed Net salvage Rate -39%

Comments:
The 1999 - 2006 data studied produced a net salvage rate of -39%. The previous study produced a -50% net salvage rate. The EEI Study of net salvage ranged from 15% to -60%. We recommend using the new results of -39% . Based on the EEI Study the average net salvage rate is at the lower end of the cost of removal range presented.

Summary of Recommendations

50	Average Service Life
R3	Iowa Curve
-39	% Net Salvage

Cleveland Electric Illuminating Company
Account: 356 Overhead Conductor



Observed Life Table

Scenario: CECO Txm STudy 2007 Scenario
Account: CECO 101/6-356 Overhead cond
Placement Band: 1915 - 2006 Observation Band: 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirment Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
0	3,469,720.33	0.00	0.00000	1.00000	100.00
0.5	6,459,753.86	132,243.12	0.02047	0.97953	100.00
1.5	11,831,006.47	44,375.06	0.00375	0.99625	97.95
2.5	11,529,155.51	20,808.06	0.00180	0.99820	97.58
3.5	13,279,669.46	63,625.80	0.00479	0.99521	97.40
4.5	15,366,217.95	4,216.30	0.00027	0.99973	96.93
5.5	16,374,012.00	-5,203.84	-0.00032	1.00032	96.90
6.5	16,297,666.44	-57,452.43	-0.00353	1.00353	96.93
7.5	17,164,396.29	10,137.18	0.00059	0.99941	97.27
8.5	14,491,180.12	37,426.32	0.00258	0.99742	97.21
9.5	9,585,420.97	19,973.17	0.00208	0.99792	96.96
10.5	8,985,300.36	23,759.72	0.00264	0.99736	96.76
11.5	7,678,367.67	8,317.47	0.00108	0.99892	96.50
12.5	7,782,570.34	1,578.43	0.00020	0.99980	96.40
13.5	7,108,443.78	4,141.39	0.00058	0.99942	96.38
14.5	6,858,934.59	1,888.83	0.00028	0.99972	96.32
15.5	26,002,822.85	1,225.42	0.00005	0.99995	96.29
16.5	24,106,457.90	1,319.90	0.00005	0.99995	96.29
17.5	6,267,775.72	8,547.11	0.00136	0.99864	96.29
18.5	7,771,894.09	972.61	0.00013	0.99987	96.16
19.5	9,206,021.35	1,232.69	0.00013	0.99987	96.15
20.5	17,709,525.45	92,441.75	0.00522	0.99478	96.14
21.5	15,580,174.88	5,925.55	0.00038	0.99962	95.64
22.5	6,030,432.93	5,772.87	0.00096	0.99904	95.60
23.5	8,416,141.85	4,261.32	0.00051	0.99949	95.51
24.5	7,961,808.14	6,926.13	0.00087	0.99913	95.46
25.5	6,019,975.68	9,480.81	0.00157	0.99843	95.38
26.5	9,061,797.58	3,772.99	0.00042	0.99958	95.23
27.5	11,656,511.08	2,422.64	0.00021	0.99979	95.19
28.5	9,546,801.95	1,987.03	0.00021	0.99979	95.17
29.5	7,040,939.04	8,043.37	0.00114	0.99886	95.15
30.5	6,855,603.84	7,586.82	0.00111	0.99889	95.04
31.5	4,968,500.26	4,868.21	0.00098	0.99902	94.93
32.5	3,588,127.29	8,512.31	0.00237	0.99763	94.84
33.5	4,161,125.58	5,048.26	0.00121	0.99879	94.62
34.5	3,734,290.57	3,316.04	0.00089	0.99911	94.51
35.5	4,915,903.20	1,675.12	0.00034	0.99966	94.43
36.5	5,297,149.57	2,860.68	0.00054	0.99946	94.40
37.5	3,059,763.05	5,591.60	0.00183	0.99817	94.35
38.5	2,628,882.21	2,310.29	0.00088	0.99912	94.18
39.5	3,890,866.13	9,389.69	0.00241	0.99759	94.10
40.5	4,389,804.09	6,825.60	0.00155	0.99845	93.87
41.5	4,075,894.63	13,905.63	0.00341	0.99659	93.72
42.5	3,835,575.74	16,433.15	0.00428	0.99572	93.40
43.5	4,357,874.02	23,861.97	0.00548	0.99452	93.00
44.5	4,203,570.79	7,854.07	0.00187	0.99813	92.49
45.5	3,449,150.71	2,926.01	0.00085	0.99915	92.32
46.5	2,968,662.43	2,716.70	0.00092	0.99908	92.24
47.5	2,412,345.86	5,427.64	0.00225	0.99775	92.16
48.5	1,637,396.73	681.80	0.00042	0.99958	91.95
49.5	1,010,012.02	1,576.58	0.00156	0.99844	91.91
50.5	863,767.32	629.93	0.00073	0.99927	91.77
51.5	374,746.70	286.50	0.00077	0.99923	91.70
52.5	168,760.67	289.29	0.00171	0.99829	91.63

Observed Life Table

Scenario: CECO Txm STudy 2007 Scenario
Account: CECO 101/6-356 Overhead cond
Placement Band: *1915 - 2006* **Observation Band:** *1999 - 2006*

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirment Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
53.5	166,326.89	334.12	0.00201	0.99799	91.47
54.5	377,781.91	1,235.22	0.00327	0.99673	91.29
55.5	363,315.72	362.24	0.00100	0.99900	90.99
56.5	206,551.72	1,280.38	0.00620	0.99380	90.90
57.5	183,629.29	593.48	0.00323	0.99677	90.34
58.5	143,930.44	7.64	0.00006	0.99994	90.05
59.5	143,921.75	1.30	0.00001	0.99999	90.04
60.5	137,872.29	352.19	0.00255	0.99745	90.04
61.5	137,520.10	25.45	0.00018	0.99982	89.81
62.5	0.00	0.00	0.00000	0.00000	89.79
63.5	0.00	0.00	0.00000	0.00000	
64.5	990,105.83	19,127.39	0.01932	0.98068	
65.5	970,978.44	902.91	0.00093	0.99907	
66.5	223,171.25	1,476.29	0.00661	0.99339	
67.5	221,694.96	1,788.31	0.00807	0.99193	
68.5	219,906.65	0.00	0.00000	1.00000	
69.5	219,906.65	0.00	0.00000	1.00000	
70.5	219,906.65	467.45	0.00212	0.99788	
71.5	219,439.20	92.38	0.00042	0.99958	
72.5	0.00	0.00	0.00000	0.00000	
73.5	0.00	0.00	0.00000	0.00000	
74.5	46,739.00	0.00	0.00000	1.00000	
75.5	46,739.00	0.00	0.00000	1.00000	
76.5	0.00	0.00	0.00000	0.00000	

Net Salvage Analysis Report

			Gross Salvage (Cash)		Gross Salvage (Returns)		Cost of Removal		Net Salvage		
Account	Year	Retirements	Amount	Pct.	Amount	Pct.	Amount	Pct.	Amount	Pct.	1-Yr Avg
CECO 356 Overhead Conductor	1999	153,092.28	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CECO 356 Overhead Conductor	2000	79,687.21	0.00	0.00	0.00	0.00	7,434.02	9.33	(7,434.02)	-9.33	-9.33
CECO 356 Overhead Conductor	2001	61,028.29	0.00	0.00	0.00	0.00	44,390.38	72.74	(44,390.38)	-72.74	-72.74
CECO 356 Overhead Conductor	2002	104,804.94	0.00	0.00	0.00	0.00	12,277.45	11.71	(12,277.45)	-11.71	-11.71
CECO 356 Overhead Conductor	2003	(5,023.00)	8,941.00	-178.00	0.00	0.00	9,412.93	-187.40	(471.93)	9.40	9.40
CECO 356 Overhead Conductor	2004	(75,300.00)	5,848.54	-7.77	0.00	0.00	20,256.22	-26.90	(14,407.68)	19.13	19.13
CECO 356 Overhead Conductor	2005	73,491.89	393.00	0.53	0.00	0.00	37,909.43	51.58	(37,516.43)	-51.05	-51.05
CECO 356 Overhead Conductor	2006	224,707.29	154.83	0.07	0.00	0.00	126,651.48	56.36	(126,496.65)	-56.29	-56.29
		616,488.90	15,337.37	2.49	0.00	0.00	258,331.91	41.90	(242,994.54)	-39.42	

Whole Life Depreciation Accrual

Account: CECO 101/6-356 Overhead cond

Dispersion: 50 - R3

Average Net Salvage Rate: -39.00%

Future Net Salvage Rate: -39.00%

Broad Group Procedure

January 1, 2007

	Plant Amt	Period (Years)	Accrual (Dollars)	Accrual Rate (Percent)
Pre- 2007 Additions	$40,311,338.81		$1,114,336.27	2.764326
Whole Life		50	$1,120,655.22	
Amortization		0	$0.00	
Retirements	$454,600.42	50	$6,318.95	
2007 Additions	$0.00		$0.00	0.000000
Whole Life			$0.00	
Retirements	$0.00	0.00	$0.00	
Total:	$40,311,338.81 *		$1,114,336.27	2.764327
Average:	$40,084,038.60		$1,114,336.27	2.780000
Grand Total:	$40,311,338.81 *		$1,114,336.27	2.764327

* Excluding 2007 Retirements

Account: CECO 101/6-356 Overhead cond

Dispersion: 50.00 - R3

Average Net Salvage Rate: -39.00%

Future Net Salvage Rate: -39.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
2006	0.50	$3,622,566.14	50.00	49.51	1.3763	1.0000	$4,985,764.91	$100,707.34
2005	1.50	$714,147.81	50.00	48.53	1.3490	1.0000	$963,384.11	$19,853.31
2004	2.50	$1,043,630.28	50.00	47.54	1.3217	1.0000	$1,379,414.25	$29,012.92
2003	3.50	$267,319.47	50.00	46.57	1.2946	1.0000	$346,065.04	$7,431.48
2002	4.50	$321,108.62	50.00	45.59	1.2675	1.0000	$407,007.16	$8,926.82
2001	5.50	$302,801.43	50.00	44.62	1.2405	1.0000	$375,632.19	$8,417.88
2000	6.50	$881,403.48	50.00	43.66	1.2137	1.0000	$1,069,722.87	$24,503.02
1999	7.50	$188,263.69	50.00	42.69	1.1869	1.0000	$223,451.45	$5,233.73
1998	8.50	$1,206,895.15	50.00	41.74	1.1603	1.0000	$1,400,343.54	$33,551.69
1997	9.50	$4,747,757.19	50.00	40.78	1.1338	1.0000	$5,383,013.17	$131,987.65
1996	10.50	$1,445,616.97	50.00	39.84	1.1075	1.0000	$1,600,958.82	$40,188.15
1995	11.50	$2,057,311.65	50.00	38.89	1.0813	1.0000	$2,224,506.18	$57,193.26
1994	12.50	$1,539,187.86	50.00	37.96	1.0552	1.0000	$1,624,226.17	$42,789.42
1993	13.50	$822,516.39	50.00	37.03	1.0294	1.0000	$846,707.05	$22,865.96
1992	14.50	$758,441.94	50.00	36.11	1.0038	1.0000	$761,289.42	$21,084.69
1991	15.50	$755,728.53	50.00	35.19	0.9783	1.0000	$739,322.18	$21,009.25
1990	16.50	$1,208,852.73	50.00	34.28	0.9530	1.0000	$1,152,071.26	$33,606.11
1989	17.50	$650,581.68	50.00	33.38	0.9280	1.0000	$603,730.67	$18,086.17
1988	18.50	$731,244.69	50.00	32.49	0.9032	1.0000	$660,430.93	$20,328.60
1987	19.50	$203,259.21	50.00	31.60	0.8786	1.0000	$178,576.61	$5,650.61
1986	20.50	$690,371.64	50.00	30.73	0.8542	1.0000	$589,721.34	$19,192.33
1985	21.50	$407,041.62	50.00	29.86	0.8301	1.0000	$337,881.91	$11,315.76
1984	22.50	$949,871.88	50.00	29.00	0.8062	1.0000	$765,820.81	$26,406.44
1983	23.50	$217,140.30	50.00	28.15	0.7826	1.0000	$169,941.42	$6,036.50
1982	24.50	$436,224.87	50.00	27.31	0.7593	1.0000	$331,223.85	$12,127.05
1981	25.50	$770,198.48	50.00	26.48	0.7362	1.0000	$567,043.26	$21,411.52
1980	26.50	$385,357.71	50.00	25.66	0.7134	1.0000	$274,927.87	$10,712.94
1979	27.50	$304,278.27	50.00	24.85	0.6909	1.0000	$210,233.97	$8,458.94
1978	28.50	$429,389.18	50.00	24.05	0.6687	1.0000	$287,136.43	$11,937.02
1977	29.50	$481,925.54	50.00	23.27	0.6468	1.0000	$311,703.34	$13,397.53
1976	30.50	$432,580.72	50.00	22.49	0.6252	1.0000	$270,437.65	$12,025.74
1975	31.50	$1,676,136.91	50.00	21.72	0.6039	1.0000	$1,012,153.89	$46,596.58
1974	32.50	$1,064,533.39	50.00	20.97	0.5829	1.0000	$620,484.85	$29,594.03

Generation Arrangement Report

Account: CECO 101/6-356 Overhead cond

Dispersion: 50.00 - R3

Average Net Salvage Rate: -39.00%

Future Net Salvage Rate: -39.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
1973	33.50	$377,428.42	50.00	20.22	0.5622	1.0000	$212,193.30	$10,492.51
1972	34.50	$563,250.17	50.00	19.49	0.5419	1.0000	$305,219.57	$15,658.35
1971	35.50	$379,504.89	50.00	18.77	0.5219	1.0000	$198,070.35	$10,550.24
1970	36.50	$409,335.80	50.00	18.07	0.5023	1.0000	$205,611.95	$11,379.54
1969	37.50	$459,517.28	50.00	17.38	0.4831	1.0000	$221,981.91	$12,774.68
1968	38.50	$727,950.02	50.00	16.70	0.4642	1.0000	$337,941.38	$20,237.01
1967	39.50	$203,342.85	50.00	16.04	0.4458	1.0000	$90,651.25	$5,652.93
1966	40.50	$403,459.17	50.00	15.39	0.4278	1.0000	$172,596.63	$11,216.16
1965	41.50	$228,414.88	50.00	14.76	0.4102	1.0000	$93,700.02	$6,349.93
1964	42.50	$142,766.79	50.00	14.14	0.3931	1.0000	$56,121.90	$3,968.92
1963	43.50	$256,418.06	50.00	13.54	0.3765	1.0000	$96,529.32	$7,128.42
1962	44.50	$539,785.58	50.00	12.96	0.3603	1.0000	$194,477.70	$15,006.04
1961	45.50	$179,571.14	50.00	12.40	0.3446	1.0000	$61,883.87	$4,992.08
1960	46.50	$296,777.70	50.00	11.85	0.3295	1.0000	$97,778.19	$8,250.42
1959	47.50	$578,133.43	50.00	11.32	0.3148	1.0000	$182,010.43	$16,072.11
1958	48.50	$799,618.21	50.00	10.82	0.3007	1.0000	$240,456.76	$22,229.39
1957	49.50	$712,465.42	50.00	10.33	0.2871	1.0000	$204,570.43	$19,806.54
1956	50.50	$193,436.68	50.00	9.86	0.2741	1.0000	$53,017.28	$5,377.54
1955	51.50	$402,661.05	50.00	9.41	0.2616	1.0000	$105,320.03	$11,193.98
1954	52.50	$215,773.97	50.00	8.98	0.2496	1.0000	$53,848.90	$5,998.52
1953	53.50	$2,785.82	50.00	8.56	0.2381	1.0000	$663.24	$77.45
1952	54.50	$55,117.35	50.00	8.17	0.2271	1.0000	$12,517.21	$1,532.26
1951	55.50	$15,311.73	50.00	7.79	0.2166	1.0000	$3,316.58	$425.67
1950	56.50	$29,899.18	50.00	7.43	0.2066	1.0000	$6,178.44	$831.20
1949	57.50	$22,414.74	50.00	7.09	0.1970	1.0000	$4,415.43	$623.13
1948	58.50	$39,115.49	50.00	6.76	0.1878	1.0000	$7,346.37	$1,087.41
1947	59.50	$1.05	50.00	6.44	0.1790	1.0000	$0.19	$0.03
1946	60.50	$6,050.11	50.00	6.14	0.1706	1.0000	$1,031.95	$168.19
1944	62.50	$137,596.02	50.00	5.56	0.1545	1.0000	$21,265.16	$3,825.17
1934	72.50	$219,751.39	50.00	2.95	0.0820	1.0000	$18,028.33	$6,109.09
1924	82.50	$0.00	50.00	0.60	0.0167	1.0000	$0.00	$0.00
		$40,311,338.81	50.00	32.06	0.8914	1.0000	$35,933,070.65	$1,120,655.22

Depreciation Reserve Summary

Account: CECO 101/6-356 Overhead cond
Scenario: CECO Txm STudy 2007 Scenario
Dispersion: 50 - R3
Average Net Salvage Rate: -39.00%
Future Net Salvage Rate: -39.00%

Broad Group Procedure

January 1 , 2007

		Depreciation Reserve		Net Plant	
	Plant Amt	Amount	Ratio	Amount	Ratio
Recorded	$40,311,338.81	$20,666,787.94	0.5127	$35,365,973.01	0.8773
Computed	$40,311,338.81	$20,099,690.30	0.4986	$35,933,070.65	0.8914
Difference		$567,097.64	0.0141	($567,097.64)	-0.0141

Cleveland Electric & Illuminating Company

Average Life and Salvage Rate Determination

Based On Year End 2006 Data using Beginning Balance 1999

Account 357 Underground Conduit

Life and Iowa Survivor Curve

Current Life and Iowa Survivor Curve is 60 R2

Actuarial Life Analysis

196 R4 best fit using 1999 - 2006 data

Industry Survey - EEI Survey of Depreciation Statistics 2003

Service Life Range 28.5 - 75 Years

Recommendation

Do not change existing Iowa Curve of 60 R2

Comments:
The current data produces a straight line which is inconclusive with regard to actuarial analysis. The previous study arrived at the same conclusion. The EEI Industry standard results would also lead one to conclude to continue with the existing Curve and Life.

Salvage Factor Estimates

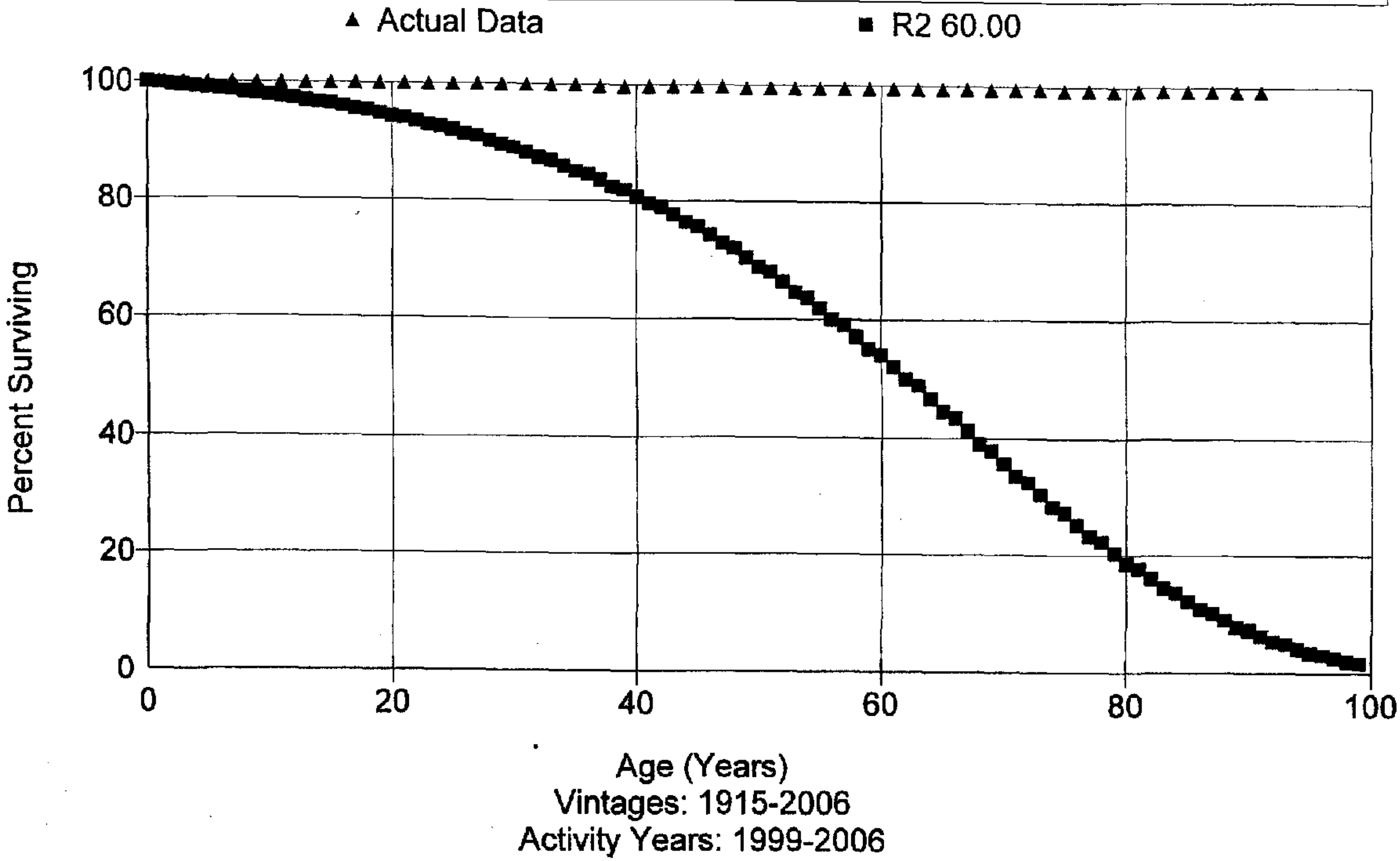
Current Net salvage Rate is -20%
Proposed Net salvage Rate -20%

Comments:
The current net salvage is limited to 5 years of data arriving at -8% . The EEI Study reflects net salvage between 0% and 20%. We find no reason to change the existing -20% net salvage rate.

Summary of Recommendations

60	Average Service Life
R2	
-20	% Net Salvage

Cleveland Electric Illuminating Company
Account: 357 Underground Conduit



Observed Life Table

Scenario: CECO Txm STudy 2007 Scenario
Account: CECO 101/6-357 Underground conduit
Placement Band: 1915 - 2006 Observation Band: 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirment Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
0	440,376.13	0.00	0.00000	1.00000	100.00
0.5	1,652,442.66	0.00	0.00000	1.00000	100.00
1.5	1,824,303.39	0.00	0.00000	1.00000	100.00
2.5	2,632,232.81	0.00	0.00000	1.00000	100.00
3.5	3,111,058.89	0.00	0.00000	1.00000	100.00
4.5	3,453,814.09	0.00	0.00000	1.00000	100.00
5.5	6,348,658.27	0.00	0.00000	1.00000	100.00
6.5	6,869,802.63	0.00	0.00000	1.00000	100.00
7.5	4,750,465.09	0.00	0.00000	1.00000	100.00
8.5	3,274,651.11	0.00	0.00000	1.00000	100.00
9.5	3,774,861.76	0.00	0.00000	1.00000	100.00
10.5	2,981,654.34	0.00	0.00000	1.00000	100.00
11.5	3,258,689.20	0.00	0.00000	1.00000	100.00
12.5	3,033,261.44	0.00	0.00000	1.00000	100.00
13.5	2,930,150.60	70.06	0.00002	0.99998	100.00
14.5	2,478,212.49	0.00	0.00000	1.00000	100.00
15.5	2,528,881.49	1.48	0.00000	1.00000	100.00
16.5	3,072,627.78	0.00	0.00000	1.00000	100.00
17.5	2,496,151.05	0.00	0.00000	1.00000	100.00
18.5	2,730,399.46	0.00	0.00000	1.00000	100.00
19.5	2,459,755.86	0.00	0.00000	1.00000	100.00
20.5	3,007,165.40	26.16	0.00001	0.99999	100.00
21.5	2,620,902.13	0.00	0.00000	1.00000	100.00
22.5	2,668,409.89	60.84	0.00002	0.99998	100.00
23.5	3,732,287.40	0.00	0.00000	1.00000	100.00
24.5	3,731,914.94	19.72	0.00001	0.99999	100.00
25.5	3,592,391.22	193.42	0.00005	0.99995	100.00
26.5	4,250,484.83	119.01	0.00003	0.99997	100.00
27.5	4,138,446.55	12.58	0.00000	1.00000	100.00
28.5	3,998,029.26	265.63	0.00007	0.99993	100.00
29.5	3,960,911.64	102.88	0.00003	0.99997	99.99
30.5	4,162,635.99	106.59	0.00003	0.99997	99.99
31.5	3,266,735.52	35.08	0.00001	0.99999	99.99
32.5	2,743,994.78	77.67	0.00003	0.99997	99.99
33.5	2,951,356.44	31.59	0.00001	0.99999	99.99
34.5	2,415,469.96	29.79	0.00001	0.99999	99.99
35.5	2,205,007.33	60.11	0.00003	0.99997	99.99
36.5	1,962,545.70	4,839.79	0.00247	0.99753	99.99
37.5	1,993,937.68	24.74	0.00001	0.99999	99.74
38.5	1,781,596.55	177.11	0.00010	0.99990	99.74
39.5	1,987,492.98	11.98	0.00001	0.99999	99.73
40.5	3,512,307.68	28.16	0.00001	0.99999	99.73
41.5	3,682,286.26	58.15	0.00002	0.99998	99.73
42.5	1,942,269.03	29.93	0.00002	0.99998	99.73
43.5	1,991,180.36	19.53	0.00001	0.99999	99.73
44.5	2,016,703.67	13.03	0.00001	0.99999	99.73
45.5	2,179,085.83	6.80	0.00000	1.00000	99.73
46.5	2,488,988.61	79.16	0.00003	0.99997	99.73
47.5	2,561,626.53	4,275.32	0.00167	0.99833	99.73
48.5	3,815,779.75	0.00	0.00000	1.00000	99.56
49.5	4,429,535.28	9.49	0.00000	1.00000	99.56
50.5	5,277,100.13	79.68	0.00002	0.99998	99.56
51.5	5,402,831.36	13.94	0.00000	1.00000	99.56
52.5	5,230,349.65	314.47	0.00006	0.99994	99.56

Observed Life Table

Scenario: CECO Txm STudy 2007 Scenario
Account: CECO 101/6-357 Underground conduit
Placement Band: 1915 - 2006

Observation Band: 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirment Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
53.5	4,989,585.16	212.03	0.00004	0.99996	99.55
54.5	6,616,755.60	405.70	0.00006	0.99994	99.55
55.5	6,143,626.76	43.28	0.00001	0.99999	99.54
56.5	4,560,913.38	19.83	0.00000	1.00000	99.54
57.5	3,446,110.75	0.00	0.00000	1.00000	99.54
58.5	2,574,076.56	0.00	0.00000	1.00000	99.54
59.5	2,229,753.16	308.69	0.00014	0.99986	99.54
60.5	2,088,478.49	0.00	0.00000	1.00000	99.53
61.5	2,044,039.74	0.00	0.00000	1.00000	99.53
62.5	0.00	0.00	0.00000	0.00000	99.53
63.5	0.00	0.00	0.00000	0.00000	
64.5	3,616,249.64	180.59	0.00005	0.99995	
65.5	3,616,069.05	2.96	0.00000	1.00000	
66.5	3,616,066.09	0.00	0.00000	1.00000	
67.5	3,616,066.09	0.00	0.00000	1.00000	
68.5	3,616,066.09	0.00	0.00000	1.00000	
69.5	3,616,066.09	193.53	0.00005	0.99995	
70.5	3,615,872.56	0.00	0.00000	1.00000	
71.5	3,615,872.56	0.00	0.00000	1.00000	
72.5	0.00	0.00	0.00000	0.00000	
73.5	0.00	0.00	0.00000	0.00000	
74.5	3,201,544.65	4,784.72	0.00149	0.99851	
75.5	3,196,759.93	0.00	0.00000	1.00000	
76.5	3,196,759.93	0.00	0.00000	1.00000	
77.5	3,196,759.93	0.00	0.00000	1.00000	
78.5	3,196,759.93	0.00	0.00000	1.00000	
79.5	3,196,759.93	0.00	0.00000	1.00000	
80.5	3,196,759.93	13.17	0.00000	1.00000	
81.5	3,196,746.76	0.00	0.00000	1.00000	
82.5	0.00	0.00	0.00000	0.00000	

Net Salvage Analysis Report

			Gross Salvage (Cash)		Gross Salvage (Returns)		Cost of Removal		Net Salvage		
Account	Year	Retirements	Amount	Pct.	Amount	Pct.	Amount	Pct.	Amount	Pct.	1-Yr Avg
CECO 357 Underground Conduit	2000	13.37	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CECO 357 Underground Conduit	2001	2,230.58	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CECO 357 Underground Conduit	2002	590.37	0.00	0.00	0.00	0.00	3,492.02	591.50	(3,492.02)	-591.50	-591.50
CECO 357 Underground Conduit	2004	732.90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CECO 357 Underground Conduit	2005	42,837.26	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		46,404.48	0.00	0.00	0.00	0.00	3,492.02	7.53	(3,492.02)	-7.53	

Whole Life Depreciation Accrual

Account: CECO 101/6-357 Underground conduit
Dispersion: 60 - R2

[illegible]age Net Salvage Rate: -20.00%
Future Net Salvage Rate: -20.00%

Broad Group Procedure

January 1 , 2007

	Plant Amt	Period (Years)	Accrual (Dollars)	Accrual Rate (Percent)
Pre- 2007 Additions	$31,385,273.36		$619,438.80	1.973662
Whole Life		60	$627,705.47	
Amortization		0	$0.00	
Retirements	$826,666.49	60	$8,266.66	
2007 Additions	$0.00		$0.00	0.000000
Whole Life			$0.00	
Retirements	$0.00	0.00	$0.00	
Total:	$31,385,273.36 *		$619,438.80	1.973664
Average:	$30,971,940.12		$619,438.80	2.000000
Grand Total:	$31,385,273.36 *		$619,438.80	1.973664

* Excluding 2007 Retirements

Generation Arrangement Report

Account: CECO 101/6-357 Underground conduit

Dispersion: 60.00 - R2

Average Net Salvage Rate: -20.00%

Future Net Salvage Rate: -20.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
2006	0.50	$37,042.15	60.00	59.55	1.1909	1.0000	$44,115.01	$740.84
2005	1.50	$359,038.88	60.00	58.64	1.1729	1.0000	$421,105.37	$7,180.78
2003	3.50	$7,120.06	60.00	56.85	1.1370	1.0000	$8,095.75	$142.40
2002	4.50	$11,171.56	60.00	55.96	1.1192	1.0000	$12,503.42	$223.43
2001	5.50	$12,700.25	60.00	55.08	1.1015	1.0000	$13,989.83	$254.01
2000	6.50	$1,295.69	60.00	54.20	1.0839	1.0000	$1,404.42	$25.91
1999	7.50	$12,007.54	60.00	53.32	1.0664	1.0000	$12,804.62	$240.15
1998	8.50	$399,521.54	60.00	52.45	1.0490	1.0000	$419,092.19	$7,990.43
1997	9.50	$1,012,924.00	60.00	51.58	1.0317	1.0000	$1,044,984.67	$20,258.48
1996	10.50	$715,790.90	60.00	50.72	1.0144	1.0000	$726,105.03	$14,315.82
1995	11.50	$278,030.72	60.00	49.87	0.9973	1.0000	$277,284.87	$5,560.61
1994	12.50	$447,049.11	60.00	49.01	0.9803	1.0000	$438,236.73	$8,940.98
1993	13.50	$612,332.98	60.00	48.17	0.9634	1.0000	$589,898.84	$12,246.66
1992	14.50	$449,899.66	60.00	47.33	0.9466	1.0000	$425,866.22	$8,997.99
1991	15.50	$205,295.02	60.00	46.49	0.9299	1.0000	$190,899.54	$4,105.90
1990	16.50	$205,877.82	60.00	45.66	0.9133	1.0000	$188,024.98	$4,117.56
1989	17.50	$631,588.73	60.00	44.84	0.8968	1.0000	$566,434.92	$12,631.77
1988	18.50	$14,722.00	60.00	44.02	0.8805	1.0000	$12,962.45	$294.44
1987	19.50	$762,910.94	60.00	43.21	0.8642	1.0000	$659,326.69	$15,258.22
1986	20.50	$128,499.00	60.00	42.41	0.8481	1.0000	$108,985.74	$2,569.98
1985	21.50	$509,371.11	60.00	41.61	0.8321	1.0000	$423,866.50	$10,187.42
1984	22.50	$70,572.00	60.00	40.81	0.8163	1.0000	$57,605.13	$1,411.44
1983	23.50	$81,435.00	60.00	40.03	0.8005	1.0000	$65,192.07	$1,628.70
1982	24.50	$716,564.00	60.00	39.25	0.7849	1.0000	$562,441.46	$14,331.28
1981	25.50	$212,077.00	60.00	38.47	0.7694	1.0000	$163,175.14	$4,241.54
1980	26.50	$248,944.25	60.00	37.70	0.7541	1.0000	$187,725.77	$4,978.89
1979	27.50	$492,267.34	60.00	36.94	0.7389	1.0000	$363,717.18	$9,845.35
1978	28.50	$675,835.53	60.00	36.19	0.7238	1.0000	$489,145.34	$13,516.71
1977	29.50	$123,134.00	60.00	35.44	0.7088	1.0000	$87,282.96	$2,462.68
1976	30.50	$118,060.04	60.00	34.70	0.6940	1.0000	$81,937.59	$2,361.20
1975	31.50	$1,144,276.43	60.00	33.97	0.6794	1.0000	$777,365.65	$22,885.53
1974	32.50	$716,062.61	60.00	33.24	0.6649	1.0000	$476,086.68	$14,321.25
1973	33.50	$72,560.42	60.00	32.52	0.6505	1.0000	$47,199.97	$1,451.21

Generation Arrangement Report

Account: CECO 101/6-357 Underground conduit
Dispersion: 60.00 - R2
Average Net Salvage Rate: -20.00%
Future Net Salvage Rate: -20.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
1972	34.50	$906,967.04	60.00	31.81	0.6363	1.0000	$577,096.45	$18,139.34
1971	35.50	$380,247.36	60.00	31.11	0.6222	1.0000	$236,598.34	$7,604.95
1970	36.50	$535,306.46	60.00	30.42	0.6083	1.0000	$325,628.33	$10,706.13
1969	37.50	$86,269.71	60.00	29.73	0.5945	1.0000	$51,289.96	$1,725.39
1968	38.50	$318,795.94	60.00	29.05	0.5810	1.0000	$185,212.06	$6,375.92
1967	39.50	$249,360.23	60.00	28.38	0.5675	1.0000	$141,519.75	$4,987.20
1966	40.50	$153,971.01	60.00	27.71	0.5542	1.0000	$85,336.73	$3,079.42
1965	41.50	$279,943.24	60.00	27.06	0.5412	1.0000	$151,501.71	$5,598.86
1964	42.50	$370,992.31	60.00	26.41	0.5282	1.0000	$195,974.90	$7,419.85
1963	43.50	$169,796.22	60.00	25.77	0.5155	1.0000	$87,523.97	$3,395.92
1962	44.50	$292,708.24	60.00	25.15	0.5029	1.0000	$147,212.90	$5,854.16
1961	45.50	$122,501.48	60.00	24.53	0.4905	1.0000	$60,089.33	$2,450.03
1960	46.50	$107,464.06	60.00	23.91	0.4783	1.0000	$51,396.71	$2,149.28
1959	47.50	$404,273.48	60.00	23.31	0.4663	1.0000	$188,501.88	$8,085.47
1958	48.50	$324,333.04	60.00	22.72	0.4544	1.0000	$147,380.06	$6,486.66
1957	49.50	$501,043.20	60.00	22.14	0.4427	1.0000	$221,820.45	$10,020.86
1956	50.50	$24,813.63	60.00	21.56	0.4313	1.0000	$10,701.67	$496.27
1955	51.50	$218,732.55	60.00	21.00	0.4200	1.0000	$91,863.87	$4,374.65
1954	52.50	$313,433.75	60.00	20.44	0.4089	1.0000	$128,152.21	$6,268.68
1953	53.50	$284,888.77	60.00	19.90	0.3980	1.0000	$113,387.89	$5,697.78
1952	54.50	$417,373.64	60.00	19.36	0.3873	1.0000	$161,645.68	$8,347.47
1951	55.50	$476,990.56	60.00	18.84	0.3768	1.0000	$179,710.75	$9,539.81
1950	56.50	$1,582,670.10	60.00	18.32	0.3665	1.0000	$580,033.71	$31,653.40
1949	57.50	$1,114,782.80	60.00	17.82	0.3564	1.0000	$397,276.95	$22,295.66
1948	58.50	$872,034.19	60.00	17.32	0.3464	1.0000	$302,106.67	$17,440.68
1947	59.50	$342,695.99	60.00	16.84	0.3368	1.0000	$115,406.27	$6,853.92
1946	60.50	$140,965.98	60.00	16.36	0.3272	1.0000	$46,129.64	$2,819.32
1945	61.50	$44,438.75	60.00	15.90	0.3179	1.0000	$14,128.76	$888.78
1944	62.50	$2,044,443.45	60.00	15.44	0.3088	1.0000	$631,364.22	$40,888.87
1934	72.50	$3,615,546.05	60.00	11.40	0.2280	1.0000	$824,384.30	$72,310.92
1924	82.50	$3,201,511.85	60.00	8.13	0.1625	1.0000	$520,277.15	$64,030.24
		$31,385,273.36	60.00	26.95	0.5390	1.0000	$16,915,515.95	$627,705.47

Depreciation Reserve Summary

Account: CECO 101/6-357 Underground conduit
Scenario: CECO Txm STudy 2007 Scenario
Dispersion: 60 - R2
Average Net Salvage Rate: -20.00%
Future Net Salvage Rate: -20.00%

Broad Group Procedure

January 1 , 2007

		Depreciation Reserve		Net Plant	
	Plant Amt	Amount	Ratio	Amount	Ratio
Recorded	$31,385,273.36	$23,028,665.94	0.7337	$14,633,662.09	0.4663
Computed	$31,385,273.36	$20,746,812.08	0.6610	$16,915,515.95	0.5390
Difference		$2,281,853.86	0.0727	($2,281,853.86)	-0.0727

03/10/2007

Cleveland Electric & Illuminating Company

Average Life and Salvage Rate Determination

Based On Year End 2006 Data using Beginning Balance 1999

Account 358 Underground Conductor & Devices

Life and Iowa Survivor Curve

Current Life and Iowa Survivor Curve is 50 01

Actuarial Life Analysis

287.50 S0.5 best fit using 1999 - 2006 data

Industry Survey - EEI Survey of Depreciation Statistics 2003

Service Life Range 28.5 - 72 Years

Recommendation

No change is recommended for this account continue using 50 O1

Comments:
Actuarial results are inconclusive as the data results in a straight line inapplicable to a particular dispersion curve. The previous Study chose 50 O1 which we cannot dispute with our current findings. Recent industry trends per the EEI Study would indicate the 50 year life is well within average . While the R curves appear more popular in recent studies I cannot dispute the use of the O1 curve based on the data.

Salvage Factor Estimates

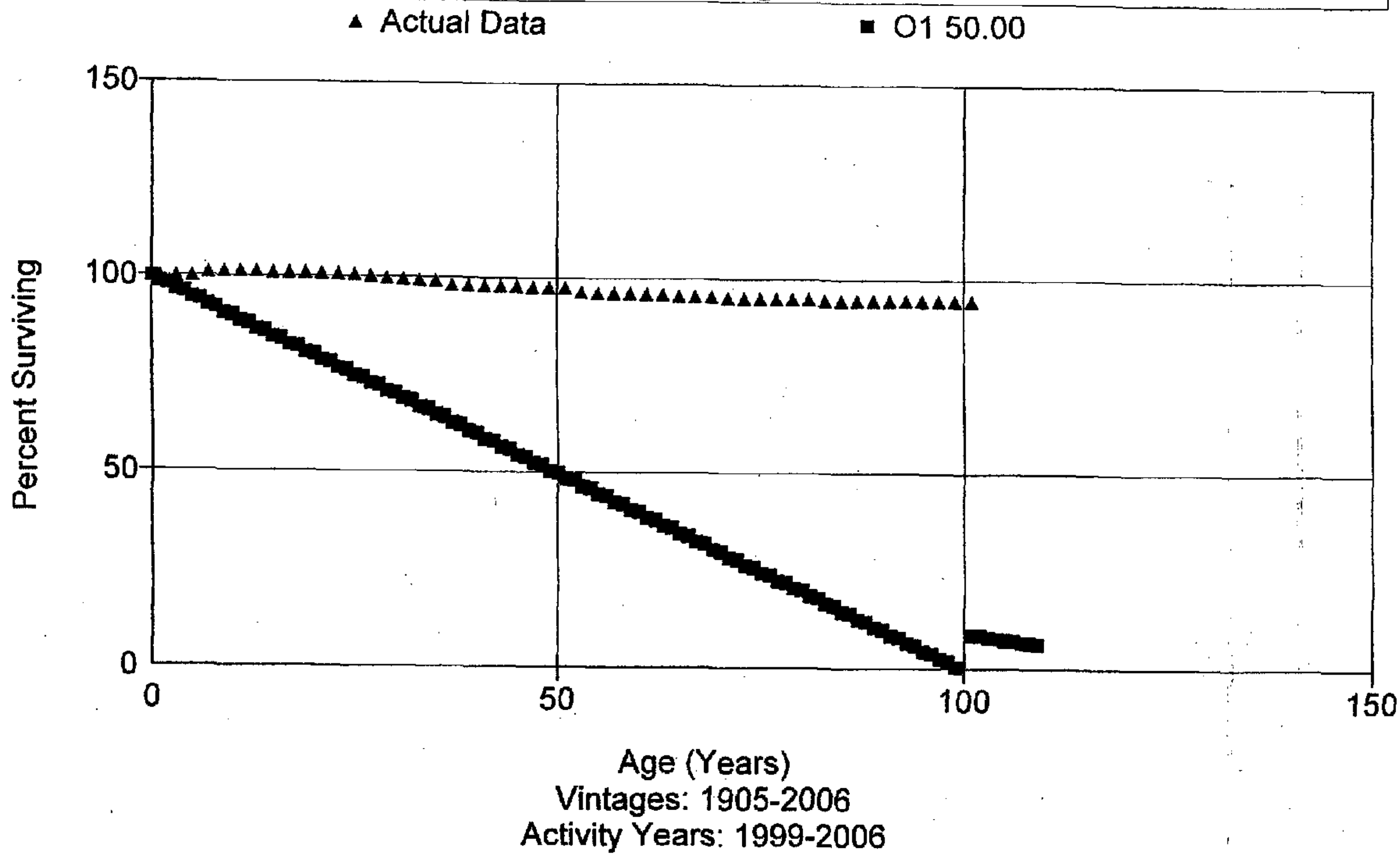
Current Net salvage Rate is 0%
Proposed Net salvage Rate 0%

Comments:
Our study of 1999 - 2006 data produced a -106.25% net salvage rate which we believe to be an anomaly. The previous study recommended no net salvage. The EEI Industry trend indicates low to no net salvage for the account (10% to -30%). We recommend no change in net salvage.

Summary of Recommendations

50	Average Service Life
O1	Iowa Curve
0	% Net Salvage

Cleveland Electric Illuminating Company
Account: 358 Underground Conductor



Observed Life Table

Scenario: CECO Txm STudy 2007 Scenario

Account: CECO 101/6-358 Undergrd conductor

Placement Band: 1905 - 2006 Observation Band: 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirment Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
0	15,658,453.02	33.35	0.00000	1.00000	100.00
0.5	10,538,818.51	0.00	0.00000	1.00000	100.00
1.5	11,340,633.89	0.00	0.00000	1.00000	100.00
2.5	12,281,696.53	6.46	0.00000	1.00000	100.00
3.5	13,517,316.29	66.70	0.00000	1.00000	100.00
4.5	16,145,069.30	64.68	0.00000	1.00000	100.00
5.5	17,942,921.72	-125,152.80	-0.00698	1.00698	100.00
6.5	16,943,169.04	-41,643.29	-0.00246	1.00246	100.70
7.5	13,817,865.20	-55,203.41	-0.00400	1.00400	100.95
8.5	14,255,262.70	-2,787.78	-0.00020	1.00020	101.35
9.5	14,696,375.23	184.24	0.00001	0.99999	101.37
10.5	14,386,748.05	959.95	0.00007	0.99993	101.37
11.5	13,503,927.60	521.39	0.00004	0.99996	101.36
12.5	11,355,712.56	7,416.74	0.00065	0.99935	101.36
13.5	11,843,030.97	36,117.50	0.00305	0.99695	101.29
14.5	12,656,083.74	888.79	0.00007	0.99993	100.98
15.5	11,927,655.37	2,001.75	0.00017	0.99983	100.97
16.5	10,257,842.28	492.39	0.00005	0.99995	100.95
17.5	9,605,326.53	1,276.39	0.00013	0.99987	100.94
18.5	9,222,141.63	1,920.24	0.00021	0.99979	100.93
19.5	9,385,179.29	1,496.09	0.00016	0.99984	100.91
20.5	9,818,323.76	880.38	0.00009	0.99991	100.89
21.5	9,145,161.73	7,186.34	0.00079	0.99921	100.88
22.5	8,696,239.51	2,132.56	0.00025	0.99975	100.80
23.5	9,045,748.25	4,811.66	0.00053	0.99947	100.77
24.5	9,121,849.98	17,015.71	0.00187	0.99813	100.72
25.5	8,976,307.44	13,067.37	0.00146	0.99854	100.53
26.5	9,515,251.93	8,284.79	0.00087	0.99913	100.38
27.5	9,037,647.35	18,095.78	0.00200	0.99800	100.29
28.5	8,213,907.84	28,325.36	0.00345	0.99655	100.09
29.5	8,123,123.34	6,494.00	0.00080	0.99920	99.74
30.5	8,392,478.98	8,387.46	0.00100	0.99900	99.66
31.5	7,430,058.33	13,571.60	0.00183	0.99817	99.56
32.5	6,054,345.85	7,968.39	0.00132	0.99868	99.38
33.5	5,362,133.51	4,030.09	0.00075	0.99925	99.25
34.5	4,358,813.06	1,666.62	0.00038	0.99962	99.18
35.5	3,901,493.89	23,972.72	0.00614	0.99386	99.14
36.5	3,669,066.74	20,692.66	0.00564	0.99436	98.53
37.5	3,386,029.11	1,472.96	0.00044	0.99956	97.97
38.5	2,634,918.24	488.25	0.00019	0.99981	97.93
39.5	2,813,586.78	729.34	0.00026	0.99974	97.91
40.5	4,911,708.94	735.88	0.00015	0.99985	97.88
41.5	5,510,664.92	1,035.47	0.00019	0.99981	97.87
42.5	3,266,254.74	193.58	0.00006	0.99994	97.85
43.5	3,702,074.44	1,662.63	0.00045	0.99955	97.84
44.5	4,468,975.36	383.43	0.00009	0.99991	97.80
45.5	5,022,151.04	5,055.51	0.00101	0.99899	97.79
46.5	5,920,674.63	4,418.76	0.00075	0.99925	97.69
47.5	6,286,320.18	3,054.92	0.00049	0.99951	97.62
48.5	6,446,234.06	3,742.88	0.00058	0.99942	97.57
49.5	7,237,575.61	2,077.90	0.00029	0.99971	97.51
50.5	7,232,776.54	809.97	0.00011	0.99989	97.48
51.5	6,757,232.14	77,061.73	0.01140	0.98860	97.47
52.5	5,452,774.15	1,662.83	0.00030	0.99970	96.36

Observed Life Table

Scenario: CECO Txm STudy 2007 Scenario

Account: CECO 101/6-358 Undergrd conductor

Placement Band: 1905 - 2006 Observation Band: 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirment Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
53.5	4,838,776.60	551.25	0.00011	0.99989	96.33
54.5	5,406,181.89	5,714.18	0.00106	0.99894	96.32
55.5	4,570,582.78	1,247.73	0.00027	0.99973	96.22
56.5	3,898,829.05	448.44	0.00012	0.99988	96.19
57.5	2,253,475.60	169.25	0.00007	0.99993	96.18
58.5	2,150,735.54	164.12	0.00008	0.99992	96.17
59.5	1,998,031.19	3,078.46	0.00154	0.99846	96.16
60.5	1,935,890.20	563.71	0.00029	0.99971	96.01
61.5	1,789,334.27	461.60	0.00026	0.99974	95.98
62.5	0.00	0.00	0.00000	0.00000	95.96
63.5	0.00	0.00	0.00000	0.00000	
64.5	1,405,770.34	7,233.77	0.00515	0.99485	
65.5	1,398,536.57	0.00	0.00000	1.00000	
66.5	1,398,536.57	0.00	0.00000	1.00000	
67.5	1,398,536.57	0.00	0.00000	1.00000	
68.5	1,398,536.57	0.00	0.00000	1.00000	
69.5	1,398,536.57	3,998.19	0.00286	0.99714	
70.5	1,394,538.38	899.03	0.00064	0.99936	
71.5	1,393,639.35	2,048.39	0.00147	0.99853	
72.5	0.00	0.00	0.00000	0.00000	
73.5	0.00	0.00	0.00000	0.00000	
74.5	1,582,272.15	719.81	0.00046	0.99954	
75.5	1,581,552.34	0.00	0.00000	1.00000	
76.5	1,581,552.34	0.00	0.00000	1.00000	
77.5	1,581,552.34	0.00	0.00000	1.00000	
78.5	1,581,552.34	0.00	0.00000	1.00000	
79.5	1,581,552.34	0.00	0.00000	1.00000	
80.5	1,581,552.34	637.65	0.00040	0.99960	
81.5	1,580,914.69	3,774.18	0.00239	0.99761	
82.5	0.00	0.00	0.00000	0.00000	

Net Salvage Analysis Report

			Gross Salvage (Cash)		Gross Salvage (Returns)		Cost of Removal		Net Salvage		
ccount	Year	Retirements	Amount	Pct.	Amount	Pct.	Amount	Pct.	Amount	Pct.	1-Yr Avg
ECO 358 Underground Conductor	1999	21,032.52	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ECO 358 Underground Conductor	2000	(13,731.31)	0.00	0.00	0.00	0.00	3,165.45	-23.05	(3,165.45)	23.05	23.05
ECO 358 Underground Conductor	2001	0.00	0.00	0.00	0.00	0.00	385.96	0.00	(385.96)	0.00	0.00
ECO 358 Underground Conductor	2002	74,178.48	0.00	0.00	0.00	0.00	97.82	0.13	(97.82)	-0.13	-0.13
ECO 358 Underground Conductor	2004	(73,589.00)	0.00	0.00	0.00	0.00	960.78	-1.31	(960.78)	1.31	1.31
ECO 358 Underground Conductor	2005	129,091.76	0.00	0.00	0.00	0.00	143,275.35	110.99	(143,275.35)	-110.99	-110.99
ECO 358 Underground Conductor	2006	9,453.46	0.00	0.00	0.00	0.00	7,705.33	81.51	(7,705.33)	-81.51	-81.51
		146,435.91	0.00	0.00	0.00	0.00	155,590.69	106.25	(155,590.69)	-106.25	

Whole Life Depreciation Accrual

Account: CECO 101/6-358 Undergrd conductor
Dispersion: 50 - O1
Average Net Salvage Rate: 0.00%
Future Net Salvage Rate: 0.00%

Broad Group Procedure

January 1 , 2007

	Plant Amt	Period (Years)	Accrual (Dollars)	Accrual Rate (Percent)
Pre- 2007 Additions	$72,953,193.13		$1,447,806.87	1.984570
Whole Life		50	$1,459,063.86	
Amortization		0	$0.00	
Retirements	$1,125,699.31	50	$11,256.99	
2007 Additions	$0.00		$0.00	0.000000
Whole Life			$0.00	
Retirements	$0.00	0.00	$0.00	
Total:	$72,953,193.13 *		$1,447,806.87	1.984571
Average:	$72,390,343.47		$1,447,806.87	2.000000
Grand Total:	$72,953,193.13 *		$1,447,806.87	1.984571

* Excluding 2007 Retirements

Account: CECO 101/6-358 Undergrd conductor

Dispersion: 50.00 - O1

Average Net Salvage Rate: 0.00%

Future Net Salvage Rate: 0.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
2006	0.50	$6,656,953.16	50.00	49.75	0.9950	1.0000	$6,623,668.39	$133,139.06
2005	1.50	$1,811,611.73	50.00	49.25	0.9850	1.0000	$1,784,437.55	$36,232.23
2004	2.50	$556,791.97	50.00	48.75	0.9750	1.0000	$542,872.17	$11,135.84
2003	3.50	$707,959.16	50.00	48.25	0.9650	1.0000	$683,180.59	$14,159.18
2002	4.50	$567,049.96	50.00	47.75	0.9550	1.0000	$541,532.71	$11,341.00
2001	5.50	$458,553.45	50.00	47.25	0.9450	1.0000	$433,333.01	$9,171.07
2000	6.50	$1,537,298.13	50.00	46.75	0.9350	1.0000	$1,437,373.75	$30,745.96
1999	7.50	$3,296,351.96	50.00	46.25	0.9250	1.0000	$3,049,125.56	$65,927.04
1998	8.50	$1,372,387.19	50.00	45.75	0.9150	1.0000	$1,255,734.28	$27,447.74
1997	9.50	$2,716,284.46	50.00	45.25	0.9050	1.0000	$2,458,237.44	$54,325.69
1996	10.50	$1,720,101.10	50.00	44.75	0.8950	1.0000	$1,539,490.48	$34,402.02
1995	11.50	$2,013,887.05	50.00	44.25	0.8850	1.0000	$1,782,290.04	$40,277.74
1994	12.50	$2,109,217.51	50.00	43.75	0.8750	1.0000	$1,845,565.32	$42,184.35
1993	13.50	$847,792.83	50.00	43.25	0.8650	1.0000	$733,340.80	$16,955.86
1992	14.50	$455,806.79	50.00	42.75	0.8550	1.0000	$389,714.81	$9,116.14
1991	15.50	$1,828,658.46	50.00	42.25	0.8450	1.0000	$1,545,216.40	$36,573.17
1990	16.50	$2,598,604.03	50.00	41.75	0.8350	1.0000	$2,169,834.37	$51,972.08
1989	17.50	$1,709,180.35	50.00	41.25	0.8250	1.0000	$1,410,073.79	$34,183.61
1988	18.50	$1,308,767.92	50.00	40.75	0.8150	1.0000	$1,066,645.85	$26,175.36
1987	19.50	$1,063,895.31	50.00	40.25	0.8050	1.0000	$856,435.72	$21,277.91
1986	20.50	$1,176,541.34	50.00	39.75	0.7950	1.0000	$935,350.37	$23,530.83
1985	21.50	$1,250,465.49	50.00	39.25	0.7850	1.0000	$981,615.41	$25,009.31
1984	22.50	$1,260,830.49	50.00	38.75	0.7750	1.0000	$977,143.63	$25,216.61
1983	23.50	$892,173.45	50.00	38.25	0.7650	1.0000	$682,512.69	$17,843.47
1982	24.50	$1,613,624.49	50.00	37.75	0.7550	1.0000	$1,218,286.49	$32,272.49
1981	25.50	$1,060,619.33	50.00	37.25	0.7450	1.0000	$790,161.40	$21,212.39
1980	26.50	$920,970.64	50.00	36.75	0.7350	1.0000	$676,913.42	$18,419.41
1979	27.50	$1,227,992.97	50.00	36.25	0.7250	1.0000	$890,294.90	$24,559.86
1978	28.50	$1,596,945.15	50.00	35.75	0.7150	1.0000	$1,141,815.78	$31,938.90
1977	29.50	$543,890.27	50.00	35.25	0.7050	1.0000	$383,442.64	$10,877.81
1976	30.50	$814,577.14	50.00	34.75	0.6950	1.0000	$566,131.11	$16,291.54
1975	31.50	$1,222,542.64	50.00	34.25	0.6850	1.0000	$837,441.71	$24,450.85
1974	32.50	$1,628,844.66	50.00	33.75	0.6750	1.0000	$1,099,470.15	$32,576.89

Account: CECO 101/6-358 Undergrd conductor

Dispersion: 50.00 - O1

Average Net Salvage Rate: 0.00%

Future Net Salvage Rate: 0.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
1973	33.50	$935,843.94	50.00	33.25	0.6650	1.0000	$622,336.22	$18,716.88
1972	34.50	$1,461,806.10	50.00	32.75	0.6550	1.0000	$957,483.00	$29,236.12
1971	35.50	$752,312.73	50.00	32.25	0.6450	1.0000	$485,241.71	$15,046.25
1970	36.50	$765,931.07	50.00	31.75	0.6350	1.0000	$486,366.23	$15,318.62
1969	37.50	$476,506.20	50.00	31.25	0.6250	1.0000	$297,816.38	$9,530.12
1968	38.50	$1,056,536.37	50.00	30.75	0.6150	1.0000	$649,769.87	$21,130.73
1967	39.50	$268,584.83	50.00	30.25	0.6050	1.0000	$162,493.82	$5,371.70
1966	40.50	$311,519.69	50.00	29.75	0.5950	1.0000	$185,354.22	$6,230.39
1965	41.50	$254,265.24	50.00	29.25	0.5850	1.0000	$148,745.17	$5,085.30
1964	42.50	$434,322.08	50.00	28.75	0.5750	1.0000	$249,735.20	$8,686.44
1963	43.50	$273,796.21	50.00	28.25	0.5650	1.0000	$154,694.86	$5,475.92
1962	44.50	$535,380.46	50.00	27.75	0.5550	1.0000	$297,136.16	$10,707.61
1961	45.50	$210,348.25	50.00	27.25	0.5450	1.0000	$114,639.80	$4,206.97
1960	46.50	$328,512.51	50.00	26.75	0.5350	1.0000	$175,754.19	$6,570.25
1959	47.50	$463,805.50	50.00	26.25	0.5250	1.0000	$243,497.89	$9,276.11
1958	48.50	$511,584.21	50.00	25.75	0.5150	1.0000	$263,465.87	$10,231.68
1957	49.50	$854,751.42	50.00	25.25	0.5050	1.0000	$431,649.47	$17,095.03
1956	50.50	$104,866.38	50.00	24.75	0.4950	1.0000	$51,908.86	$2,097.33
1955	51.50	$703,088.53	50.00	24.25	0.4850	1.0000	$340,997.94	$14,061.77
1954	52.50	$1,283,674.47	50.00	23.75	0.4750	1.0000	$609,745.37	$25,673.49
1953	53.50	$749,313.72	50.00	23.25	0.4650	1.0000	$348,430.88	$14,986.27
1952	54.50	$1,230,734.71	50.00	22.75	0.4550	1.0000	$559,984.29	$24,614.69
1951	55.50	$829,463.83	50.00	22.25	0.4450	1.0000	$369,111.40	$16,589.28
1950	56.50	$673,772.22	50.00	21.75	0.4350	1.0000	$293,090.92	$13,475.44
1949	57.50	$1,644,904.01	50.00	21.25	0.4250	1.0000	$699,084.20	$32,898.08
1948	58.50	$100,424.36	50.00	20.75	0.4150	1.0000	$41,676.11	$2,008.49
1947	59.50	$228,690.52	50.00	20.25	0.4050	1.0000	$92,619.66	$4,573.81
1946	60.50	$59,062.53	50.00	19.75	0.3950	1.0000	$23,329.70	$1,181.25
1945	61.50	$145,575.63	50.00	19.25	0.3850	1.0000	$56,046.62	$2,911.51
1944	62.50	$1,790,359.61	50.00	18.75	0.3750	1.0000	$671,384.85	$35,807.19
1934	72.50	$1,389,892.63	50.00	13.75	0.2750	1.0000	$382,220.47	$27,797.85
1924	82.50	$1,576,392.59	50.00	8.75	0.1750	1.0000	$275,868.70	$31,527.85
		$72,953,193.13	50.00	37.06	0.7412	1.0000	$54,070,362.74	$1,459,063.86

Account: CECO 101/6-359 Roads and trails

Dispersion: 50.00 - O1

Average Net Salvage Rate: 0.00%

Future Net Salvage Rate: 0.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
1997	9.50	$0.00	50.00	45.25	0.9050	0.0000	$0.00	$0.00
		$0.00	0.00	0.00	0.0000	0.0000	$0.00	$0.00

Depreciation Reserve Summary

Account: CECO 101/6-358 Undergrd conductor
Scenario: CECO Txm STudy 2007 Scenario
Dispersion: 50 - O1
Average Net Salvage Rate: 0.00%
Future Net Salvage Rate: 0.00%

Broad Group Procedure

January 1 , 2007

	Plant Amt	Depreciation Reserve Amount	Depreciation Reserve Ratio	Net Plant Amount	Net Plant Ratio
Recorded	$72,953,193.13	$22,853,738.87	0.3133	$50,099,454.26	0.6867
Computed	$72,953,193.13	$18,882,830.39	0.2588	$54,070,362.74	0.7412
Difference		$3,970,908.48	0.0544	($3,970,908.48)	-0.0544

Cleveland Electric Illuminating Company

Average Life and Salvage Rate Determination

Based On Year End 2006 Data using Beginning Balance 1999

Account 361 Structures & Improvements

Life and Iowa Survivor Curve

Current Life and Iowa Survivor Curve is 50 R3

Actuarial Life Analysis

301.52 L3 best fit using 1999 - 2006 data

Industry Survey - EEI Survey of Depreciation Statistics 2003

Service Life Range 33 - 60 Years

Recommendation

Continue with 50 R2 based on Industry Standards and Actuarial Life Analysis

Comments:
No change was recommended as our data for analysis was too limited to establish a trend. The previous studies had used historical data through 1993 and also disregarded the actuarial results . This was due to an unreasonable history of retirements for substation structures for distribution plant as demonstrated by the data.

Salvage Factor Estimates

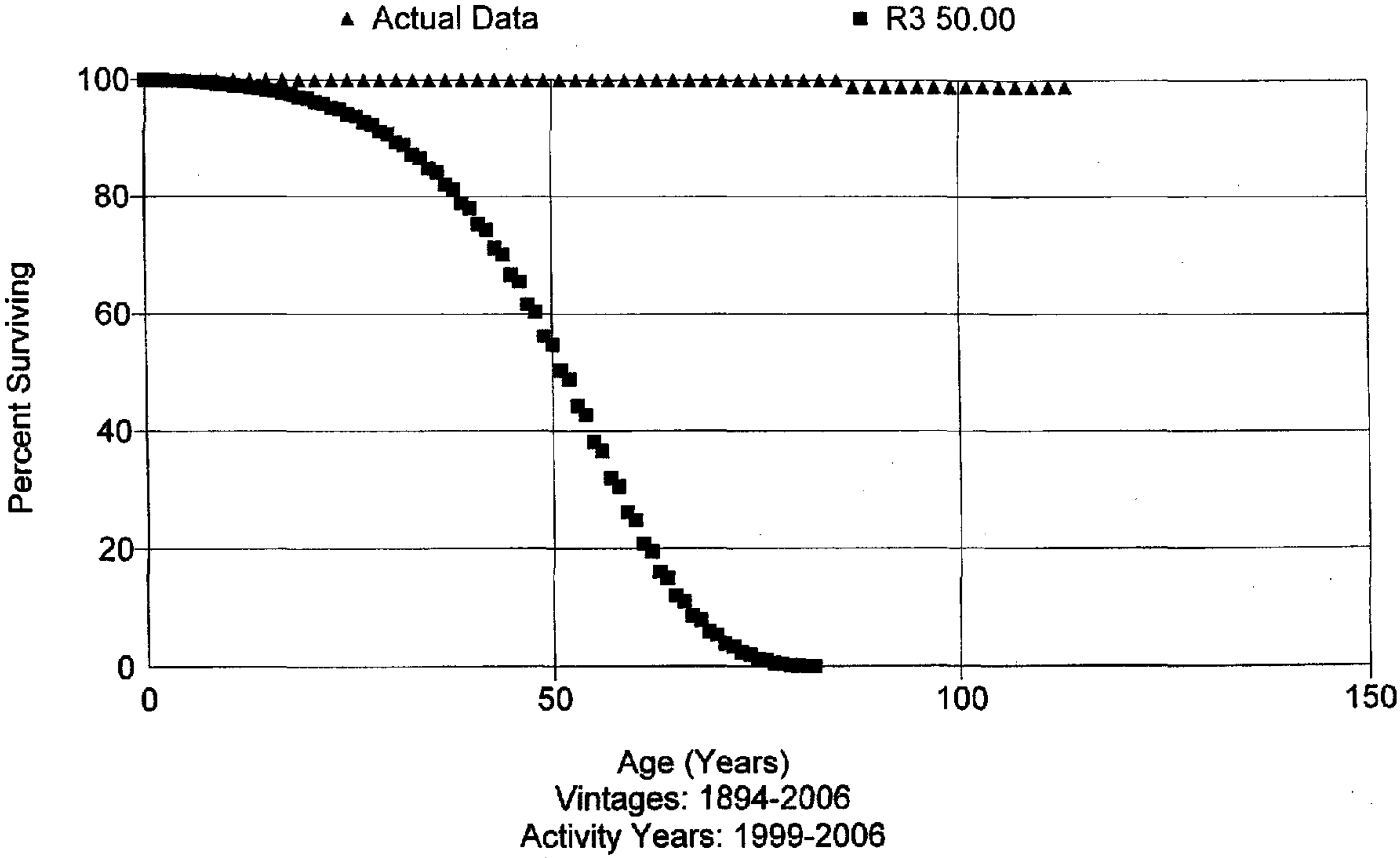
Current Net salvage Rate is -25%
Proposed Net salvage Rate -25%

Comments:
The previous study cited a lack of activity which warranted no change in the current net salvage rate. This study provides data from 1999 - 2006 with only one retirement and no corresponding charges resulting in a net salvage rate of 0%. EEI Industry Study results ranged from 0% to -40%

Summary of Recommendations

50	Average Service Life
R3	Iowa Curve
-25	% Net Salvage

Cleveland Electric Illuminating Company
Account 361 Structures & Improvements



Observed Life Table

Scenario: CECO Distr Study Use 2006 Bal
Account: CECO 101/6-361 Structures/improve
Placement Band: 1894 - 2006 Observation Band: 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirment Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
0	185,556.68	0.00	0.00000	1.00000	100.00
0.5	124,136.88	0.00	0.00000	1.00000	100.00
1.5	124,136.88	0.00	0.00000	1.00000	100.00
2.5	124,136.88	0.00	0.00000	1.00000	100.00
3.5	364,327.29	0.00	0.00000	1.00000	100.00
4.5	558,985.22	0.00	0.00000	1.00000	100.00
5.5	504,781.93	0.00	0.00000	1.00000	100.00
6.5	1,855,927.93	0.00	0.00000	1.00000	100.00
7.5	2,413,777.93	0.00	0.00000	1.00000	100.00
8.5	3,181,138.19	0.00	0.00000	1.00000	100.00
9.5	3,171,558.26	0.00	0.00000	1.00000	100.00
10.5	3,235,185.26	0.00	0.00000	1.00000	100.00
11.5	2,927,867.26	0.00	0.00000	1.00000	100.00
12.5	2,858,546.26	0.00	0.00000	1.00000	100.00
13.5	3,053,742.26	0.00	0.00000	1.00000	100.00
14.5	2,517,222.26	0.00	0.00000	1.00000	100.00
15.5	2,019,401.26	0.00	0.00000	1.00000	100.00
16.5	2,585,028.00	0.00	0.00000	1.00000	100.00
17.5	3,307,019.00	0.00	0.00000	1.00000	100.00
18.5	3,784,584.00	0.00	0.00000	1.00000	100.00
19.5	4,698,337.00	0.00	0.00000	1.00000	100.00
20.5	5,366,722.00	0.00	0.00000	1.00000	100.00
21.5	5,621,988.00	0.00	0.00000	1.00000	100.00
22.5	5,175,289.00	0.00	0.00000	1.00000	100.00
23.5	6,754,088.00	0.00	0.00000	1.00000	100.00
24.5	6,029,386.00	0.00	0.00000	1.00000	100.00
25.5	5,714,528.00	0.00	0.00000	1.00000	100.00
26.5	5,762,046.00	0.00	0.00000	1.00000	100.00
27.5	5,719,741.00	0.00	0.00000	1.00000	100.00
28.5	5,236,350.00	0.00	0.00000	1.00000	100.00
29.5	5,338,820.00	0.00	0.00000	1.00000	100.00
30.5	5,331,021.00	0.00	0.00000	1.00000	100.00
31.5	3,793,479.00	0.00	0.00000	1.00000	100.00
32.5	3,486,076.00	0.00	0.00000	1.00000	100.00
33.5	3,207,248.00	0.00	0.00000	1.00000	100.00
34.5	2,812,058.00	0.00	0.00000	1.00000	100.00
35.5	1,970,762.00	0.00	0.00000	1.00000	100.00
36.5	1,693,250.00	0.00	0.00000	1.00000	100.00
37.5	1,313,050.00	0.00	0.00000	1.00000	100.00
38.5	1,028,394.00	0.00	0.00000	1.00000	100.00
39.5	1,161,512.00	0.00	0.00000	1.00000	100.00
40.5	1,442,297.00	0.00	0.00000	1.00000	100.00
41.5	1,444,236.00	0.00	0.00000	1.00000	100.00
42.5	1,421,718.00	0.00	0.00000	1.00000	100.00
43.5	1,592,060.00	0.00	0.00000	1.00000	100.00
44.5	1,739,888.00	0.00	0.00000	1.00000	100.00
45.5	1,758,832.00	0.00	0.00000	1.00000	100.00
46.5	1,713,920.00	0.00	0.00000	1.00000	100.00
47.5	1,596,728.00	0.00	0.00000	1.00000	100.00
48.5	1,569,006.00	0.00	0.00000	1.00000	100.00
49.5	1,668,055.00	0.00	0.00000	1.00000	100.00
50.5	1,520,990.00	0.00	0.00000	1.00000	100.00
51.5	1,318,204.00	0.00	0.00000	1.00000	100.00
52.5	1,203,738.00	0.00	0.00000	1.00000	100.00

Observed Life Table

Scenario: CECO Distr Study Use 2006 Bal

Account: CECO 101/6-361 Structures/improve

Placement Band: 1894 - 2006 Observation Band: 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirment Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
53.5	1,012,298.00	0.00	0.00000	1.00000	100.00
54.5	982,981.00	0.00	0.00000	1.00000	100.00
55.5	866,109.00	0.00	0.00000	1.00000	100.00
56.5	501,086.00	0.00	0.00000	1.00000	100.00
57.5	290,761.00	0.00	0.00000	1.00000	100.00
58.5	285,182.00	0.00	0.00000	1.00000	100.00
59.5	364,030.00	0.00	0.00000	1.00000	100.00
60.5	385,500.00	0.00	0.00000	1.00000	100.00
61.5	394,579.00	0.00	0.00000	1.00000	100.00
62.5	450,373.00	0.00	0.00000	1.00000	100.00
63.5	451,329.00	0.00	0.00000	1.00000	100.00
64.5	262,407.00	0.00	0.00000	1.00000	100.00
65.5	243,439.00	0.00	0.00000	1.00000	100.00
66.5	226,461.00	0.00	0.00000	1.00000	100.00
67.5	162,205.00	0.00	0.00000	1.00000	100.00
68.5	327,191.00	0.00	0.00000	1.00000	100.00
69.5	455,161.00	0.00	0.00000	1.00000	100.00
70.5	416,081.00	0.00	0.00000	1.00000	100.00
71.5	415,991.00	0.00	0.00000	1.00000	100.00
72.5	539,939.00	0.00	0.00000	1.00000	100.00
73.5	852,338.00	0.00	0.00000	1.00000	100.00
74.5	1,000,771.00	0.00	0.00000	1.00000	100.00
75.5	1,011,549.00	0.00	0.00000	1.00000	100.00
76.5	770,615.00	0.00	0.00000	1.00000	100.00
77.5	697,012.00	0.00	0.00000	1.00000	100.00
78.5	824,359.00	0.00	0.00000	1.00000	100.00
79.5	824,146.00	0.00	0.00000	1.00000	100.00
80.5	700,512.00	0.00	0.00000	1.00000	100.00
81.5	433,733.00	0.00	0.00000	1.00000	100.00
82.5	366,684.00	0.00	0.00000	1.00000	100.00
83.5	340,921.00	0.00	0.00000	1.00000	100.00
84.5	338,964.00	0.00	0.00000	1.00000	100.00
85.5	301,452.00	3,272.00	0.01085	0.98915	100.00
86.5	152,876.00	0.00	0.00000	1.00000	98.91
87.5	151,883.00	0.00	0.00000	1.00000	98.91
88.5	151,569.00	0.00	0.00000	1.00000	98.91
89.5	105,949.00	0.00	0.00000	1.00000	98.91
90.5	26,457.00	0.00	0.00000	1.00000	98.91
91.5	26,336.00	0.00	0.00000	1.00000	98.91
92.5	26,170.00	0.00	0.00000	1.00000	98.91
93.5	825.00	0.00	0.00000	1.00000	98.91
94.5	825.00	0.00	0.00000	1.00000	98.91
95.5	825.00	0.00	0.00000	1.00000	98.91
96.5	825.00	0.00	0.00000	1.00000	98.91
97.5	825.00	0.00	0.00000	1.00000	98.91
98.5	7,277.00	0.00	0.00000	1.00000	98.91
99.5	7,277.00	0.00	0.00000	1.00000	98.91
100.5	7,277.00	0.00	0.00000	1.00000	98.91
101.5	6,452.00	0.00	0.00000	1.00000	98.91
102.5	6,452.00	0.00	0.00000	1.00000	98.91
103.5	14,586.00	0.00	0.00000	1.00000	98.91
104.5	49,478.00	0.00	0.00000	1.00000	98.91
105.5	49,478.00	0.00	0.00000	1.00000	98.91
106.5	43,026.00	0.00	0.00000	1.00000	98.91

Observed Life Table

Scenario: CECO Distr Study Use 2006 Bal

Account: CECO 101/6-361 Structures/improve

Placement Band: 1894 - 2006 Observation Band: 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirment Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
107.5	43,026.00	0.00	0.00000	1.00000	98.91
108.5	43,026.00	0.00	0.00000	1.00000	98.91
109.5	43,026.00	0.00	0.00000	1.00000	98.91
110.5	43,026.00	0.00	0.00000	1.00000	98.91
111.5	34,892.00	0.00	0.00000	1.00000	98.91
112.5	0.00	0.00	0.00000	0.00000	98.91

Net Salvage Analysis Report

			Gross Salvage (Cash)		Gross Salvage (Returns)		Cost of Removal		Net Salvage		
Account	Year	Retirements	Amount	Pct.	Amount	Pct.	Amount	Pct.	Amount	Pct.	1-Yr Avg
CECO 361 Structures/Improvements	2002	3,272.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CECO 361 Structures/Improvements	2004	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		3,272.00	0.00		0.00		0.00		0.00		

Whole Life Depreciation Accrual

Account: CECO 101/6-361 Structures/improve

Dispersion: 50 - R3

Average Net Salvage Rate: -25.00%

Future Net Salvage Rate: -25.00%

Broad Group Procedure

January 1 , 2007

		Plant Amt	Period (Years)	Accrual (Dollars)	Accrual Rate (Percent)
Pre- 2007	Additions	$21,119,926.85		$504,882.79	2.390554
	Whole Life		50	$517,640.97	
	Amortization		0	$0.00	
	Retirements	$1,020,654.11	50	$12,758.18	
2007	Additions	$0.00		$0.00	0.000000
	Whole Life			$0.00	
	Retirements	$0.00	0.00	$0.00	
	Total:	$21,119,926.85 *		$504,882.79	2.390556
	Average:	$20,609,599.80		$504,882.79	2.449746
	Grand Total:	$21,119,926.85 *		$504,882.79	2.390556

* Excluding 2007 Retirements

Account: *CECO 101/6-361 Structures/improve*

Dispersion: 50.00 - R3

Average Net Salvage Rate: -25.00%

Future Net Salvage Rate: -25.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
2006	0.50	$61,419.80	50.00	49.51	1.2377	1.0000	$76,018.46	$1,535.50
2003	3.50	$69,933.59	50.00	46.57	1.1642	1.0000	$81,415.70	$1,748.34
2001	5.50	$54,203.29	50.00	44.62	1.1156	1.0000	$60,468.02	$1,355.08
1997	9.50	$269,097.64	50.00	40.78	1.0196	1.0000	$274,373.42	$6,727.44
1996	10.50	$176,105.27	50.00	39.84	0.9959	1.0000	$175,385.82	$4,402.63
1995	11.50	$310,124.00	50.00	38.89	0.9724	1.0000	$301,553.33	$7,753.10
1994	12.50	$185,078.00	50.00	37.96	0.9490	1.0000	$175,632.50	$4,626.95
1992	14.50	$1,351,146.00	50.00	36.11	0.9027	1.0000	$1,219,621.15	$33,778.65
1991	15.50	$557,850.00	50.00	35.19	0.8798	1.0000	$490,772.89	$13,946.25
1990	16.50	$767,360.26	50.00	34.28	0.8570	1.0000	$657,658.54	$19,184.01
1988	18.50	$63,627.00	50.00	32.49	0.8122	1.0000	$51,677.48	$1,590.68
1987	19.50	$2,806.00	50.00	31.60	0.7901	1.0000	$2,216.96	$70.15
1986	20.50	$115,757.00	50.00	30.73	0.7682	1.0000	$88,921.42	$2,893.93
1985	21.50	$195,196.00	50.00	29.86	0.7465	1.0000	$145,710.97	$4,879.90
1984	22.50	$814,626.00	50.00	29.00	0.7250	1.0000	$590,630.15	$20,365.65
1983	23.50	$60,029.00	50.00	28.15	0.7038	1.0000	$42,248.87	$1,500.73
1982	24.50	$1,332,987.00	50.00	27.31	0.6828	1.0000	$910,190.51	$33,324.68
1981	25.50	$721,991.00	50.00	26.48	0.6621	1.0000	$478,013.91	$18,049.78
1980	26.50	$541,192.00	50.00	25.66	0.6416	1.0000	$347,217.25	$13,529.80
1979	27.50	$916,559.00	50.00	24.85	0.6213	1.0000	$569,491.96	$22,913.98
1978	28.50	$784,142.00	50.00	24.05	0.6014	1.0000	$471,549.32	$19,603.55
1977	29.50	$450,462.00	50.00	23.27	0.5816	1.0000	$262,008.20	$11,261.55
1976	30.50	$367,927.00	50.00	22.49	0.5622	1.0000	$206,850.64	$9,198.17
1975	31.50	$1,638,828.00	50.00	21.72	0.5430	1.0000	$889,950.61	$40,970.70
1974	32.50	$608,285.00	50.00	20.97	0.5242	1.0000	$318,841.04	$15,207.13
1973	33.50	$407,133.00	50.00	20.22	0.5056	1.0000	$205,839.43	$10,178.33
1972	34.50	$588,710.00	50.00	19.49	0.4873	1.0000	$286,884.89	$14,717.75
1971	35.50	$874,254.00	50.00	18.77	0.4694	1.0000	$410,331.56	$21,856.35
1970	36.50	$300,751.00	50.00	18.07	0.4517	1.0000	$135,853.53	$7,518.78
1969	37.50	$552,932.00	50.00	17.38	0.4344	1.0000	$240,205.34	$13,823.30
1968	38.50	$360,128.00	50.00	16.70	0.4175	1.0000	$150,346.01	$9,003.20
1967	39.50	$101,286.00	50.00	16.04	0.4009	1.0000	$40,605.93	$2,532.15
1966	40.50	$300,882.00	50.00	15.39	0.3847	1.0000	$115,750.84	$7,522.05
1965	41.50	$128,305.00	50.00	14.76	0.3689	1.0000	$47,331.92	$3,207.62

Account: CECO 101/6-361 Structures/improve

Dispersion: 50.00 - R3

Average Net Salvage Rate: -25.00%

Future Net Salvage Rate: -25.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
1964	42.50	$193,520.00	50.00	14.14	0.3535	1.0000	$68,411.05	$4,838.00
1963	43.50	$32,958.00	50.00	13.54	0.3385	1.0000	$11,157.50	$823.95
1962	44.50	$23,239.00	50.00	12.96	0.3240	1.0000	$7,529.41	$580.97
1961	45.50	$172,732.00	50.00	12.40	0.3099	1.0000	$53,531.44	$4,318.30
1960	46.50	$75,472.00	50.00	11.85	0.2963	1.0000	$22,361.03	$1,886.80
1959	47.50	$234,404.00	50.00	11.32	0.2831	1.0000	$66,363.37	$5,860.10
1958	48.50	$581,667.00	50.00	10.82	0.2704	1.0000	$157,298.27	$14,541.68
1957	49.50	$130,244.00	50.00	10.33	0.2582	1.0000	$33,630.40	$3,256.10
1956	50.50	$171,002.00	50.00	9.86	0.2465	1.0000	$42,147.81	$4,275.05
1955	51.50	$203,300.00	50.00	9.41	0.2352	1.0000	$47,819.38	$5,082.50
1954	52.50	$171,067.00	50.00	8.98	0.2244	1.0000	$38,391.87	$4,276.68
1953	53.50	$191,676.00	50.00	8.56	0.2141	1.0000	$41,037.70	$4,791.90
1952	54.50	$30,560.00	50.00	8.17	0.2042	1.0000	$6,241.19	$764.00
1951	55.50	$117,212.00	50.00	7.79	0.1948	1.0000	$22,831.46	$2,930.30
1950	56.50	$553,945.00	50.00	7.43	0.1858	1.0000	$102,906.05	$13,848.63
1949	57.50	$229,293.00	50.00	7.09	0.1771	1.0000	$40,618.61	$5,732.33
1948	58.50	$23,937.00	50.00	6.76	0.1689	1.0000	$4,042.86	$598.43
1947	59.50	$514.00	50.00	6.44	0.1610	1.0000	$82.74	$12.85
1946	60.50	$56,601.00	50.00	6.14	0.1534	1.0000	$8,681.94	$1,415.03
1945	61.50	$236.00	50.00	5.84	0.1461	1.0000	$34.47	$5.90
1944	62.50	$1,243.00	50.00	5.56	0.1390	1.0000	$172.75	$31.08
1943	63.50	$340.00	50.00	5.28	0.1321	1.0000	$44.91	$8.50
1942	64.50	$188,922.00	50.00	5.01	0.1254	1.0000	$23,686.04	$4,723.05
1941	65.50	$18,968.00	50.00	4.75	0.1188	1.0000	$2,252.99	$474.20
1940	66.50	$18,358.00	50.00	4.49	0.1123	1.0000	$2,060.98	$458.95
1939	67.50	$79,362.00	50.00	4.23	0.1058	1.0000	$8,397.49	$1,984.05
1938	68.50	$78,071.00	50.00	3.98	0.0994	1.0000	$7,759.36	$1,951.77
1937	69.50	$9,315.00	50.00	3.72	0.0930	1.0000	$866.10	$232.88
1936	70.50	$57,037.00	50.00	3.46	0.0866	1.0000	$4,937.79	$1,425.93
1935	71.50	$1,296.00	50.00	3.21	0.0802	1.0000	$103.90	$32.40
1932	74.50	$1,380.00	50.00	2.44	0.0611	1.0000	$84.31	$34.50
1931	75.50	$15,106.00	50.00	2.19	0.0548	1.0000	$828.37	$377.65
1930	76.50	$243,057.00	50.00	1.95	0.0487	1.0000	$11,830.61	$6,076.43
1929	77.50	$137,285.00	50.00	1.71	0.0426	1.0000	$5,852.48	$3,432.12

Account: CECO 101/6-361 Structures/improve

Dispersion: 50.00 - R3

Average Net Salvage Rate: -25.00%

Future Net Salvage Rate: -25.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
1928	78.50	$17,957.00	50.00	1.47	0.0367	1.0000	$659.42	$448.92
1927	79.50	$1,206.00	50.00	1.24	0.0310	1.0000	$37.35	$30.15
1926	80.50	$123,948.00	50.00	1.02	0.0254	1.0000	$3,151.65	$3,098.70
1925	81.50	$312,399.00	50.00	0.81	0.0201	1.0000	$6,294.38	$7,809.97
1924	82.50	$149,813.00	50.00	0.60	0.0150	1.0000	$2,254.51	$3,745.33
1923	83.50	$25,884.00	50.00	0.25	0.0063	1.0000	$161.78	$647.10
1922	84.50	$2,123.00	50.00	0.00	0.0000	0.0000	$0.00	$0.00
1921	85.50	$63,682.00	50.00	0.00	0.0000	0.0000	$0.00	$0.00
1920	86.50	$145,304.00	50.00	0.00	0.0000	0.0000	$0.00	$0.00
1919	87.50	$993.00	50.00	0.00	0.0000	0.0000	$0.00	$0.00
1918	88.50	$314.00	50.00	0.00	0.0000	0.0000	$0.00	$0.00
1917	89.50	$45,620.00	50.00	0.00	0.0000	0.0000	$0.00	$0.00
1916	90.50	$79,492.00	50.00	0.00	0.0000	0.0000	$0.00	$0.00
1915	91.50	$121.00	50.00	0.00	0.0000	0.0000	$0.00	$0.00
1914	92.50	$166.00	50.00	0.00	0.0000	0.0000	$0.00	$0.00
1913	93.50	$26,170.00	50.00	0.00	0.0000	0.0000	$0.00	$0.00
1905	101.50	$825.00	50.00	0.00	0.0000	0.0000	$0.00	$0.00
1900	106.50	$6,452.00	50.00	0.00	0.0000	0.0000	$0.00	$0.00
1895	111.50	$8,134.00	50.00	0.00	0.0000	0.0000	$0.00	$0.00
1894	112.50	$34,892.00	50.00	0.00	0.0000	0.0000	$0.00	$0.00
		$21,119,926.85	50.00	21.55	0.5387	1.0000	$11,378,124.32	$517,640.97

Depreciation Reserve Summary

Account: CECO 101/6-361 Structures/improve
Scenario: CECO Distr Study Use 2006 Bal
Version: 50 - R3

Average Net Salvage Rate: -25.00%
Future Net Salvage Rate: -25.00%

Broad Group Procedure

January 1, 2007

		Depreciation Reserve		Net Plant	
	Plant Amt	Amount	Ratio	Amount	Ratio
Recorded	$21,119,926.85	$13,752,912.18	0.6512	$12,646,996.38	0.5988
Computed	$21,119,926.85	$15,021,784.24	0.7113	$11,378,124.32	0.5387
Difference		($1,268,872.06)	-0.0601	$1,268,872.06	0.0601

Cleveland Electric & Illuminating Company

Average Life and Salvage Rate Determination

Based On Year End 2006 Data using Beginning Balance 1999

Account 362 Station Equipment

Life and Iowa Survivor Curve

Current Life and Iowa Survivor Curve is 45 R1

Actuarial Life Analysis

134.35 S1 best fit using 1999 - 2006 data Studying a 1956 - 2006 Placement Band.

Industry Survey - EEI Survey of Depreciation Statistics 2003

Service Life Range 25 - 55 Years

Recommendation

Recommend a change to 50 R5

Comments:
The actuarial results would indicate a 50 R5 as the best fit to the data using a 1956 Placement Band . We chose 1956 in an attempt to view data in a reasonable service life range supported by the latest EEI study .

Salvage Factor Estimates

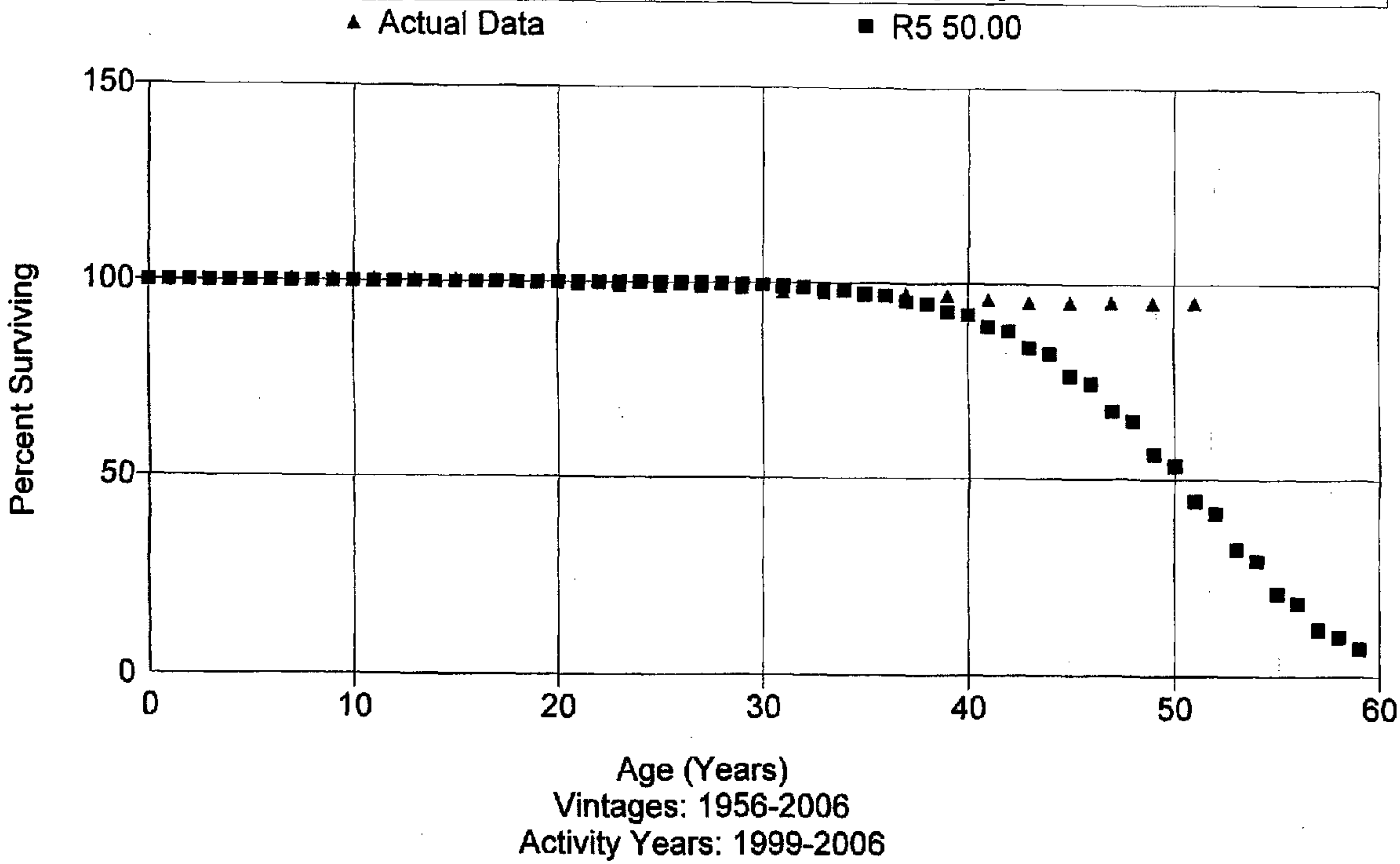
Current Net salvage Rate is 10%
Proposed Net salvage Rate 10%

Comments:
The Current 8 year study results were 7.95 % The EEI Industry net salvage per cent ranged from 30% to -25%. We recommend continuing with the current 10% Net salvage rate from the previous study as it is well within Industry trends, is supported by current findings but uses a longer time frame.

Summary of Recommendations

50	Average Service Life
R5	Iowa Curve
10	% Net Salvage

Cleveland Electric Illuminating Company
Account 362 Station Equipment



Observed Life Table

Scenario: CECO Distr Study Use 2006 Bal
Account: CECO 101/6-362 Station equipment
Placement Band: 1956 - 2006 Observation Band: 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirment Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
0	33,207,831.60	4,335.35	0.00013	0.99987	100.00
0.5	33,710,065.15	0.00	0.00000	1.00000	99.99
1.5	38,084,104.26	0.00	0.00000	1.00000	99.99
2.5	38,378,730.77	1,604.03	0.00004	0.99996	99.99
3.5	26,714,486.56	0.00	0.00000	1.00000	99.99
4.5	27,275,595.39	15,653.44	0.00057	0.99943	99.99
5.5	31,788,240.39	-113,058.00	-0.00356	1.00356	99.93
6.5	39,176,380.29	-64,500.00	-0.00165	1.00165	100.29
7.5	42,748,635.40	-59,172.00	-0.00138	1.00138	100.46
8.5	44,579,299.05	17,785.00	0.00040	0.99960	100.60
9.5	38,424,152.29	-160.00	0.00000	1.00000	100.56
10.5	36,338,523.71	0.00	0.00000	1.00000	100.56
11.5	34,138,523.51	3,194.00	0.00009	0.99991	100.56
12.5	33,037,844.89	0.00	0.00000	1.00000	100.55
13.5	31,697,476.24	0.00	0.00000	1.00000	100.55
14.5	25,796,442.24	30,957.00	0.00120	0.99880	100.55
15.5	22,857,930.24	0.00	0.00000	1.00000	100.43
16.5	20,215,054.00	19,212.00	0.00095	0.99905	100.43
17.5	22,317,439.00	91,003.00	0.00408	0.99592	100.33
18.5	22,913,278.00	41,422.00	0.00181	0.99819	99.92
19.5	26,677,692.00	57,032.85	0.00214	0.99786	99.74
20.5	28,571,243.15	18,357.00	0.00064	0.99936	99.53
21.5	28,177,948.15	64,299.00	0.00228	0.99772	99.47
22.5	30,265,756.15	19,077.00	0.00063	0.99937	99.24
23.5	34,573,171.15	4,516.00	0.00013	0.99987	99.18
24.5	34,480,452.15	24,455.00	0.00071	0.99929	99.17
25.5	34,437,394.00	17,865.00	0.00052	0.99948	99.10
26.5	35,109,014.00	25,308.21	0.00072	0.99928	99.05
27.5	33,929,364.00	25,351.00	0.00075	0.99925	98.98
28.5	31,078,036.00	34,366.14	0.00111	0.99889	98.91
29.5	29,930,033.86	343,615.00	0.01148	0.98852	98.80
30.5	27,444,946.86	8,236.16	0.00030	0.99970	97.67
31.5	23,038,076.70	24,387.01	0.00106	0.99894	97.64
32.5	20,829,281.69	1,078.00	0.00005	0.99995	97.54
33.5	18,371,242.69	27,956.00	0.00152	0.99848	97.54
34.5	15,613,416.83	6,943.00	0.00044	0.99956	97.39
35.5	12,413,072.99	0.00	0.00000	1.00000	97.35
36.5	10,225,885.00	952.00	0.00009	0.99991	97.35
37.5	8,751,088.91	12,412.00	0.00142	0.99858	97.34
38.5	6,799,012.91	15,014.00	0.00221	0.99779	97.20
39.5	6,627,014.91	13,581.00	0.00205	0.99795	96.99
40.5	6,972,397.91	58,751.00	0.00843	0.99157	96.79
41.5	6,902,078.00	2,803.00	0.00041	0.99959	95.97
42.5	6,868,550.00	40,370.00	0.00588	0.99412	95.93
43.5	6,611,299.75	0.00	0.00000	1.00000	95.37
44.5	6,270,781.75	0.00	0.00000	1.00000	95.37
45.5	5,079,362.75	0.00	0.00000	1.00000	95.37
46.5	4,415,032.75	0.00	0.00000	1.00000	95.37
47.5	3,693,775.75	2,039.00	0.00055	0.99945	95.37
48.5	1,786,820.00	0.00	0.00000	1.00000	95.32
49.5	780,392.00	0.00	0.00000	1.00000	95.32
50.5	0.00	0.00	0.00000	0.00000	95.32

Net Salvage Analysis Report

			Gross Salvage (Cash)		Gross Salvage (Returns)		Cost of Removal		Net Salvage		
Account	Year	Retirements	Amount	Pct.	Amount	Pct.	Amount	Pct.	Amount	Pct.	1-Yr Avg
CECO 362 Station Equipment	1999	(54,083.00)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CECO 362 Station Equipment	2000	455,724.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CECO 362 Station Equipment	2001	119,888.14	46,605.00	38.87	0.00	0.00	888.66	0.74	45,716.34	38.13	38.13
CECO 362 Station Equipment	2002	225,013.92	1,900.00	0.84	0.00	0.00	0.00	0.00	1,900.00	0.84	0.84
CECO 362 Station Equipment	2003	(237,111.56)	0.00	0.00	0.00	0.00	1,304.10	-0.55	(1,304.10)	0.55	0.55
CECO 362 Station Equipment	2004	9,913.00	30,000.00	302.63	0.00	0.00	4,753.73	47.95	25,246.27	254.68	254.68
CECO 362 Station Equipment	2005	3,319.27	0.00	0.00	0.00	0.00	(1,677.66)	-50.54	1,677.66	50.54	50.54
CECO 362 Station Equipment	2006	371,859.32	0.00	0.00	0.00	0.00	2,159.12	0.58	(2,159.12)	-0.58	-0.58
		894,523.09	78,505.00	8.78	0.00	0.00	7,427.95	0.83	71,077.05	7.95	7.95

Whole Life Depreciation Accrual

Account: CECO 101/6-362 Station equipment
Dispersion: 50 - R5
age Net Salvage Rate: 10.00%
Future Net Salvage Rate: 10.00%

Broad Group Procedure

January 1, 2007

	Plant Amt	Period (Years)	Accrual (Dollars)	Accrual Rate (Percent)
Pre- 2007 Additions	$184,086,162.80		$3,266,213.10	1.774285
Whole Life		50	$3,292,124.46	
Amortization		0	$0.00	
Retirements	$2,879,039.98	50	$25,911.36	
2007 Additions	$0.00		$0.00	0.000000
Whole Life			$0.00	
Retirements	*$0.00*	*0.00*	$0.00	
Total:	$184,086,162.80 *		$3,266,213.10	1.774286
Average:	$182,646,642.81		$3,266,213.10	1.788269
Grand Total:	$184,086,162.80 *		$3,266,213.10	1.774286

* Excluding 2007 Retirements

Generation Arrangement Report

Account: CECO 101/6-362 Station equipment

Dispersion: 50.00 - R5

Average Net Salvage Rate: 10.00%

Future Net Salvage Rate: 10.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
2006	0.50	$3,530,711.89	50.00	49.50	0.8910	1.0000	$3,145,864.29	$83,552.81
2005	1.50	$3,639,079.06	50.00	48.50	0.8730	1.0000	$3,176,916.02	$65,503.42
2004	2.50	$4,407,658.43	50.00	47.50	0.8550	1.0000	$3,768,547.95	$79,337.85
2003	3.50	$14,838,384.22	50.00	46.50	0.8370	1.0000	$12,419,727.58	$267,090.92
2002	4.50	$4,448,232.64	50.00	45.50	0.8190	1.0000	$3,643,102.53	$80,068.19
2001	5.50	$1,099,913.21	50.00	44.50	0.8010	1.0000	$881,030.48	$19,798.44
2000	6.50	$1,630,848.10	50.00	43.50	0.7830	1.0000	$1,276,954.06	$29,355.27
1999	7.50	$399,331.89	50.00	42.50	0.7650	1.0000	$305,488.90	$7,187.97
1998	8.50	$638,255.93	50.00	41.50	0.7470	1.0000	$476,777.18	$11,488.61
1997	9.50	$12,694,823.29	50.00	40.50	0.7290	1.0000	$9,254,526.17	$228,506.82
1996	10.50	$5,719,575.30	50.00	39.50	0.7110	1.0000	$4,066,618.03	$102,952.36
1995	11.50	$4,515,468.06	50.00	38.50	0.6930	1.0000	$3,129,219.36	$81,278.43
1994	12.50	$5,800,027.58	50.00	37.50	0.6750	1.0000	$3,915,018.61	$104,400.50
1993	13.50	$6,657,784.50	50.00	36.50	0.6570	1.0000	$4,374,164.41	$119,840.12
1992	14.50	$9,721,769.54	50.00	35.50	0.6390	1.0000	$6,212,210.73	$174,991.85
1991	15.50	$4,755,036.98	50.00	34.50	0.6210	1.0000	$2,952,877.96	$85,590.67
1990	16.50	$6,660,933.41	50.00	33.50	0.6030	1.0000	$4,016,542.84	$119,896.80
1989	17.50	$1,387,446.00	50.00	32.50	0.5850	1.0000	$811,655.91	$24,974.03
1988	18.50	$2,236,270.00	50.00	31.50	0.5670	1.0000	$1,267,965.09	$40,252.86
1987	19.50	$975,575.00	50.00	30.50	0.5490	1.0000	$535,590.67	$17,560.35
1986	20.50	$3,512,560.00	50.00	29.50	0.5310	1.0000	$1,865,188.32	$63,226.08
1985	21.50	$4,286,992.00	50.00	28.50	0.5130	1.0000	$2,199,317.18	$77,165.86
1984	22.50	$3,004,896.00	50.00	27.50	0.4950	1.0000	$1,487,562.54	$54,088.13
1983	23.50	$982,388.00	50.00	26.51	0.4771	1.0000	$468,692.28	$17,682.96
1982	24.50	$3,763,803.00	50.00	25.51	0.4592	1.0000	$1,728,242.29	$67,748.45
1981	25.50	$3,443,000.15	50.00	24.52	0.4413	1.0000	$1,519,413.59	$61,974.00
1980	26.50	$2,884,969.00	50.00	23.53	0.4235	1.0000	$1,221,796.49	$51,929.44
1979	27.50	$4,733,817.79	50.00	22.54	0.4058	1.0000	$1,920,919.67	$85,208.72
1978	28.50	$5,402,663.00	50.00	21.57	0.3882	1.0000	$2,097,229.84	$97,247.93
1977	29.50	$3,892,789.00	50.00	20.60	0.3707	1.0000	$1,443,125.23	$70,070.20
1976	30.50	$4,798,413.00	50.00	19.63	0.3534	1.0000	$1,695,837.49	$86,371.43
1975	31.50	$5,286,947.00	50.00	18.68	0.3363	1.0000	$1,778,012.22	$95,166.05
1974	32.50	$3,654,451.00	50.00	17.74	0.3194	1.0000	$1,167,239.25	$65,780.12
1973	33.50	$3,399,961.00	50.00	16.82	0.3027	1.0000	$1,029,303.80	$61,199.30

Account: CECO 101/6-362 Station equipment

Dispersion: 50.00 - R5

Average Net Salvage Rate: 10.00%

Future Net Salvage Rate: 10.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
1972	34.50	$3,545,967.86	50.00	15.91	0.2863	1.0000	$1,015,341.74	$63,827.42
1971	35.50	$3,544,960.84	50.00	15.01	0.2702	1.0000	$957,910.59	$63,809.30
1970	36.50	$2,546,068.99	50.00	14.13	0.2544	1.0000	$647,738.96	$45,829.24
1969	37.50	$2,742,211.00	50.00	13.27	0.2389	1.0000	$655,220.76	$49,359.80
1968	38.50	$2,631,714.00	50.00	12.44	0.2238	1.0000	$589,104.97	$47,370.85
1967	39.50	$887,291.00	50.00	11.62	0.2092	1.0000	$185,598.37	$15,971.24
1966	40.50	$1,452,762.00	50.00	10.83	0.1950	1.0000	$283,234.06	$26,149.72
1965	41.50	$1,028,787.91	50.00	10.07	0.1813	1.0000	$186,477.07	$18,518.18
1964	42.50	$811,117.00	50.00	9.34	0.1681	1.0000	$136,351.31	$14,600.11
1963	43.50	$351,560.00	50.00	8.64	0.1555	1.0000	$54,679.58	$6,328.08
1962	44.50	$340,518.00	50.00	7.98	0.1436	1.0000	$48,893.24	$6,129.32
1961	45.50	$1,191,419.00	50.00	7.35	0.1323	1.0000	$157,596.48	$21,445.54
1960	46.50	$664,330.00	50.00	6.76	0.1216	1.0000	$80,799.47	$11,957.94
1959	47.50	$721,257.00	50.00	6.20	0.1116	1.0000	$80,516.43	$12,982.63
1958	48.50	$1,911,984.75	50.00	5.68	0.1023	1.0000	$195,598.41	$34,415.73
1957	49.50	$1,006,428.00	50.00	5.20	0.0936	1.0000	$94,221.15	$18,115.70
1956	50.50	$780,392.00	50.00	4.75	0.0856	1.0000	$66,781.76	$14,047.06
1955	51.50	$1,006,571.00	50.00	4.34	0.0781	1.0000	$78,663.13	$18,118.28
1954	52.50	$1,758,058.00	50.00	3.96	0.0713	1.0000	$125,398.39	$31,645.04
1953	53.50	$1,030,332.00	50.00	3.62	0.0651	1.0000	$67,068.74	$18,545.98
1952	54.50	$817,136.00	50.00	3.30	0.0594	1.0000	$48,562.93	$14,708.45
1951	55.50	$521,846.00	50.00	3.02	0.0543	1.0000	$28,348.09	$9,393.23
1950	56.50	$1,438,711.50	50.00	2.76	0.0497	1.0000	$71,573.16	$25,896.81
1949	57.50	$507,249.60	50.00	2.54	0.0457	1.0000	$23,161.66	$9,130.49
1948	58.50	$59,859.00	50.00	2.33	0.0420	1.0000	$2,512.68	$1,077.46
1947	59.50	$99,964.00	50.00	2.14	0.0385	1.0000	$3,850.99	$1,799.35
1946	60.50	$16,270.00	50.00	1.95	0.0350	1.0000	$569.82	$292.86
1945	61.50	$21,328.00	50.00	1.73	0.0312	1.0000	$664.59	$383.90
1944	62.50	$5,468.00	50.00	1.49	0.0269	1.0000	$146.84	$98.42
1943	63.50	$11,195.00	50.00	1.25	0.0225	1.0000	$251.91	$201.51
1942	64.50	$282,984.00	50.00	1.02	0.0184	1.0000	$5,205.78	$5,093.71
1941	65.50	$53,372.00	50.00	0.81	0.0146	1.0000	$780.93	$960.70
1940	66.50	$162,168.00	50.00	0.64	0.0115	1.0000	$1,866.61	$2,919.02
1939	67.50	$21,776.00	50.00	0.58	0.0105	1.0000	$228.12	$391.97

Account: CECO 101/6-362 Station equipment

Dispersion: 50.00 - R5

erage Net Salvage Rate: 10.00%

Future Net Salvage Rate: 10.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
1938	68.50	$117,971.00	50.00	0.25	0.0045	1.0000	$530.80	$2,123.48
1937	69.50	$76,340.00	50.00	0.00	0.0000	0.0000	$0.00	$0.00
1936	70.50	$91,950.00	50.00	0.00	0.0000	0.0000	$0.00	$0.00
1935	71.50	$11,996.00	50.00	0.00	0.0000	0.0000	$0.00	$0.00
1934	72.50	$4,253.00	50.00	0.00	0.0000	0.0000	$0.00	$0.00
1933	73.50	$3,346.00	50.00	0.00	0.0000	0.0000	$0.00	$0.00
1932	74.50	$12,711.00	50.00	0.00	0.0000	0.0000	$0.00	$0.00
1931	75.50	$211,311.00	50.00	0.00	0.0000	0.0000	$0.00	$0.00
1930	76.50	$82,533.00	50.00	0.00	0.0000	0.0000	$0.00	$0.00
1929	77.50	$84,316.00	50.00	0.00	0.0000	0.0000	$0.00	$0.00
1928	78.50	$86,128.00	50.00	0.00	0.0000	0.0000	$0.00	$0.00
1927	79.50	$40,923.00	50.00	0.00	0.0000	0.0000	$0.00	$0.00
1926	80.50	$287,854.00	50.00	0.00	0.0000	0.0000	$0.00	$0.00
1925	81.50	$128,744.00	50.00	0.00	0.0000	0.0000	$0.00	$0.00
1924	82.50	$64,011.00	50.00	0.00	0.0000	0.0000	$0.00	$0.00
1923	83.50	$3,124.00	50.00	0.00	0.0000	0.0000	$0.00	$0.00
1922	84.50	$27.00	50.00	0.00	0.0000	0.0000	$0.00	$0.00
1919	87.50	$210.00	50.00	0.00	0.0000	0.0000	$0.00	$0.00
1918	88.50	$184.38	50.00	0.00	0.0000	0.0000	$0.00	$0.00
1916	90.50	$14.00	50.00	0.00	0.0000	0.0000	$0.00	$0.00
1913	93.50	$323.00	50.00	0.00	0.0000	0.0000	$0.00	$0.00
1912	94.50	$7.00	50.00	0.00	0.0000	0.0000	$0.00	$0.00
1907	99.50	$54.00	50.00	0.00	0.0000	0.0000	$0.00	$0.00
		$184,086,162.80	50.00	29.32	0.5277	1.0000	$97,148,130.53	$3,292,124.46

Depreciation Reserve Summary

Account: CECO 101/6-362 Station equipment
Scenario: CECO Distr Study Use 2006 Bal
Dispersion: 50 - R5
Average Net Salvage Rate: 10.00%
Future Net Salvage Rate: 10.00%

Broad Group Procedure

January 1 , 2007

		Depreciation Reserve		Net Plant	
	Plant Amt	Amount	Ratio	Amount	Ratio
Recorded	$184,086,162.80	$52,107,590.73	0.2831	$113,569,955.79	0.6169
Computed	$184,086,162.80	$68,529,415.99	0.3723	$97,148,130.53	0.5277
Difference		($16,421,825.26)	-0.0892	$16,421,825.26	0.0892

03/22/2007

Cleveland Electric & Illuminating Company

Average Life and Salvage Rate Determination

Based On Year End 2006 Data using Beginning Balance 1999

Account 364 Poles & Fixtures

Life and Iowa Survivor Curve

Current Life and Iowa Survivor Curve is 40 R1

Actuarial Life Analysis

71.82 R1 is the best fit using 1999 - 2006 data and a 1965 to 2006 Placement Band.

Industry Survey - EEI Survey of Depreciation Statistics 2003

Service Life Range 20 - 55 Years

Recommendation

Change to 43 R2 based on Industry Standards and Actuarial Life Analysis

Comments:
Based on the results of the current life study a life extension for poles seems warranted. The 2003 EEI Study results appear to demonstrates this same trend in general. We suggest an increased life of 43 years coupled with an R2 dispersion curve which seemed to fit the band selected better than the R1.

Salvage Factor Estimates

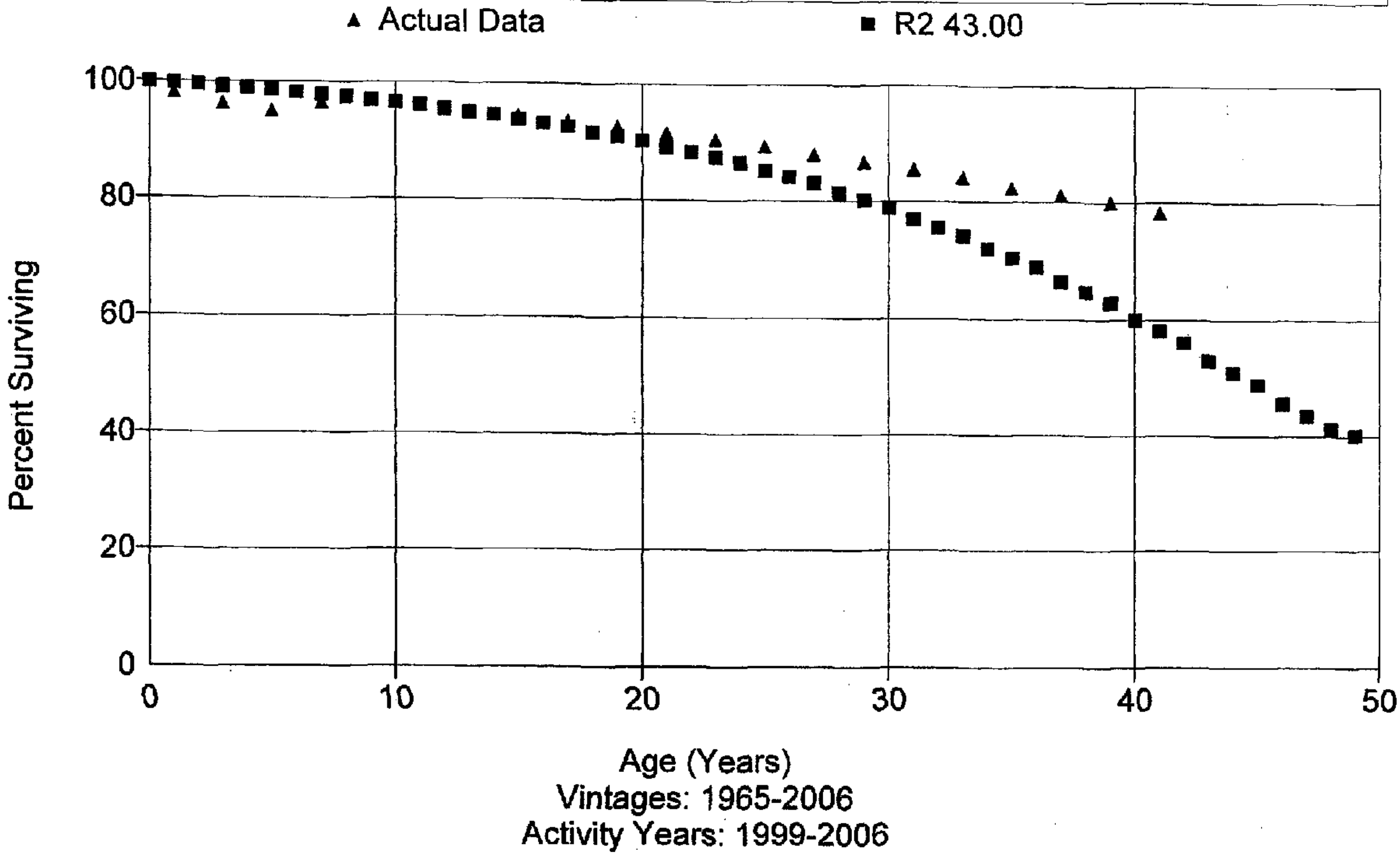
Current Net salvage Rate is -100%
Proposed Net salvage Rate -100%

Comments:
The net cost of removal results in this study resulted in a 15% rate. The previous Study had arrived at a -100% rate for net salvage. EEI Industry standards indicate a range between 5% and -374% . We recommend continuing with the previous rate -100% which also falls within the EEI Industry standards. The current study data seems unreasonable at 15% salvage.

Summary of Recommendations

43	Average Service Life
R2	Iowa Curve
-100	% Net Salvage

Cleveland Electric Illuminating Company
Account 364 Poles & Towers



Observed Life Table

Scenario: CECO Distr Study Use 2006 Bal

Account: CECO 101/6-364 Poles towers

Placement Band: 1965 - 2006

Observation Band: 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirment Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
0	71,170,141.40	54,816.98	0.00077	0.99923	100.00
0.5	14,583,312.67	249,837.55	0.01713	0.98287	99.92
1.5	12,207,758.69	115,821.94	0.00949	0.99051	98.21
2.5	15,233,020.15	138,074.37	0.00906	0.99094	97.28
3.5	13,924,121.74	261,885.07	0.01881	0.98119	96.40
4.5	8,560,939.30	-50,804.61	-0.00593	1.00593	94.59
5.5	12,529,604.18	-242,631.31	-0.01936	1.01936	95.15
6.5	20,986,664.36	88,358.95	0.00421	0.99579	96.99
7.5	23,047,985.23	-115,248.59	-0.00500	1.00500	96.58
8.5	48,729,532.73	66,687.78	0.00137	0.99863	97.06
9.5	52,286,495.22	190,805.28	0.00365	0.99635	96.93
10.5	54,054,188.73	212,837.88	0.00394	0.99606	96.58
11.5	56,167,418.29	240,954.48	0.00429	0.99571	96.20
12.5	58,837,280.37	257,209.87	0.00437	0.99563	95.79
13.5	54,038,368.68	229,927.67	0.00425	0.99575	95.37
14.5	47,059,825.85	217,173.09	0.00461	0.99539	94.96
15.5	45,279,180.44	219,245.57	0.00484	0.99516	94.52
16.5	45,442,313.34	195,314.18	0.00430	0.99570	94.06
17.5	44,924,696.87	218,707.91	0.00487	0.99513	93.66
18.5	43,563,817.39	241,172.57	0.00554	0.99446	93.20
19.5	41,502,457.27	236,550.80	0.00570	0.99430	92.68
20.5	39,011,679.79	210,457.26	0.00539	0.99461	92.15
21.5	36,712,599.91	201,898.85	0.00550	0.99450	91.65
22.5	35,654,701.80	212,712.80	0.00597	0.99403	91.15
23.5	34,682,453.07	233,364.26	0.00673	0.99327	90.61
24.5	32,162,515.00	218,625.63	0.00680	0.99320	90.00
25.5	28,847,833.87	239,890.90	0.00832	0.99168	89.39
26.5	26,681,797.09	164,976.16	0.00688	0.99312	88.65
27.5	25,451,011.89	165,880.00	0.00652	0.99348	88.04
28.5	24,034,594.01	182,775.26	0.00760	0.99240	87.47
29.5	22,367,737.35	164,369.86	0.00735	0.99265	86.81
30.5	19,736,759.09	134,711.21	0.00683	0.99317	86.17
31.5	16,824,140.15	140,884.39	0.00837	0.99163	85.58
32.5	14,554,879.44	104,898.58	0.00721	0.99279	84.86
33.5	13,392,134.72	145,020.13	0.01083	0.98917	84.25
34.5	10,608,745.70	111,335.38	0.01049	0.98951	83.34
35.5	8,070,258.40	62,339.74	0.00772	0.99228	82.47
36.5	6,121,513.91	43,449.19	0.00710	0.99290	81.83
37.5	4,378,744.40	26,610.87	0.00608	0.99392	81.25
38.5	2,860,488.65	23,937.39	0.00837	0.99163	80.76
39.5	1,848,217.99	24,858.38	0.01345	0.98655	80.08
40.5	876,761.00	7,003.39	0.00799	0.99201	79.00
41.5	0.00	0.00	0.00000	0.00000	78.37

Net Salvage Analysis Report

Account	Year	Retirements	Gross Salvage (Cash) Amount	Gross Salvage (Cash) Pct.	Gross Salvage (Returns) Amount	Gross Salvage (Returns) Pct.	Cost of Removal Amount	Cost of Removal Pct.	Net Salvage Amount	Net Salvage Pct.	1-Yr Avg
CECO 364 Poles & Towers	1999	373,501.05	0.00	0.00	0.00	0.00	856.16	0.23	(856.16)	-0.23	-0.23
CECO 364 Poles & Towers	2000	2,239,063.42	42,868.33	1.91	0.00	0.00	160,826.57	7.18	(117,958.24)	-5.27	-5.27
CECO 364 Poles & Towers	2001	1,561,503.10	2,496.00	0.16	0.00	0.00	392,440.33	25.13	(389,944.33)	-24.97	-24.97
CECO 364 Poles & Towers	2002	1,184,923.66	28,825.22	2.43	0.00	0.00	330,010.67	27.85	(301,185.45)	-25.42	-25.42
CECO 364 Poles & Towers	2003	(294,957.75)	127,068.00	-43.08	0.00	0.00	150,802.56	-51.13	(23,734.56)	8.05	8.05
CECO 364 Poles & Towers	2004	705,111.27	22,209.24	3.15	0.00	0.00	172,854.59	24.51	(150,645.35)	-21.36	-21.36
CECO 364 Poles & Towers	2005	965,340.08	866,693.75	89.78	0.00	0.00	(1,824,180.03)	-188.97	2,690,873.78	278.75	278.75
CECO 364 Poles & Towers	2006	1,155,061.02	(509,587.91)	-44.12	0.00	0.00	6,084.23	0.53	(515,672.14)	-44.64	-44.64
		7,889,545.85	580,572.63	7.36	0.00	0.00	(610,304.92)	-7.74	1,190,877.55	15.09	

Whole Life Depreciation Accrual

Account: CECO 101/6-364 Poles towers

Dispersion: 43 - R2

rage Net Salvage Rate: -100.00%

ure Net Salvage Rate: -100.00%

Broad Group Procedure

January 1 , 2007

		Plant Amt	Period (Years)	Accrual (Dollars)	Accrual Rate (Percent)
Pre- 2007	Additions	$228,136,531.53		$10,540,090.20	4.620080
	Whole Life		43	$10,610,792.88	
	Amortization		0	$0.00	
	Retirements	$3,040,215.20	43	$70,702.68	
2007	Additions	$0.00		$0.00	0.000000
	Whole Life			$0.00	
	Retirements	$0.00	0.00	$0.00	
	Total:	$228,136,531.53 *		$10,540,090.20	4.620080
	Average:	$226,616,423.93		$10,540,090.20	4.651071
	Grand Total:	$228,136,531.53 *		$10,540,090.20	4.620080

Excluding 2007 Retirements

Generation Arrangement Report

Account: CECO 101/6-364 Poles towers

Dispersion: 43.00 - R2

Average Net Salvage Rate: -100.00%

Future Net Salvage Rate: -100.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
2006	0.50	$34,714,796.19	43.00	42.55	1.9790	1.0000	$68,698,942.61	$1,614,641.68
2005	1.50	$6,702,525.73	43.00	41.65	1.9370	1.0000	$12,983,058.71	$311,745.38
2004	2.50	$1,785,254.27	43.00	40.75	1.8954	1.0000	$3,383,774.22	$83,035.08
2003	3.50	$4,002,307.49	43.00	39.86	1.8541	1.0000	$7,420,529.50	$186,153.84
2002	4.50	$8,032,452.95	43.00	38.98	1.8130	1.0000	$14,562,978.49	$373,602.46
2001	5.50	$6,744,704.45	43.00	38.10	1.7723	1.0000	$11,953,312.16	$313,707.18
2000	6.50	$4,158,392.20	43.00	37.23	1.7318	1.0000	$7,201,668.26	$193,413.59
1999	7.50	$4,769,322.39	43.00	36.37	1.6917	1.0000	$8,068,447.19	$221,828.95
1998	8.50	$1,657,092.05	43.00	35.52	1.6519	1.0000	$2,737,399.87	$77,074.05
1997	9.50	$5,989,230.60	43.00	34.67	1.6125	1.0000	$9,657,690.59	$278,568.87
1996	10.50	$3,664,182.47	43.00	33.83	1.5734	1.0000	$5,765,333.60	$170,427.09
1995	11.50	$2,578,244.67	43.00	33.00	1.5347	1.0000	$3,956,774.24	$119,918.36
1994	12.50	$2,676,791.42	43.00	32.17	1.4963	1.0000	$4,005,368.25	$124,501.93
1993	13.50	$10,321,294.12	43.00	31.35	1.4584	1.0000	$15,052,157.84	$480,080.19
1992	14.50	$12,163,863.90	43.00	30.55	1.4207	1.0000	$17,281,542.42	$565,761.11
1991	15.50	$6,998,535.95	43.00	29.75	1.3836	1.0000	$9,682,682.91	$325,513.30
1990	16.50	$5,610,832.19	43.00	28.95	1.3467	1.0000	$7,556,346.72	$260,968.94
1989	17.50	$5,806,959.02	43.00	28.17	1.3103	1.0000	$7,608,891.34	$270,091.12
1988	18.50	$5,962,621.41	43.00	27.40	1.2744	1.0000	$7,598,531.01	$277,331.23
1987	19.50	$5,927,412.93	43.00	26.63	1.2388	1.0000	$7,343,069.96	$275,693.62
1986	20.50	$5,753,894.70	43.00	25.88	1.2037	1.0000	$6,925,942.14	$267,623.01
1985	21.50	$5,614,534.37	43.00	25.13	1.1691	1.0000	$6,563,760.33	$261,141.13
1984	22.50	$5,198,152.91	43.00	24.40	1.1349	1.0000	$5,899,315.84	$241,774.55
1983	23.50	$4,933,249.39	43.00	23.67	1.1011	1.0000	$5,432,063.42	$229,453.46
1982	24.50	$5,697,497.58	43.00	22.96	1.0679	1.0000	$6,084,390.85	$264,999.89
1981	25.50	$5,262,751.08	43.00	22.26	1.0352	1.0000	$5,447,874.14	$244,779.12
1980	26.50	$4,550,940.73	43.00	21.56	1.0029	1.0000	$4,564,045.64	$211,671.66
1979	27.50	$3,891,363.68	43.00	20.88	0.9712	1.0000	$3,779,261.02	$180,993.66
1978	28.50	$3,266,212.59	43.00	20.21	0.9400	1.0000	$3,070,285.70	$151,916.86
1977	29.50	$3,330,077.79	43.00	19.55	0.9093	1.0000	$3,028,041.61	$154,887.34
1976	30.50	$4,098,721.10	43.00	18.90	0.8792	1.0000	$3,603,663.90	$190,638.19
1975	31.50	$3,877,974.36	43.00	18.27	0.8497	1.0000	$3,295,074.35	$180,370.90
1974	32.50	$3,227,303.42	43.00	17.64	0.8207	1.0000	$2,648,607.25	$150,107.14

Account: CECO 101/6-364 Poles towers

Dispersion: 43.00 - R2

[illegible]erage Net Salvage Rate: -100.00%

[illegible]ure Net Salvage Rate: -100.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
1973	33.50	$2,029,176.88	43.00	17.03	0.7923	1.0000	$1,607,698.41	$94,380.32
1972	34.50	$2,647,366.50	43.00	16.44	0.7645	1.0000	$2,023,970.16	$123,133.33
1971	35.50	$2,439,090.63	43.00	15.85	0.7373	1.0000	$1,798,246.37	$113,446.08
1970	36.50	$1,893,901.12	43.00	15.28	0.7107	1.0000	$1,346,032.20	$88,088.42
1969	37.50	$1,707,066.51	43.00	14.72	0.6848	1.0000	$1,168,968.54	$79,398.44
1968	38.50	$1,499,802.95	43.00	14.18	0.6594	1.0000	$988,960.85	$69,758.28
1967	39.50	$995,914.10	43.00	13.65	0.6347	1.0000	$632,150.55	$46,321.59
1966	40.50	$955,052.26	43.00	13.13	0.6107	1.0000	$583,259.51	$44,421.04
1965	41.50	$878,439.80	43.00	12.63	0.5872	1.0000	$515,860.81	$40,857.67
1964	42.50	$902,127.81	43.00	12.14	0.5645	1.0000	$509,271.44	$41,959.43
1963	43.50	$823,138.40	43.00	11.66	0.5424	1.0000	$446,482.17	$38,285.51
1962	44.50	$936,615.94	43.00	11.20	0.5210	1.0000	$487,941.74	$43,563.53
1961	45.50	$1,128,615.05	43.00	10.75	0.5001	1.0000	$564,432.91	$52,493.72
1960	46.50	$983,126.03	43.00	10.32	0.4799	1.0000	$471,826.86	$45,726.79
1959	47.50	$990,218.36	43.00	9.90	0.4603	1.0000	$455,842.11	$46,056.67
1958	48.50	$839,994.87	43.00	9.49	0.4414	1.0000	$370,745.16	$39,069.53
1957	49.50	$1,236,712.50	43.00	9.09	0.4230	1.0000	$523,121.35	$57,521.51
1956	50.50	$1,010,640.63	43.00	8.71	0.4052	1.0000	$409,492.18	$47,006.54
1955	51.50	$997,995.60	43.00	8.34	0.3879	1.0000	$387,165.80	$46,418.40
1954	52.50	$883,717.99	43.00	7.98	0.3712	1.0000	$328,032.30	$41,103.16
1953	53.50	$564,135.31	43.00	7.63	0.3549	1.0000	$200,235.25	$26,238.85
1952	54.50	$754,776.03	43.00	7.29	0.3392	1.0000	$256,026.65	$35,105.86
1951	55.50	$502,976.57	43.00	6.96	0.3238	1.0000	$162,872.71	$23,394.26
1950	56.50	$219,106.49	43.00	6.64	0.3088	1.0000	$67,662.33	$10,191.00
1949	57.50	$269,008.51	43.00	6.33	0.2942	1.0000	$79,155.42	$12,512.02
1948	58.50	$75,958.21	43.00	6.02	0.2798	1.0000	$21,256.23	$3,532.94
1947	59.50	$87,875.02	43.00	5.71	0.2657	1.0000	$23,347.97	$4,087.21
1946	60.50	$72,026.56	43.00	5.42	0.2519	1.0000	$18,144.24	$3,350.07
1945	61.50	$40,287.63	43.00	5.12	0.2381	1.0000	$9,591.49	$1,873.84
1944	62.50	$519,334.14	43.00	4.82	0.2244	1.0000	$116,521.42	$24,155.08
[illegible]4	72.50	$278,358.46	43.00	1.98	0.0919	1.0000	$25,578.36	$12,946.91
1924	82.50	$4,484.57	43.00	0.00	0.0000	0.0000	$0.00	$0.00
		$228,136,531.53	43.00	29.16	1.3565	1.0000	$309,460,619.39	$10,610,792.88

Depreciation Reserve Summary

Account: CECO 101/6-364 Poles towers
Scenario: CECO Distr ADR 2007
Dispersion: 43 - R2
Average Net Salvage Rate: -100.00%
Future Net Salvage Rate: -100.00%

Broad Group Procedure

January 1 , 2007

	Plant Amt	Depreciation Reserve Amount	Depreciation Reserve Ratio	Net Plant Amount	Net Plant Ratio
Recorded	$228,136,531.53	$116,302,638.37	0.5098	$339,970,424.69	1.4902
Computed	$228,136,531.53	$146,812,443.67	0.6435	$309,460,619.39	1.3565
Difference		($30,509,805.30)	-0.1337	$30,509,805.30	0.1337

Cleveland Electric & Illuminating Company

Average Life and Salvage Rate Determination

Based On Year End 2006 Data using Beginning Balance 1999

Account 365 Overhead Conductor

Life and Iowa Survivor Curve

Current Life and Iowa Survivor Curve is 40 R1

Actuarial Life Analysis

72.43 R4 best fit using 1999 - 2006 data

Industry Survey - EEI Survey of Depreciation Statistics 2003

Service Life Range 29 - 53 Years

Recommendation

Change to 45 S5 based on Industry Standards and Actuarial Life Analysis

Comments:
The actuarial data suggests a 72 year life . This appears too drastic a change looking at prior study results and EEI Industry trends. However , to obtain some fit with the actuarial data a longer life looks appropriate. We recommend a 45 S5 as a reasonable fit for this account.

Salvage Factor Estimates

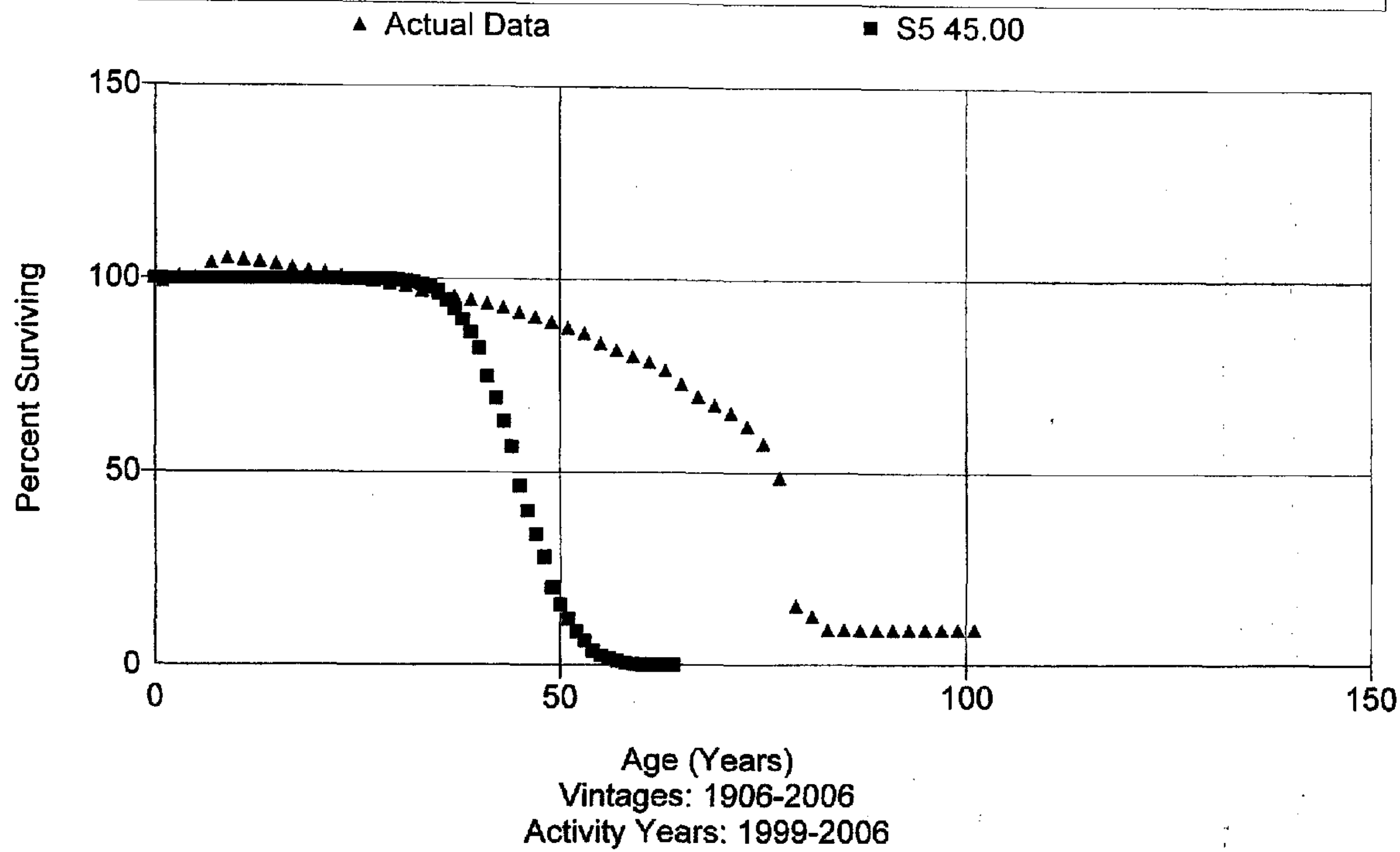
Current Net salvage Rate is -75%
Proposed Net salvage Rate -75%

Comments:
The 1999 - 2006 data studied produced a net salvage rate of 153%. The previous Study produced a -75% net salvage rate. The EEI Study of net salvage ranged from 25% to -110%. We recommend using the previous results of -75% . The period studied has several anomalies which are producing a switch to salvage versus cost of removal and at a rate well outside industry trends.

Summary of Recommendations

45	Average Service Life
S5	Iowa Curve
-75	% Net Salvage

Cleveland Electric Illuminating Company
Account 365 Overhead Conductor



Observed Life Table

Scenario: CECO Distr Study Use 2006 Bal
Account: CECO 101/6-365 Overhead conductor
Placement Band: 1905 - 2006 Observation Band: 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirment Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
0	53,226,826.47	7,776.46	0.00015	0.99985	100.00
0.5	47,364,865.23	359,572.57	0.00759	0.99241	99.99
1.5	60,356,212.96	347,773.18	0.00576	0.99424	99.23
2.5	69,142,211.44	-1,442,424.17	-0.02086	1.02086	98.66
3.5	76,153,421.83	141,259.12	0.00185	0.99815	100.72
4.5	79,552,201.62	159,853.59	0.00201	0.99799	100.53
5.5	80,472,554.09	-1,571,103.65	-0.01952	1.01952	100.33
6.5	86,640,880.15	-1,628,636.18	-0.01880	1.01880	102.29
7.5	89,174,391.55	-1,150,481.32	-0.01290	1.01290	104.21
8.5	73,889,028.10	117,391.92	0.00159	0.99841	105.55
9.5	61,361,675.25	102,036.61	0.00166	0.99834	105.38
10.5	54,127,925.35	114,391.25	0.00211	0.99789	105.21
11.5	50,011,380.54	85,593.60	0.00171	0.99829	104.99
12.5	43,223,775.79	92,005.35	0.00213	0.99787	104.81
13.5	41,471,548.44	125,189.04	0.00302	0.99698	104.59
14.5	35,122,966.83	143,282.07	0.00408	0.99592	104.27
15.5	33,528,360.38	167,466.25	0.00499	0.99501	103.84
16.5	35,467,007.93	144,613.59	0.00408	0.99592	103.32
17.5	35,606,764.63	112,825.59	0.00317	0.99683	102.90
18.5	35,145,085.49	110,658.69	0.00315	0.99685	102.57
19.5	35,688,587.70	87,845.54	0.00246	0.99754	102.25
20.5	35,831,651.71	92,212.62	0.00257	0.99743	102.00
21.5	36,151,882.64	170,172.79	0.00471	0.99529	101.74
22.5	37,512,162.36	152,026.24	0.00405	0.99595	101.26
23.5	38,915,375.44	118,883.31	0.00305	0.99695	100.85
24.5	37,070,848.53	95,995.40	0.00259	0.99741	100.54
25.5	35,157,644.05	87,724.02	0.00250	0.99750	100.28
26.5	34,775,372.12	136,813.46	0.00393	0.99607	100.03
27.5	34,356,519.79	123,893.99	0.00361	0.99639	99.64
28.5	32,915,762.35	100,879.07	0.00306	0.99694	99.28
29.5	31,118,078.21	89,207.25	0.00287	0.99713	98.98
30.5	27,755,973.02	110,304.16	0.00397	0.99603	98.70
31.5	23,759,395.04	110,778.70	0.00466	0.99534	98.31
32.5	20,992,353.54	153,885.45	0.00733	0.99267	97.85
33.5	19,215,733.65	77,981.18	0.00406	0.99594	97.13
34.5	15,804,423.83	55,039.21	0.00348	0.99652	96.74
35.5	12,282,176.09	43,081.86	0.00351	0.99649	96.40
36.5	10,311,779.78	41,314.13	0.00401	0.99599	96.06
37.5	8,529,071.04	38,222.98	0.00448	0.99552	95.67
38.5	7,227,644.07	38,770.99	0.00536	0.99464	95.24
39.5	6,548,430.13	29,856.72	0.00456	0.99544	94.73
40.5	5,963,909.46	33,563.80	0.00563	0.99437	94.30
41.5	5,943,358.65	32,189.99	0.00542	0.99458	93.77
42.5	5,740,327.11	30,590.59	0.00533	0.99467	93.26
43.5	5,940,362.60	34,921.38	0.00588	0.99412	92.76
44.5	5,558,041.50	45,207.13	0.00813	0.99187	92.21
45.5	4,991,644.92	29,257.81	0.00586	0.99414	91.46
46.5	4,543,427.80	29,390.08	0.00647	0.99353	90.92
47.5	4,129,329.06	29,197.13	0.00707	0.99293	90.33
48.5	3,698,974.88	26,561.24	0.00718	0.99282	89.69
49.5	3,049,521.67	27,003.03	0.00885	0.99115	89.05
50.5	2,694,573.50	23,308.76	0.00865	0.99135	88.26
51.5	2,008,286.42	15,172.16	0.00755	0.99245	87.50
52.5	1,705,111.59	14,500.19	0.00850	0.99150	86.84

Observed Life Table

Scenario: CECO Distr Study Use 2006 Bal
Account: CECO 101/6-365 Overhead conductor
Placement Band: 1905 - 2006 Observation Band: 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirment Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
53.5	1,414,807.06	12,992.46	0.00918	0.99082	86.10
54.5	1,461,373.02	31,140.79	0.02131	0.97869	85.31
55.5	1,187,919.16	13,942.39	0.01174	0.98826	83.49
56.5	957,464.00	9,169.78	0.00958	0.99042	82.51
57.5	740,803.14	6,490.03	0.00876	0.99124	81.72
58.5	597,694.62	6,469.74	0.01082	0.98918	81.00
59.5	462,288.91	4,015.09	0.00869	0.99131	80.12
60.5	363,621.15	3,796.80	0.01044	0.98956	79.42
61.5	329,412.89	9,064.68	0.02752	0.97248	78.59
62.5	0.00	0.00	0.00000	0.00000	76.43
63.5	0.00	0.00	0.00000	0.00000	
64.5	287,863.52	13,532.80	0.04701	0.95299	
65.5	274,330.72	7,911.34	0.02884	0.97116	
66.5	266,419.38	3,870.53	0.01453	0.98547	
67.5	262,548.85	4,025.32	0.01533	0.98467	
68.5	258,523.53	4,793.78	0.01854	0.98146	
69.5	253,729.75	2,894.67	0.01141	0.98859	
70.5	250,835.08	4,463.85	0.01780	0.98220	
71.5	246,371.23	13,353.22	0.05420	0.94580	
72.5	0.00	0.00	0.00000	0.00000	
73.5	0.00	0.00	0.00000	0.00000	
74.5	67,879.97	4,928.35	0.07260	0.92740	
75.5	62,951.62	5,906.60	0.09383	0.90617	
76.5	57,045.02	3,541.59	0.06209	0.93791	
77.5	53,503.43	5,893.29	0.11014	0.88986	
78.5	47,610.14	30,539.23	0.64144	0.35856	
79.5	17,070.91	1,398.59	0.08195	0.91805	
80.5	15,672.32	1,659.03	0.10586	0.89414	
81.5	14,013.29	3,801.35	0.27125	0.72875	
82.5	0.00	0.00	0.00000	0.00000	

Net Salvage Analysis Report

Account	Year	Retirements	Gross Salvage (Cash) Amount	Gross Salvage (Cash) Pct.	Gross Salvage (Returns) Amount	Gross Salvage (Returns) Pct.	Cost of Removal Amount	Cost of Removal Pct.	Net Salvage Amount	Net Salvage Pct.	1-Yr Avg
CECO 365 Overhead Conductor	1999	350,662.91	0.00	0.00	0.00	0.00	11.56	0.00	(11.56)	0.00	0.00
CECO 365 Overhead Conductor	2000	(2,352,474.27)	26,112.98	-1.11	0.00	0.00	116,279.55	-4.94	(90,166.57)	3.83	3.83
CECO 365 Overhead Conductor	2001	686,220.15	7,781.79	1.13	0.00	0.00	171,665.12	25.02	(163,883.33)	-23.88	-23.88
CECO 365 Overhead Conductor	2002	501,593.93	12,850.92	2.56	0.00	0.00	172,524.29	34.40	(159,673.37)	-31.83	-31.83
CECO 365 Overhead Conductor	2003	(3,022,244.35)	3,287,098.21	-108.76	0.00	0.00	384,560.45	-12.72	2,902,537.76	-96.04	-96.04
CECO 365 Overhead Conductor	2004	490,704.19	64,659.81	13.22	0.00	0.00	208,813.00	42.55	(143,953.19)	-29.34	-29.34
CECO 365 Overhead Conductor	2005	421,246.80	5,237,939.49	1243.44	0.00	0.00	515,038.26	122.27	4,722,901.23	1121.17	1121.17
CECO 365 Overhead Conductor	2006	1,274,183.00	(5,121,035.49)	-401.91	0.00	0.00	4,477,210.78	351.38	(9,598,246.27)	-753.29	-753.29
		(1,650,107.64)	3,515,607.71	-213.05	0.00	0.00	6,046,103.01	-366.41	(2,530,495.30)	153.35	

Whole Life Depreciation Accrual

Account: CECO 101/6-365 Overhead conductor

Dispersion: 45 - S5

rage Net Salvage Rate: -75.00%

uture Net Salvage Rate: -75.00%

Broad Group Procedure

January 1, 2007

	Plant Amt	Period (Years)	Accrual (Dollars)	Accrual Rate (Percent)
Pre- 2007 Additions	$208,605,535.75		$8,042,322.32	3.855278
Whole Life		45	$8,102,472.76	
Amortization		0	$0.00	
Retirements	$3,093,450.89	45	$60,150.43	
2007 Additions	$0.00		$0.00	0.000000
Whole Life			$0.00	
Retirements	$0.00	0.00	$0.00	
Total:	$208,605,535.75 *		$8,042,322.32	3.855278
Average:	$207,058,810.31		$8,042,322.32	3.884076
Grand Total:	$208,605,535.75 *		$8,042,322.32	3.855278

* Excluding 2007 Retirements

Account: CECO 101/6-365 *Overhead conductor*

Dispersion: 45.00 - S5

rage Net Salvage Rate: -75.00%

Future Net Salvage Rate: -75.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
2006	0.50	$21,275,849.52	45.00	44.50	1.7306	1.0000	$36,819,039.51	$827,394.15
2005	1.50	$7,694,637.97	45.00	43.50	1.6917	1.0000	$13,016,762.54	$299,235.92
2004	2.50	$1,494,901.67	45.00	42.50	1.6528	1.0000	$2,470,740.25	$58,135.06
2003	3.50	$916,466.72	45.00	41.50	1.6139	1.0000	$1,479,076.45	$35,640.37
2002	4.50	$6,582,569.65	45.00	40.50	1.5750	1.0000	$10,367,547.18	$255,988.82
2001	5.50	$4,845,788.04	45.00	39.50	1.5361	1.0000	$7,443,668.83	$188,447.31
2000	6.50	$5,812,782.74	45.00	38.50	1.4972	1.0000	$8,703,027.47	$226,052.66
1999	7.50	$4,565,760.19	45.00	37.50	1.4583	1.0000	$6,658,400.26	$177,557.34
1998	8.50	$4,464,260.14	45.00	36.50	1.4194	1.0000	$6,336,769.24	$173,610.12
1997	9.50	$6,496,155.76	45.00	35.50	1.3806	1.0000	$8,968,303.90	$252,628.28
1996	10.50	$8,235,920.44	45.00	34.50	1.3417	1.0000	$11,049,859.90	$320,285.79
1995	11.50	$4,713,466.61	45.00	33.50	1.3028	1.0000	$6,140,599.54	$183,301.48
1994	12.50	$2,885,659.26	45.00	32.50	1.2639	1.0000	$3,647,152.67	$112,220.08
1993	13.50	$5,919,839.75	45.00	31.50	1.2250	1.0000	$7,251,803.67	$230,215.99
1992	14.50	$10,375,245.16	45.00	30.50	1.1861	1.0000	$12,306,193.53	$403,481.76
1991	15.50	$5,094,928.99	45.00	29.50	1.1472	1.0000	$5,845,015.74	$198,136.13
1990	16.50	$3,865,777.03	45.00	28.50	1.1083	1.0000	$4,284,569.53	$150,335.77
1989	17.50	$4,331,038.04	45.00	27.50	1.0694	1.0000	$4,631,804.56	$168,429.26
1988	18.50	$4,937,060.94	45.00	26.50	1.0306	1.0000	$5,087,915.56	$191,996.81
1987	19.50	$3,961,775.72	45.00	25.50	0.9917	1.0000	$3,928,760.91	$154,069.06
1986	20.50	$4,048,969.49	45.00	24.50	0.9528	1.0000	$3,857,788.14	$157,459.92
1985	21.50	$4,101,941.50	45.00	23.50	0.9139	1.0000	$3,748,718.75	$159,519.95
1984	22.50	$4,039,810.26	45.00	22.50	0.8750	1.0000	$3,534,833.96	$157,103.73
1983	23.50	$3,854,446.23	45.00	21.50	0.8361	1.0000	$3,222,752.63	$149,895.13
1982	24.50	$5,799,995.12	45.00	20.50	0.7972	1.0000	$4,623,963.88	$225,555.37
1981	25.50	$4,522,744.68	45.00	19.50	0.7584	1.0000	$3,429,891.68	$175,884.52
1980	26.50	$4,498,411.39	45.00	18.50	0.7195	1.0000	$3,236,743.71	$174,938.22
1979	27.50	$4,514,662.42	45.00	17.51	0.6808	1.0000	$3,073,372.46	$175,570.21
1978	28.50	$4,155,116.26	45.00	16.51	0.6421	1.0000	$2,667,957.11	$161,587.85
1977	29.50	$4,415,368.95	45.00	15.52	0.6036	1.0000	$2,665,051.32	$171,708.79
1976	30.50	$5,450,911.27	45.00	14.54	0.5654	1.0000	$3,082,163.39	$211,979.88
1975	31.50	$5,290,943.59	45.00	13.57	0.5278	1.0000	$2,792,483.24	$205,758.92
1974	32.50	$3,949,436.80	45.00	12.62	0.4908	1.0000	$1,938,479.81	$153,589.21

Account: CECO 101/6-365 Overhead conductor

Dispersion: *45.00* - *S5*

Average Net Salvage Rate: -75.00%

Future Net Salvage Rate: -75.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
1973	33.50	$2,551,690.51	45.00	11.69	0.4548	1.0000	$1,160,508.98	$99,232.41
1972	34.50	$4,069,124.33	45.00	10.80	0.4198	1.0000	$1,708,351.40	$158,243.72
1971	35.50	$4,131,206.59	45.00	9.94	0.3865	1.0000	$1,596,718.29	$160,658.03
1970	36.50	$2,754,483.33	45.00	9.13	0.3549	1.0000	$977,495.21	$107,118.80
1969	37.50	$2,643,075.52	45.00	8.36	0.3251	1.0000	$859,346.82	$102,786.27
1968	38.50	$2,066,932.15	45.00	7.64	0.2971	1.0000	$614,160.56	$80,380.69
1967	39.50	$1,323,093.38	45.00	6.98	0.2716	1.0000	$359,321.45	$51,453.63
1966	40.50	$1,234,188.34	45.00	6.38	0.2481	1.0000	$306,214.90	$47,996.21
1965	41.50	$885,320.63	45.00	5.83	0.2267	1.0000	$200,685.65	$34,429.14
1964	42.50	$684,553.72	45.00	5.33	0.2072	1.0000	$141,843.13	$26,621.53
1963	43.50	$623,723.49	45.00	4.87	0.1895	1.0000	$118,189.91	$24,255.91
1962	44.50	$779,302.22	45.00	4.46	0.1736	1.0000	$135,295.40	$30,306.20
1961	45.50	$855,136.39	45.00	4.10	0.1593	1.0000	$136,186.65	$33,255.30
1960	46.50	$759,798.34	45.00	3.76	0.1463	1.0000	$111,154.18	$29,547.71
1959	47.50	$648,649.12	45.00	3.47	0.1348	1.0000	$87,464.82	$25,225.24
1958	48.50	$641,591.83	45.00	3.20	0.1243	1.0000	$79,744.86	$24,950.79
1957	49.50	$853,585.67	45.00	2.95	0.1147	1.0000	$97,901.31	$33,196.00
1956	50.50	$480,661.22	45.00	2.72	0.1060	1.0000	$50,928.85	$18,692.38
1955	51.50	$809,134.00	45.00	2.52	0.0980	1.0000	$79,281.20	$31,466.32
1954	52.50	$405,359.77	45.00	2.35	0.0914	1.0000	$37,041.96	$15,763.99
1953	53.50	$312,115.30	45.00	2.18	0.0847	1.0000	$26,436.57	$12,137.82
1952	54.50	$314,814.79	45.00	2.02	0.0785	1.0000	$24,709.72	$12,242.80
1951	55.50	$244,668.93	45.00	1.87	0.0727	1.0000	$17,778.52	$9,514.90
1950	56.50	$219,478.04	45.00	1.77	0.0687	1.0000	$15,086.06	$8,535.26
1949	57.50	$209,638.31	45.00	1.64	0.0639	1.0000	$13,401.57	$8,152.60
1948	58.50	$138,418.19	45.00	1.53	0.0594	1.0000	$8,217.70	$5,382.93
1947	59.50	$130,316.82	45.00	1.41	0.0550	1.0000	$7,168.56	$5,067.88
1946	60.50	$95,964.92	45.00	1.30	0.0507	1.0000	$4,862.43	$3,731.97
1945	61.50	$30,756.72	45.00	1.24	0.0483	1.0000	$1,484.97	$1,196.09
1944	62.50	$339,874.64	45.00	1.14	0.0443	1.0000	$15,067.68	$13,217.35
1934	72.50	$243,829.01	45.00	0.00	0.0000	0.0000	$0.00	$0.00
1924	82.50	$12,407.23	45.00	0.00	0.0000	0.0000	$0.00	$0.00
		$208,605,535.75	45.00	26.79	1.0417	1.0000	$217,303,229.42	$8,102,472.76

Depreciation Reserve Summary

Account: CECO 101/6-365 Overhead conductor

Scenario: CECO Distr 65 36510 Study 2007

Version: 45 - S6

Average Net Salvage Rate: -75.00%

Future Net Salvage Rate: -75.00%

Broad Group Procedure

January 1 , 2007

	Plant Amt	Depreciation Reserve Amount	Depreciation Reserve Ratio	Net Plant Amount	Net Plant Ratio
Recorded	$208,605,535.75	$116,302,638.37	0.5575	$248,757,049.19	1.1925
Computed	$208,605,535.75	$147,756,458.15	0.7083	$217,303,229.41	1.0417
Difference		($31,453,819.78)	-0.1508	$31,453,819.78	0.1508

Cleveland Electric & Illuminating Company

Average Life and Salvage Rate Determination

Based On Year End 2006 Data using Beginning Balance 1999

Account 366 Underground Conduit

Life and Iowa Survivor Curve

Current Life and Iowa Survivor Curve is 60 R2

Actuarial Life Analysis

196.93 SQ best fit using 1999 - 2006 data

Industry Survey - EEI Survey of Depreciation Statistics 2003

Service Life Range 28 - 84 Years

Recommendation

Do not change existing Curve of 60 R2

Comments:
The current data produces a straight line which is inconclusive with regard to actuarial analysis. The previous study arrived at the same conclusion. The EEI Industry standard results would also lead one to conclude to continue with the existing Curve and Life.

Salvage Factor Estimates

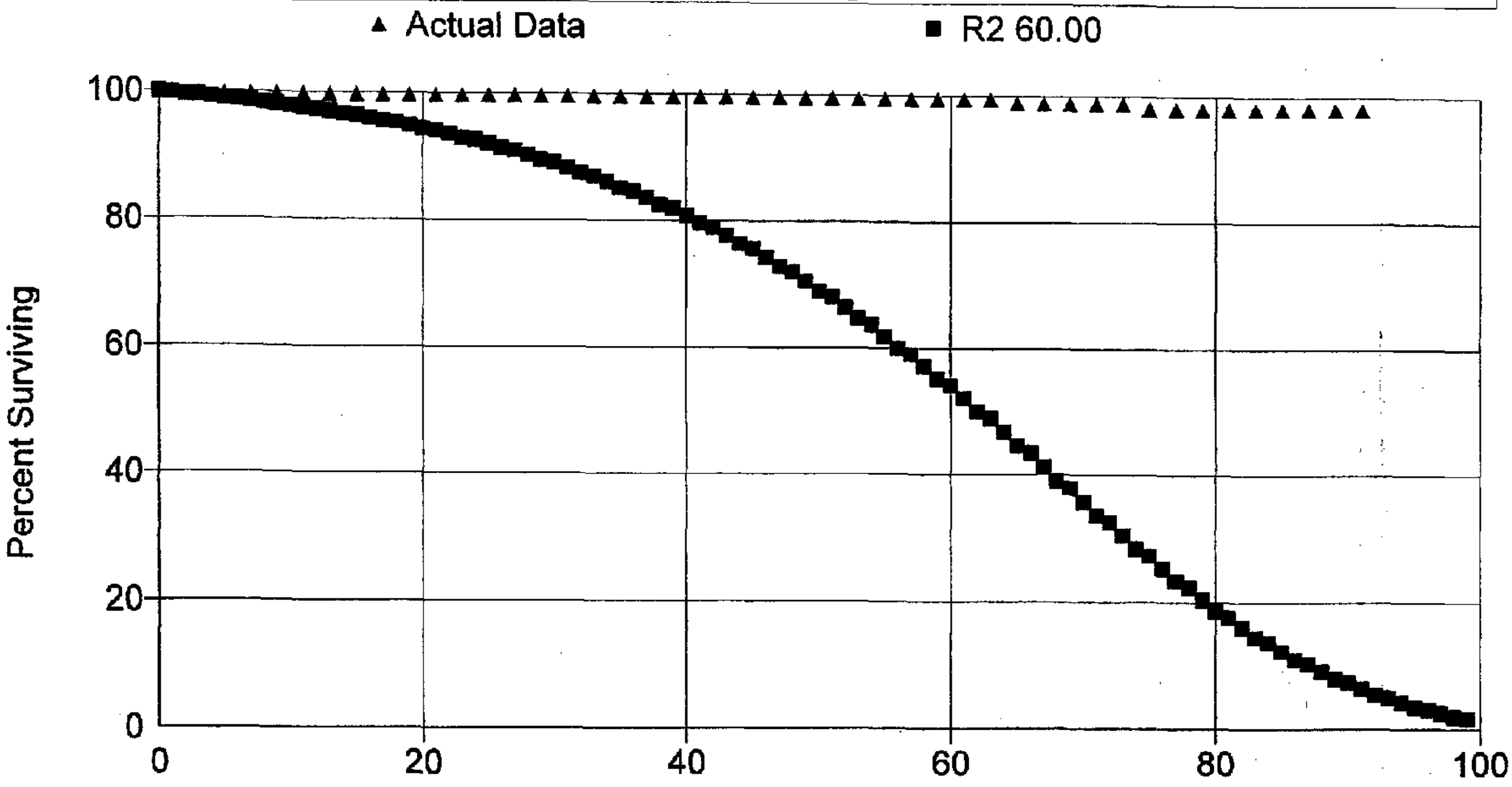
Current Net salvage Rate is -30%
Proposed Net salvage Rate -30%

Comments:
The current net salvage is limited to 5 years of data arriving at 35% . The EEI Study reflects net salvage between 10% and -60%. We find no reason to change the existing -30% net salvage rate.

Summary of Recommendations

60	Average Service Life
R2	
-30	% Net Salvage

Cleveland Electric Illuminating Company
Account 366 Underground Conduit



Age (Years)
Vintages: 1915-2006
Activity Years: 1999-2006

Observed Life Table

Scenario: CECO Distr Study Use 2006 Bal
Account: CECO 101/6-366 Underground conduit
Placement Band: 1915 - 2006 Observation Band: 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirment Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
0	4,925,450.07	0.00	0.00000	1.00000	100.00
0.5	3,686,382.06	0.00	0.00000	1.00000	100.00
1.5	5,095,723.26	539.36	0.00011	0.99989	100.00
2.5	5,979,872.89	9,762.34	0.00163	0.99837	99.99
3.5	7,191,665.84	0.00	0.00000	1.00000	99.83
4.5	9,604,608.45	29.13	0.00000	1.00000	99.83
5.5	10,246,120.83	0.00	0.00000	1.00000	99.83
6.5	12,604,952.86	9,363.88	0.00074	0.99926	99.83
7.5	13,423,410.14	79.86	0.00001	0.99999	99.76
8.5	14,543,705.66	0.00	0.00000	1.00000	99.76
9.5	15,182,091.75	46.07	0.00000	1.00000	99.76
10.5	15,999,314.04	0.00	0.00000	1.00000	99.76
11.5	15,655,047.78	13,308.02	0.00085	0.99915	99.76
12.5	15,319,446.23	104.28	0.00001	0.99999	99.68
13.5	14,729,920.73	10.76	0.00000	1.00000	99.68
14.5	12,760,398.57	14.03	0.00000	1.00000	99.68
15.5	11,884,265.99	0.00	0.00000	1.00000	99.68
16.5	11,339,063.53	46.04	0.00000	1.00000	99.68
17.5	10,497,977.51	160.30	0.00002	0.99998	99.68
18.5	9,944,153.39	44.02	0.00000	1.00000	99.68
19.5	10,246,509.05	68.22	0.00001	0.99999	99.68
20.5	9,404,175.68	158.52	0.00002	0.99998	99.68
21.5	10,440,851.69	541.32	0.00005	0.99995	99.68
22.5	11,494,415.96	131.89	0.00001	0.99999	99.68
23.5	14,644,207.30	5,125.85	0.00035	0.99965	99.68
24.5	14,762,751.71	186.27	0.00001	0.99999	99.65
25.5	15,124,053.83	173.08	0.00001	0.99999	99.65
26.5	15,087,272.94	112.69	0.00001	0.99999	99.65
27.5	15,692,702.48	444.87	0.00003	0.99997	99.65
28.5	15,370,347.84	270.30	0.00002	0.99998	99.65
29.5	14,616,596.06	559.18	0.00004	0.99996	99.65
30.5	13,815,531.45	162.40	0.00001	0.99999	99.65
31.5	10,782,595.65	118.11	0.00001	0.99999	99.65
32.5	10,144,940.37	73.74	0.00001	0.99999	99.65
33.5	9,156,828.33	309.70	0.00003	0.99997	99.65
34.5	8,265,600.75	69.65	0.00001	0.99999	99.65
35.5	5,852,837.52	13.23	0.00000	1.00000	99.65
36.5	4,634,442.05	8.21	0.00000	1.00000	99.65
37.5	3,670,915.67	8.78	0.00000	1.00000	99.65
38.5	2,486,919.86	9.69	0.00000	1.00000	99.65
39.5	2,333,737.24	27.29	0.00001	0.99999	99.65
40.5	1,764,611.60	18.50	0.00001	0.99999	99.65
41.5	1,898,347.26	39.09	0.00002	0.99998	99.65
42.5	1,813,121.04	12.50	0.00001	0.99999	99.65
43.5	1,811,524.39	20.58	0.00001	0.99999	99.65
44.5	1,912,786.49	54.82	0.00003	0.99997	99.65
45.5	2,053,443.00	54.20	0.00003	0.99997	99.65
46.5	2,238,826.44	90.17	0.00004	0.99996	99.65
47.5	2,302,991.20	119.21	0.00005	0.99995	99.65
48.5	2,906,452.40	2,051.43	0.00071	0.99929	99.65
49.5	3,245,724.19	380.66	0.00012	0.99988	99.58
50.5	3,690,539.01	305.54	0.00008	0.99992	99.57
51.5	3,754,869.37	220.18	0.00006	0.99994	99.56
52.5	3,556,344.01	398.15	0.00011	0.99989	99.55

Observed Life Table

Scenario: CECO Distr Study Use 2006 Bal

Account: CECO 101/6-366 Underground conduit

Placement Band: 1915 - 2006 Observation Band: 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirment Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
53.5	3,276,578.82	417.46	0.00013	0.99987	99.54
54.5	3,587,720.37	215.11	0.00006	0.99994	99.53
55.5	3,242,675.53	179.94	0.00006	0.99994	99.52
56.5	2,367,746.84	13.99	0.00001	0.99999	99.51
57.5	1,603,523.83	12.61	0.00001	0.99999	99.51
58.5	1,021,769.98	33.13	0.00003	0.99997	99.51
59.5	790,164.77	13.76	0.00002	0.99998	99.51
60.5	674,947.13	11.50	0.00002	0.99998	99.51
61.5	632,773.28	0.00	0.00000	1.00000	99.51
62.5	0.00	0.00	0.00000	0.00000	99.51
63.5	0.00	0.00	0.00000	0.00000	
64.5	1,596,848.90	9,694.40	0.00607	0.99393	
65.5	1,587,154.50	289.82	0.00018	0.99982	
66.5	1,586,864.68	0.00	0.00000	1.00000	
67.5	1,586,864.68	32.27	0.00002	0.99998	
68.5	1,586,832.41	0.00	0.00000	1.00000	
69.5	1,586,832.41	0.00	0.00000	1.00000	
70.5	1,586,832.41	32.08	0.00002	0.99998	
71.5	1,586,800.33	0.00	0.00000	1.00000	
72.5	0.00	0.00	0.00000	0.00000	
73.5	0.00	0.00	0.00000	0.00000	
74.5	1,410,414.44	9,974.67	0.00707	0.99293	
75.5	1,400,439.77	200.64	0.00014	0.99986	
76.5	1,400,239.13	12.99	0.00001	0.99999	
77.5	1,400,226.14	57.12	0.00004	0.99996	
78.5	1,400,169.02	0.43	0.00000	1.00000	
79.5	1,400,168.59	36.77	0.00003	0.99997	
80.5	1,400,131.82	94.78	0.00007	0.99993	
81.5	1,400,037.04	106.03	0.00008	0.99992	
82.5	0.00	0.00	0.00000	0.00000	

Net Salvage Analysis Report

			Gross Salvage (Cash)		Gross Salvage (Returns)		Cost of Removal		Net Salvage		
Account	Year	Retirements	Amount	Pct.	Amount	Pct.	Amount	Pct.	Amount	Pct.	1-Yr Avg
CECO 366 Underground Conduit	1999	3,525.24	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CECO 366 Underground Conduit	2000	1,894.77	0.00	0.00	0.00	0.00	286.57	15.12	(286.57)	-15.12	-15.12
CECO 366 Underground Conduit	2001	10,648.98	0.00	0.00	0.00	0.00	1,270.08	11.93	(1,270.08)	-11.93	-11.93
CECO 366 Underground Conduit	2002	43,280.62	0.00	0.00	0.00	0.00	450.09	1.04	(450.09)	-1.04	-1.04
CECO 366 Underground Conduit	2003	22.08	0.00	0.00	0.00	0.00	51.60	233.70	(51.60)	-233.70	-233.70
CECO 366 Underground Conduit	2004	36.77	0.00	0.00	0.00	0.00	7.98	21.70	(7.98)	-21.70	-21.70
CECO 366 Underground Conduit	2005	12,975.85	0.00	0.00	0.00	0.00	8,809.58	67.89	(8,809.58)	-67.89	-67.89
CECO 366 Underground Conduit	2006	125.06	47,536.33	38010.82	0.00	0.00	11,148.85	8914.80	36,387.48	29096.02	29096.02
		72,509.37	47,536.33	65.56	0.00	0.00	22,024.75	30.38	25,511.58	35.18	

Whole Life Depreciation Accrual

Account: CECO 101/6-366 Underground conduit
Dispersion: 60 - R2

rage Net Salvage Rate: -30.00%
Future Net Salvage Rate: -30.00%

Broad Group Procedure

January 1, 2007

		Plant Amt	Period (Years)	Accrual (Dollars)	Accrual Rate (Percent)
Pre- 2007	Additions	$66,614,799.33		$1,435,657.30	2.155163
	Whole Life		60	$1,443,320.65	
	Amortization		0	$0.00	
	Retirements	$707,386.19	60	$7,663.35	
2007	Additions	$0.00		$0.00	0.000000
	Whole Life			$0.00	
	Retirements	$0.00	0.00	$0.00	
	Total:	$66,614,799.33 *		$1,435,657.30	2.155164
	Average:	$66,261,106.24		$1,435,657.30	2.166667
	Grand Total:	$66,614,799.33 *		$1,435,657.30	2.155164

* Excluding 2007 Retirements

Account: CECO 101/6-366 Underground conduit

Dispersion: 60.00 - R2

Average Net Salvage Rate: -30.00%

Future Net Salvage Rate: -30.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
2006	0.50	$1,444,888.06	60.00	59.55	1.2902	1.0000	$1,864,174.17	$31,305.91
2005	1.50	$289,530.25	60.00	58.64	1.2706	1.0000	$367,879.30	$6,273.16
2004	2.50	$1,446.46	60.00	57.75	1.2512	1.0000	$1,809.76	$31.34
2003	3.50	$810,018.36	60.00	56.85	1.2318	1.0000	$997,769.41	$17,550.40
2002	4.50	$505,474.04	60.00	55.96	1.2125	1.0000	$612,880.48	$10,951.94
2001	5.50	$810,187.66	60.00	55.08	1.1933	1.0000	$966,824.87	$17,554.07
2000	6.50	$687,018.35	60.00	54.20	1.1742	1.0000	$806,726.80	$14,885.40
1999	7.50	$370,315.08	60.00	53.32	1.1552	1.0000	$427,805.21	$8,023.49
1998	8.50	$569,093.04	60.00	52.45	1.1364	1.0000	$646,717.70	$12,330.35
1997	9.50	$1,146,079.96	60.00	51.58	1.1176	1.0000	$1,280,884.83	$24,831.73
1996	10.50	$777,071.73	60.00	50.72	1.0989	1.0000	$853,957.96	$16,836.55
1995	11.50	$1,801,072.76	60.00	49.87	1.0804	1.0000	$1,945,927.91	$39,023.24
1994	12.50	$3,153,574.27	60.00	49.01	1.0620	1.0000	$3,349,027.50	$68,327.44
1993	13.50	$1,343,289.75	60.00	48.17	1.0436	1.0000	$1,401,915.05	$29,104.61
1992	14.50	$2,942,862.84	60.00	47.33	1.0255	1.0000	$3,017,897.00	$63,764.19
1991	15.50	$1,306,720.01	60.00	46.48	1.0074	1.0000	$1,316,349.17	$28,312.27
1990	16.50	$2,382,746.91	60.00	45.66	0.9894	1.0000	$2,357,469.05	$51,626.18
1989	17.50	$1,757,816.73	60.00	44.84	0.9716	1.0000	$1,707,856.40	$38,086.03
1988	18.50	$1,700,402.94	60.00	44.02	0.9539	1.0000	$1,621,938.22	$36,842.06
1987	19.50	$1,687,307.39	60.00	43.21	0.9362	1.0000	$1,579,730.95	$36,558.33
1986	20.50	$2,595,989.71	60.00	42.41	0.9188	1.0000	$2,385,256.06	$56,246.44
1985	21.50	$862,293.92	60.00	41.61	0.9015	1.0000	$777,342.14	$18,683.03
1984	22.50	$1,066,940.04	60.00	40.81	0.8843	1.0000	$943,475.93	$23,117.03
1983	23.50	$321,972.89	60.00	40.03	0.8673	1.0000	$279,231.95	$6,976.08
1982	24.50	$1,356,611.78	60.00	39.25	0.8503	1.0000	$1,153,559.56	$29,393.26
1981	25.50	$916,616.84	60.00	38.47	0.8335	1.0000	$764,031.57	$19,860.07
1980	26.50	$1,149,704.67	60.00	37.70	0.8169	1.0000	$939,226.18	$24,910.27
1979	27.50	$1,960,825.90	60.00	36.94	0.8004	1.0000	$1,569,509.44	$42,484.56
1978	28.50	$1,753,573.81	60.00	36.19	0.7841	1.0000	$1,374,937.81	$37,994.10
1977	29.50	$1,898,972.56	60.00	35.44	0.7679	1.0000	$1,458,250.94	$41,144.41
1976	30.50	$2,120,954.86	60.00	34.70	0.7519	1.0000	$1,594,680.97	$45,954.02
1975	31.50	$3,466,807.01	60.00	33.97	0.7360	1.0000	$2,551,444.74	$75,114.15
1974	32.50	$1,480,155.88	60.00	33.24	0.7203	1.0000	$1,066,116.34	$32,070.04
1973	33.50	$1,277,932.27	60.00	32.52	0.7047	1.0000	$900,558.30	$27,688.53

Account: CECO 101/6-366 Underground conduit

Dispersion: 60.00 - R2

Average Net Salvage Rate: -30.00%

Future Net Salvage Rate: -30.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
1972	34.50	$1,113,026.56	60.00	31.81	0.6893	1.0000	$767,228.16	$24,115.58
1971	35.50	$2,581,673.42	60.00	31.11	0.6741	1.0000	$1,740,239.02	$55,936.26
1970	36.50	$1,431,447.73	60.00	30.42	0.6590	1.0000	$943,316.21	$31,014.70
1969	37.50	$1,144,957.99	60.00	29.73	0.6441	1.0000	$737,438.35	$24,807.42
1968	38.50	$1,320,292.60	60.00	29.05	0.6294	1.0000	$830,976.58	$28,606.34
1967	39.50	$433,937.52	60.00	28.38	0.6148	1.0000	$266,795.92	$9,401.98
1966	40.50	$842,535.80	60.00	27.71	0.6004	1.0000	$505,879.99	$18,254.94
1965	41.50	$277,158.62	60.00	27.06	0.5863	1.0000	$162,494.27	$6,005.10
1964	42.50	$222,065.11	60.00	26.41	0.5723	1.0000	$127,080.23	$4,811.41
1963	43.50	$168,557.72	60.00	25.77	0.5584	1.0000	$94,126.03	$3,652.08
1962	44.50	$212,985.49	60.00	25.15	0.5448	1.0000	$116,044.09	$4,614.69
1961	45.50	$180,997.28	60.00	24.53	0.5314	1.0000	$96,181.19	$3,921.61
1960	46.50	$136,246.07	60.00	23.91	0.5181	1.0000	$70,592.44	$2,952.00
1959	47.50	$280,709.91	60.00	23.31	0.5051	1.0000	$141,794.80	$6,082.05
1958	48.50	$273,366.35	60.00	22.72	0.4923	1.0000	$134,571.99	$5,922.94
1957	49.50	$423,296.90	60.00	22.14	0.4796	1.0000	$203,017.56	$9,171.43
1956	50.50	$136,840.98	60.00	21.56	0.4672	1.0000	$63,935.16	$2,964.89
1955	51.50	$167,083.04	60.00	21.00	0.4550	1.0000	$76,019.64	$3,620.13
1954	52.50	$314,224.30	60.00	20.44	0.4429	1.0000	$139,181.72	$6,808.19
1953	53.50	$321,654.10	60.00	19.90	0.4312	1.0000	$138,689.17	$6,969.17
1952	54.50	$321,604.82	60.00	19.36	0.4196	1.0000	$134,934.73	$6,968.10
1951	55.50	$344,864.37	60.00	18.84	0.4082	1.0000	$140,758.53	$7,472.06
1950	56.50	$876,550.72	60.00	18.32	0.3970	1.0000	$348,018.23	$18,991.93
1949	57.50	$764,327.92	60.00	17.82	0.3861	1.0000	$295,083.51	$16,560.44
1948	58.50	$581,819.70	60.00	17.32	0.3753	1.0000	$218,362.14	$12,606.09
1947	59.50	$231,680.88	60.00	16.84	0.3648	1.0000	$84,515.27	$5,019.32
1946	60.50	$115,242.49	60.00	16.36	0.3545	1.0000	$40,854.55	$2,496.92
1945	61.50	$42,169.98	60.00	15.90	0.3444	1.0000	$14,524.72	$913.68
1944	62.50	$632,882.61	60.00	15.44	0.3346	1.0000	$211,733.77	$13,712.46
1934	72.50	$1,595,009.67	60.00	11.40	0.2470	1.0000	$393,986.41	$34,558.54
1924	82.50	$1,409,237.95	60.00	8.13	0.1761	1.0000	$248,099.60	$30,533.49
		$66,614,799.33	60.00	37.67	0.8162	1.0000	$54,369,637.64	$1,443,320.65

Account: CECO 101/6-366 Underground conduit
Scenario: CECO Distr Study Use 2006 Bal
Version: 60 - R2
Average Net Salvage Rate: -30.00%
Future Net Salvage Rate: -30.00%

Broad Group Procedure

January 1 , 2007

		Depreciation Reserve		Net Plant	
	Plant Amt	Amount	Ratio	Amount	Ratio
Recorded	$66,614,799.33	$29,880,481.23	0.4486	$56,718,757.90	0.8514
Computed	$66,614,799.33	$32,229,601.49	0.4838	$54,369,637.64	0.8162
Difference		($2,349,120.26)	-0.0353	$2,349,120.26	0.0353

Cleveland Electric & Illuminating Company

Average Life and Salvage Rate Determination

Based On Year End 2006 Data using Beginning Balance 1999

Account 367 Underground Conductor & Devices

Life and Iowa Survivor Curve

Current Life and Iowa Survivor Curve is 40 R1

Actuarial Life Analysis

79.21 S1 best fit using 1999 - 2006 data and a 1965 to 2006 Placement Band.

Industry Survey - EEI Survey of Depreciation Statistics 2003

Service Life Range 24 - 63 Years

Recommendation

Recommend a 45 R4 for this account

Comments:
The actuarial results would indicate a 79 Year life which is beyond the EEI Study results.
We are currently using a 40 R1. It appears a longer life is appropriate to match the curve .
We recommend a 45 R4 which produced a good match with the data.

Salvage Factor Estimates

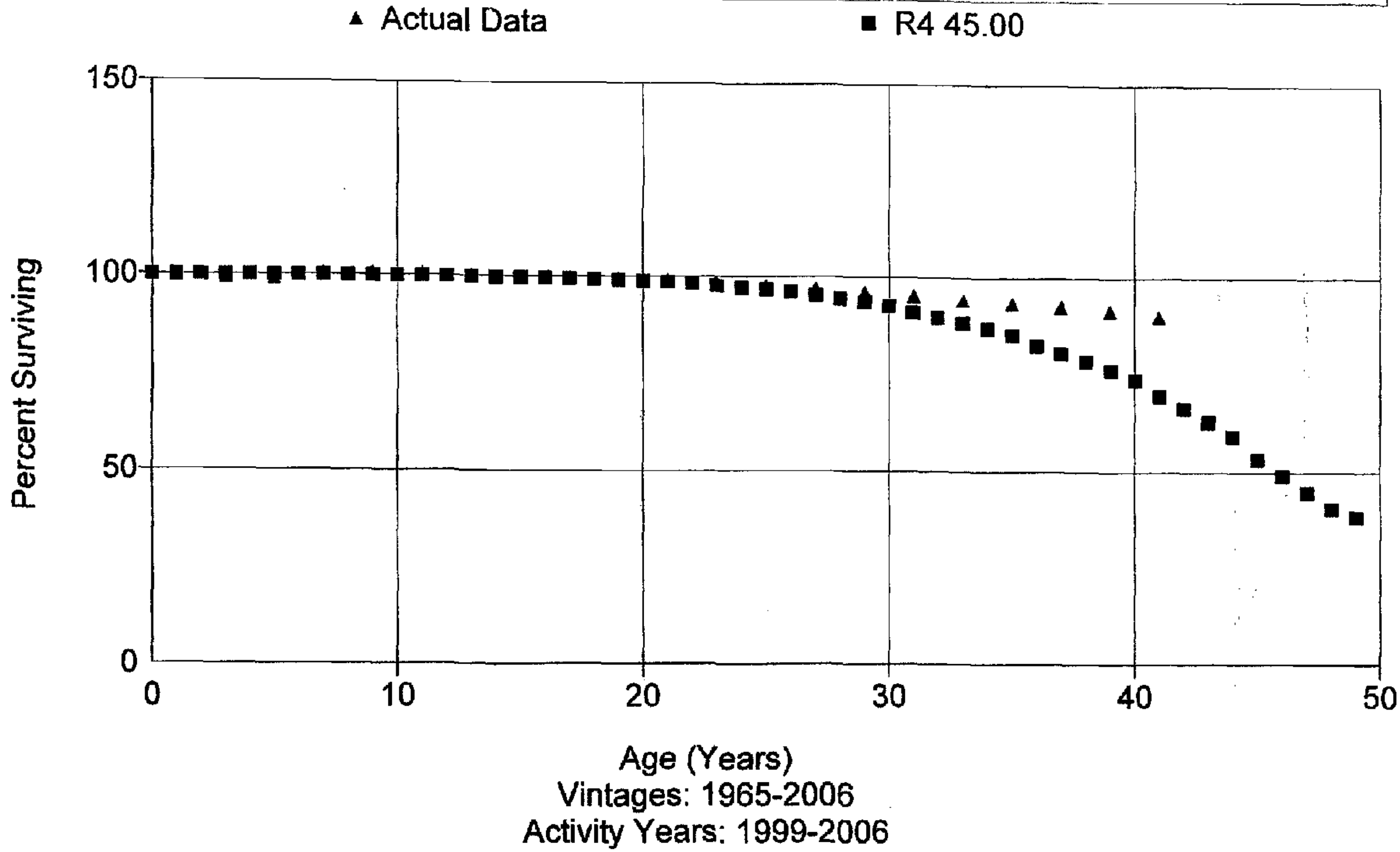
Current Net salvage Rate is -10%
Proposed Net salvage Rate -10%

Comments:
Our study of 1999 - 2006 data produced a -65.52% net salvage rate. This study interval is too short to recommend a change . We propose the -10% arrived at previously continue to be used for the account. EEI Study results for net salvage ranged from 49% to -73%

Summary of Recommendations

45	Average Service Life
R4	Iowa Curve
-10	% Net Salvage

Cleveland Electric Illuminating Company
Account 367 Underground Conductor



Observed Life Table

Scenario: CECO Distr Study Use 2006 Bal
Account: CECO 101/6-367 Undergrd conductor
Placement Band: 1965 - 2006 **Observation Band:** 1989 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirment Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
0	97,804,295.03	9,414.04	0.00010	0.99990	100.00
0.5	60,628,075.52	49,477.94	0.00082	0.99918	99.99
1.5	58,519,605.91	276,336.01	0.00472	0.99528	99.91
2.5	60,226,664.10	69,967.20	0.00116	0.99884	99.44
3.5	60,546,300.03	40,473.71	0.00067	0.99933	99.32
4.5	57,883,600.51	93,491.56	0.00162	0.99838	99.25
5.5	57,943,169.18	-542,072.88	-0.00936	1.00936	99.09
6.5	52,897,032.50	-191,957.13	-0.00363	1.00363	100.02
7.5	54,981,876.96	-162,475.10	-0.00296	1.00296	100.38
8.5	53,964,095.34	55,524.67	0.00103	0.99897	100.68
9.5	52,931,945.35	52,147.50	0.00099	0.99901	100.58
10.5	52,718,268.89	41,594.44	0.00079	0.99921	100.48
11.5	51,266,532.78	110,993.52	0.00217	0.99783	100.40
12.5	49,327,805.19	74,325.18	0.00151	0.99849	100.18
13.5	43,853,712.14	48,634.28	0.00111	0.99889	100.03
14.5	38,167,359.79	43,073.17	0.00113	0.99887	99.92
15.5	34,094,565.48	32,128.38	0.00094	0.99906	99.81
16.5	30,977,438.66	35,335.58	0.00114	0.99886	99.72
17.5	27,491,333.06	30,224.82	0.00110	0.99890	99.61
18.5	25,013,375.57	30,226.30	0.00121	0.99879	99.50
19.5	23,011,826.65	33,518.51	0.00146	0.99854	99.38
20.5	21,387,948.12	36,453.45	0.00170	0.99830	99.23
21.5	20,793,900.96	85,284.87	0.00410	0.99590	99.06
22.5	20,101,638.74	58,399.95	0.00291	0.99709	98.65
23.5	20,992,625.05	106,648.25	0.00508	0.99492	98.36
24.5	20,851,723.80	52,011.81	0.00249	0.99751	97.86
25.5	20,152,724.33	38,228.19	0.00190	0.99810	97.62
26.5	17,851,698.62	74,990.13	0.00420	0.99580	97.43
27.5	16,989,409.45	72,660.36	0.00428	0.99572	97.02
28.5	16,018,801.95	74,070.03	0.00462	0.99538	96.60
29.5	15,261,209.70	43,000.28	0.00282	0.99718	96.15
30.5	15,093,376.88	98,864.80	0.00655	0.99345	95.88
31.5	12,728,754.46	59,389.42	0.00467	0.99533	95.25
32.5	11,425,399.15	76,623.76	0.00671	0.99329	94.81
33.5	10,387,820.23	41,614.39	0.00401	0.99599	94.17
34.5	9,051,880.23	37,311.20	0.00412	0.99588	93.79
35.5	6,622,471.21	27,709.76	0.00418	0.99582	93.40
36.5	5,157,015.91	21,196.34	0.00411	0.99589	93.01
37.5	3,706,235.87	20,479.92	0.00553	0.99447	92.63
38.5	1,855,535.27	8,457.61	0.00456	0.99544	92.12
39.5	1,258,811.53	8,375.21	0.00665	0.99335	91.70
40.5	452,370.33	4,288.02	0.00948	0.99052	91.09
41.5	0.00	0.00	0.00000	0.00000	90.23

Net Salvage Analysis Report

Account	Year	Retirements	Gross Salvage (Cash) Amount	Gross Salvage (Cash) Pct.	Gross Salvage (Returns) Amount	Gross Salvage (Returns) Pct.	Cost of Removal Amount	Cost of Removal Pct.	Net Salvage Amount	Net Salvage Pct.	1-Yr Avg
CECO 367 Underground Conductor	1999	222,118.28	0.00	0.00	0.00	0.00	212.01	0.10	(212.01)	-0.10	-0.10
CECO 367 Underground Conductor	2000	197,759.48	12,782.62	6.46	0.00	0.00	10,388.77	5.25	2,393.85	1.21	1.21
CECO 367 Underground Conductor	2001	485,834.07	16,128.33	3.32	0.00	0.00	33,629.85	6.92	(17,501.52)	-3.60	-3.60
CECO 367 Underground Conductor	2002	583,159.46	15,153.41	2.60	0.00	0.00	40,080.86	6.87	(24,927.45)	-4.27	-4.27
CECO 367 Underground Conductor	2003	(623,519.29)	2,455.00	-0.39	0.00	0.00	62,921.46	-10.09	(60,466.46)	9.70	9.70
CECO 367 Underground Conductor	2004	152,072.13	23,477.41	15.44	0.00	0.00	172,097.57	113.17	(148,620.16)	-97.73	-97.73
CECO 367 Underground Conductor	2005	185,007.93	37,424.97	20.23	0.00	0.00	171,736.68	92.83	(134,311.71)	-72.60	-72.60
CECO 367 Underground Conductor	2006	695,274.16	99,282.35	14.28	0.00	0.00	959,029.35	137.94	(859,747.00)	-123.66	-123.66
		1,897,706.22	206,704.09	10.89	0.00	0.00	1,450,096.55	76.41	(1,243,392.46)	-65.52	

Whole Life Depreciation Accrual

Account: CECO 101/6-367 Undergrd conductor

Dispersion: 45 - R4

rage Net Salvage Rate: -10.00%

ure Net Salvage Rate: -10.00%

Broad Group Procedure

January 1 , 2007

		Plant Amt	Period (Years)	Accrual (Dollars)	Accrual Rate (Percent)
Pre- 2007	Additions	$245,019,510.32		$5,958,814.13	2.431976
	Whole Life		45	$5,977,936.58	
	Amortization		0	$0.00	
	Retirements	$1,564,564.49	45	$19,122.45	
2007	Additions	$0.00		$0.00	0.000000
	Whole Life			$0.00	
	Retirements	$0.00	0.00	$0.00	
	Total:	$245,019,510.32 *		$5,958,814.13	2.431976
	Average:	$244,237,228.08		$5,958,814.13	2.439765
	Grand Total:	$245,019,510.32 *		$5,958,814.13	2.431976

* *Excluding 2007 Retirements*

03/30/2007

Account: CECO 101/6-367 Undergrd conductor

Dispersion: 45.00 - R4

rage Net Salvage Rate: -10.00%

ture Net Salvage Rate: -10.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
2006	0.50	$39,702,850.99	45.00	44.50	1.0878	1.0000	$43,188,361.61	$970,514.14
2005	1.50	$11,440,836.13	45.00	43.50	1.0634	1.0000	$12,165,834.92	$279,664.88
2004	2.50	$3,673,322.57	45.00	42.50	1.0390	1.0000	$3,816,413.71	$89,792.33
2003	3.50	$6,258,681.72	45.00	41.50	1.0146	1.0000	$6,349,843.26	$152,990.00
2002	4.50	$8,513,628.00	45.00	40.51	0.9902	1.0000	$8,429,987.96	$208,110.91
2001	5.50	$8,159,850.47	45.00	39.51	0.9658	1.0000	$7,880,870.43	$199,463.01
2000	6.50	$14,071,085.39	45.00	38.51	0.9415	1.0000	$13,247,535.59	$343,959.87
1999	7.50	$4,234,981.10	45.00	37.52	0.9171	1.0000	$3,884,111.39	$103,521.76
1998	8.50	$2,801,919.94	45.00	36.53	0.8929	1.0000	$2,501,759.30	$68,491.38
1997	9.50	$25,179,893.56	45.00	35.54	0.8686	1.0000	$21,872,369.74	$615,508.51
1996	10.50	$7,646,943.16	45.00	34.55	0.8445	1.0000	$6,457,515.03	$186,925.28
1995	11.50	$7,494,956.38	45.00	33.56	0.8203	1.0000	$6,148,353.64	$183,210.04
1994	12.50	$7,813,667.79	45.00	32.58	0.7963	1.0000	$6,221,874.42	$191,000.77
1993	13.50	$8,497,804.57	45.00	31.59	0.7723	1.0000	$6,563,042.67	$207,724.11
1992	14.50	$8,986,009.12	45.00	30.62	0.7485	1.0000	$6,725,622.09	$219,658.00
1991	15.50	$7,427,075.85	45.00	29.65	0.7247	1.0000	$5,382,455.11	$181,550.74
1990	16.50	$5,571,550.60	45.00	28.68	0.7011	1.0000	$3,906,077.63	$136,193.46
1989	17.50	$5,599,089.36	45.00	27.72	0.6776	1.0000	$3,794,011.44	$136,866.63
1988	18.50	$5,965,606.97	45.00	26.77	0.6543	1.0000	$3,903,425.08	$145,825.95
1987	19.50	$5,351,947.19	45.00	25.82	0.6312	1.0000	$3,378,213.25	$130,825.38
1986	20.50	$4,081,123.05	45.00	24.88	0.6083	1.0000	$2,482,510.66	$99,760.79
1985	21.50	$2,822,173.43	45.00	23.96	0.5856	1.0000	$1,652,743.04	$68,986.46
1984	22.50	$2,748,638.41	45.00	23.04	0.5632	1.0000	$1,548,096.83	$67,188.94
1983	23.50	$2,035,764.67	45.00	22.14	0.5411	1.0000	$1,101,538.56	$49,763.14
1982	24.50	$2,202,974.39	45.00	21.24	0.5193	1.0000	$1,143,913.88	$53,860.49
1981	25.50	$2,064,635.07	45.00	20.36	0.4977	1.0000	$1,027,579.79	$50,468.86
1980	26.50	$3,620,322.10	45.00	19.49	0.4765	1.0000	$1,725,203.83	$88,496.76
1979	27.50	$3,258,145.92	45.00	18.64	0.4557	1.0000	$1,484,783.82	$79,643.57
1978	28.50	$2,402,473.96	45.00	17.81	0.4353	1.0000	$1,045,709.99	$58,727.14
1977	29.50	$2,158,192.53	45.00	16.98	0.4151	1.0000	$895,950.00	$52,755.82
1976	30.50	$2,022,448.68	45.00	16.18	0.3955	1.0000	$799,856.62	$49,437.63
1975	31.50	$2,914,367.39	45.00	15.39	0.3762	1.0000	$1,096,500.63	$71,240.09
1974	32.50	$2,104,118.75	45.00	14.62	0.3574	1.0000	$751,997.56	$51,434.01

Account: *CECO 101/6-367 Undergrd conductor*

Dispersion: 45.00 - R4

Average Net Salvage Rate: -10.00%

Future Net Salvage Rate: -10.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
1973	33.50	$1,432,736.59	45.00	13.87	0.3390	1.0000	$485,634.02	$35,022.45
1972	34.50	$1,311,326.76	45.00	13.13	0.3209	1.0000	$420,769.20	$32,054.65
1971	35.50	$2,396,892.14	45.00	12.41	0.3033	1.0000	$726,881.15	$58,590.70
1970	36.50	$1,401,640.96	45.00	11.70	0.2860	1.0000	$400,904.70	$34,262.33
1969	37.50	$1,433,932.42	45.00	11.01	0.2692	1.0000	$385,952.80	$35,051.68
1968	38.50	$1,808,865.70	45.00	10.33	0.2526	1.0000	$456,900.49	$44,216.72
1967	39.50	$592,672.44	45.00	9.68	0.2366	1.0000	$140,196.83	$14,487.55
1966	40.50	$766,426.80	45.00	9.04	0.2211	1.0000	$169,438.68	$18,734.86
1965	41.50	$433,545.51	45.00	8.44	0.2063	1.0000	$89,436.93	$10,597.78
1964	42.50	$320,947.13	45.00	7.87	0.1923	1.0000	$61,718.26	$7,845.37
1963	43.50	$286,688.79	45.00	7.33	0.1791	1.0000	$51,346.04	$7,007.95
1962	44.50	$261,660.85	45.00	6.83	0.1669	1.0000	$43,668.30	$6,396.15
1961	45.50	$220,065.19	45.00	6.36	0.1555	1.0000	$34,230.52	$5,379.37
1960	46.50	$98,908.78	45.00	5.93	0.1450	1.0000	$14,344.42	$2,417.77
1959	47.50	$140,137.55	45.00	5.53	0.1353	1.0000	$18,956.05	$3,425.58
1958	48.50	$171,013.38	45.00	5.16	0.1262	1.0000	$21,582.98	$4,180.33
1957	49.50	$305,343.94	45.00	4.82	0.1177	1.0000	$35,948.19	$7,463.96
1956	50.50	$39,727.82	45.00	4.49	0.1098	1.0000	$4,360.19	$971.12
1955	51.50	$280,529.26	45.00	4.18	0.1022	1.0000	$28,666.42	$6,857.38
1954	52.50	$162,688.50	45.00	3.89	0.0951	1.0000	$15,470.34	$3,976.83
1953	53.50	$133,472.04	45.00	3.60	0.0881	1.0000	$11,760.49	$3,262.66
1952	54.50	$129,972.30	45.00	3.33	0.0813	1.0000	$10,570.07	$3,177.10
1951	55.50	$182,674.13	45.00	3.06	0.0747	1.0000	$13,642.58	$4,465.37
1950	56.50	$261,137.74	45.00	2.80	0.0685	1.0000	$17,884.26	$6,383.37
1949	57.50	$297,094.92	45.00	2.54	0.0621	1.0000	$18,447.67	$7,262.32
1948	58.50	$137,919.07	45.00	2.28	0.0558	1.0000	$7,696.53	$3,371.36
1947	59.50	$47,401.73	45.00	2.03	0.0496	1.0000	$2,352.80	$1,158.71
1946	60.50	$26,383.28	45.00	1.78	0.0436	1.0000	$1,150.45	$644.92
1945	61.50	$45,817.64	45.00	1.57	0.0383	1.0000	$1,754.95	$1,119.99
1944	62.50	$597,248.44	45.00	1.34	0.0328	1.0000	$19,568.98	$14,599.41
1934	72.50	$393,184.90	45.00	0.00	0.0000	0.0000	$0.00	$0.00
1924	82.50	$74,374.31	45.00	0.00	0.0000	0.0000	$0.00	$0.00
		$245,019,510.32	45.00	32.77	0.8011	1.0000	$196,285,298.73	$5,977,936.58

Depreciation Reserve Summary

Account: CECO 101/6-367 Undergrd conductor

Scenario: CECO Distr ADR 2007

Dispersion: 45 - R4

Average Net Salvage Rate: -10.00%

Future Net Salvage Rate: -10.00%

Broad Group Procedure

January 1 , 2007

		Depreciation Reserve		Net Plant	
	Plant Amt	Amount	Ratio	Amount	Ratio
Recorded	$245,019,510.32	$55,563,606.91	0.2268	$213,957,854.44	0.8732
Computed	$245,019,510.32	$73,236,162.62	0.2989	$196,285,298.73	0.8011
Difference		($17,672,555.71)	-0.0721	$17,672,555.71	0.0721

Cleveland Electric & Illuminating Company

Average Life and Salvage Rate Determination

Based On Year End 2006 Data using Beginning Balance 1999

Account 368 Line Transformers & Equipment

Life and Iowa Survivor Curve

Current Life and Iowa Survivor Curve is 40 L0

Actuarial Life Analysis

51.55 L0.5 best fit using 1999 - 2006 data

Industry Survey - EEI Survey of Depreciation Statistics 2003

Service Life Range 25 - 50 Years

Recommendation

Recommend a 43 R0.5 for this account

Comments:
The actuarial results would indicate a 43 R0.5 provided the best fit and was also within the EEI Study parameters.

Salvage Factor Estimates

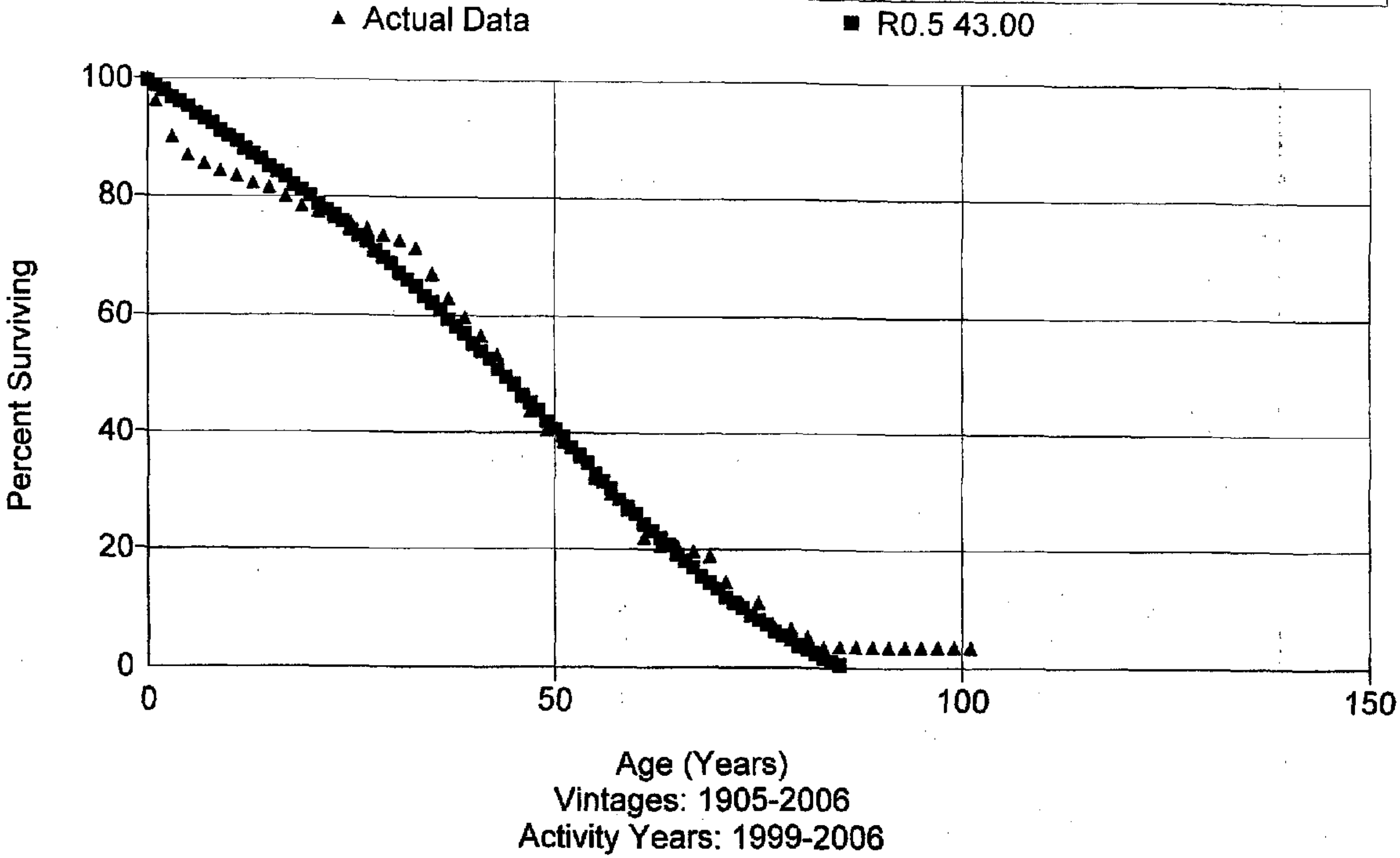
Current Net salvage Rate is -25%
Proposed Net salvage Rate -25%

Comments:
Our study of 1999 - 2006 data produced a -0.19% net salvage rate. This study interval is too short to recommend a change . We propose the -25% arrived at previously continue to be used for the account. EEI Study results for net salvage ranged from 43% to -25%

Summary of Recommendations

43	Average Service Life
R0.5	Iowa Curve
-25	% Net Salvage

Cleveland Electric Illuminating Company
Account 368 Line Transformers



Scenario: CECO Distr Study Use 2006 Bal
Account: CECO 101/6-368 Line transformers
Placement Band: 1905 - 2006   Observation Band: 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirment Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
0	76,806,084.91	591,737.35	0.00770	0.99230	100.00
0.5	38,114,411.72	1,098,149.72	0.02881	0.97119	99.23
1.5	22,425,995.06	654,938.24	0.02920	0.97080	96.37
2.5	23,996,671.17	832,732.16	0.03470	0.96530	93.56
3.5	26,932,796.12	660,338.08	0.02452	0.97548	90.31
4.5	30,746,678.76	320,324.35	0.01042	0.98958	88.10
5.5	37,786,919.09	261,834.33	0.00693	0.99307	87.18
6.5	37,101,814.46	360,907.97	0.00973	0.99027	86.58
7.5	41,494,108.64	358,657.96	0.00864	0.99136	85.74
8.5	46,784,625.51	305,464.89	0.00653	0.99347	85.00
9.5	60,206,849.13	332,833.40	0.00553	0.99447	84.44
10.5	61,326,767.83	234,934.60	0.00383	0.99617	83.97
11.5	63,109,115.54	402,169.11	0.00637	0.99363	83.65
12.5	64,641,488.32	508,433.03	0.00787	0.99213	83.12
13.5	62,924,496.18	328,769.76	0.00522	0.99478	82.47
14.5	62,478,418.05	230,100.20	0.00368	0.99632	82.04
15.5	60,585,799.16	384,435.76	0.00635	0.99365	81.74
16.5	55,709,516.29	737,783.27	0.01324	0.98676	81.22
17.5	48,724,004.89	554,752.47	0.01139	0.98861	80.14
18.5	45,069,195.41	383,669.81	0.00851	0.99149	79.23
19.5	45,724,298.27	274,638.40	0.00601	0.99399	78.56
20.5	43,715,501.49	236,481.70	0.00541	0.99459	78.09
21.5	41,815,355.43	307,594.96	0.00736	0.99264	77.67
22.5	40,087,087.66	271,793.99	0.00678	0.99322	77.10
23.5	40,724,835.83	240,719.55	0.00591	0.99409	76.58
24.5	41,286,199.05	218,350.78	0.00529	0.99471	76.13
25.5	40,095,373.10	225,370.79	0.00562	0.99438	75.73
26.5	38,498,266.28	258,847.42	0.00672	0.99328	75.30
27.5	34,662,564.26	273,437.96	0.00789	0.99211	74.79
28.5	31,491,655.19	219,144.34	0.00696	0.99304	74.20
29.5	31,209,579.37	199,879.43	0.00640	0.99360	73.68
30.5	29,626,427.78	188,668.77	0.00637	0.99363	73.21
31.5	26,280,840.07	203,679.06	0.00775	0.99225	72.74
32.5	23,031,853.11	229,180.72	0.00995	0.99005	72.18
33.5	20,660,090.65	718,137.60	0.03476	0.96524	71.46
34.5	18,032,778.28	471,951.73	0.02617	0.97383	68.98
35.5	15,326,324.80	580,107.09	0.03785	0.96215	67.17
36.5	13,083,943.02	337,925.73	0.02583	0.97417	64.63
37.5	10,844,473.21	173,738.29	0.01602	0.98398	62.96
38.5	9,780,138.76	349,674.15	0.03575	0.96425	61.95
39.5	9,375,936.87	213,404.13	0.02276	0.97724	59.74
40.5	9,440,429.70	276,092.95	0.02925	0.97075	58.38
41.5	9,865,013.56	231,500.23	0.02347	0.97653	56.67
42.5	10,179,897.02	364,117.38	0.03577	0.96423	55.34
43.5	10,150,434.37	535,584.97	0.05276	0.94724	53.36
44.5	9,651,776.82	450,649.05	0.04669	0.95331	50.54
45.5	9,036,179.36	469,732.35	0.05198	0.94802	48.18
46.5	8,180,004.20	318,619.11	0.03895	0.96105	45.68
47.5	7,511,860.50	403,070.59	0.05366	0.94634	43.90
48.5	6,507,213.47	168,685.65	0.02592	0.97408	41.54
49.5	5,560,322.30	187,394.64	0.03370	0.96630	40.46
50.5	4,998,368.65	80,714.57	0.01615	0.98385	39.10
51.5	4,645,744.54	160,926.71	0.03464	0.96536	38.47
52.5	3,847,171.36	128,144.58	0.03331	0.96669	37.14

Observed Life Table

Scenario: CECO Distr Study Use 2006 Bal

Account: CECO 101/6-368 Line transformers

Placement Band: 1905 - 2006 Observation Band: 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirment Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
53.5	3,100,477.29	195,895.02	0.06318	0.93682	35.90
54.5	3,224,811.50	137,344.86	0.04259	0.95741	33.63
55.5	2,696,871.64	130,727.84	0.04847	0.95153	32.20
56.5	2,190,149.94	72,441.04	0.03308	0.96692	30.64
57.5	1,830,889.45	70,163.16	0.03832	0.96168	29.63
58.5	1,342,671.52	75,945.87	0.05656	0.94344	28.49
59.5	914,598.99	30,370.99	0.03321	0.96679	26.88
60.5	797,074.82	119,086.11	0.14940	0.85060	25.99
61.5	598,318.48	36,706.45	0.06135	0.93865	22.11
62.5	0.00	0.00	0.00000	0.00000	20.75
63.5	0.00	0.00	0.00000	0.00000	
64.5	385,288.26	418.90	0.00109	0.99891	
65.5	384,869.36	8,605.68	0.02236	0.97764	
66.5	376,263.68	9,373.44	0.02491	0.97509	
67.5	366,890.24	14,074.97	0.03836	0.96164	
68.5	352,815.27	389.82	0.00111	0.99889	
69.5	352,425.45	0.00	0.00000	1.00000	
70.5	352,425.45	79,903.86	0.22673	0.77327	
71.5	272,521.59	69,076.16	0.25347	0.74653	
72.5	0.00	0.00	0.00000	0.00000	
73.5	0.00	0.00	0.00000	0.00000	
74.5	260,134.55	-2,642.42	-0.01016	1.01016	
75.5	262,776.97	66,241.30	0.25208	0.74792	
76.5	196,535.67	34,044.25	0.17322	0.82678	
77.5	162,491.42	4,128.00	0.02540	0.97460	
78.5	158,363.42	1,633.30	0.01031	0.98969	
79.5	156,730.12	0.00	0.00000	1.00000	
80.5	156,730.12	31,842.86	0.20317	0.79683	
81.5	124,887.26	39,276.22	0.31449	0.68551	
82.5	0.00	0.00	0.00000	0.00000	

Net Salvage Analysis Report

			Gross Salvage (Cash)		Gross Salvage (Returns)		Cost of Removal		Net Salvage		
Account	Year	Retirements	Amount	Pct.	Amount	Pct.	Amount	Pct.	Amount	Pct.	1-Yr Avg
CECO 368 Transformers	1999	2,987.61	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CECO 368 Transformers	2000	936,729.84	23,407.41	2.50	0.00	0.00	13,029.04	1.39	10,378.37	1.11	1.11
CECO 368 Transformers	2001	1,950,388.82	83,014.45	4.26	0.00	0.00	(163,362.73)	-8.38	246,377.18	12.63	12.63
CECO 368 Transformers	2002	1,268,866.40	39,583.91	3.12	0.00	0.00	46,658.69	3.68	(7,074.78)	-0.56	-0.56
CECO 368 Transformers	2003	10,698,916.77	61,028.13	0.57	0.00	0.00	300,478.98	2.81	(239,450.85)	-2.24	-2.24
CECO 368 Transformers	2004	1,619,588.70	0.00	0.00	0.00	0.00	27,428.87	1.69	(27,428.87)	-1.69	-1.69
CECO 368 Transformers	2005	1,625,738.41	0.00	0.00	0.00	0.00	50,686.32	3.12	(50,686.32)	-3.12	-3.12
CECO 368 Transformers	2006	2,111,713.82	0.00	0.00	0.00	0.00	(28,945.42)	-1.37	28,945.42	1.37	1.37
		20,214,930.17	207,033.90	1.02	0.00	0.00	245,973.75	1.22	(38,939.85)	-0.19	

Whole Life Depreciation Accrual

Account: CECO 101/6-368 Line transformers
Dispersion: 43 - R0.5
[illegible]rage Net Salvage Rate: -25.00%
Future Net Salvage Rate: -25.00%

Broad Group Procedure

January 1, 2007

		Plant Amt	Period (Years)	Accrual (Dollars)	Accrual Rate (Percent)
Pre- 2007	Additions	$262,338,145.31		$7,570,098.73	2.885627
	Whole Life		43	$7,626,108.88	
	Amortization		0	$0.00	
	Retirements	$3,853,497.67	43	$56,010.14	
2007	Additions	$0.00		$0.00	0.000000
	Whole Life			$0.00	
	Retirements	$0.00	0.00	$0.00	
	Total:	$262,338,145.31 *		$7,570,098.73	2.885627
	Average:	$260,411,396.48		$7,570,098.73	2.906977
	Grand Total:	$262,338,145.31 *		$7,570,098.73	2.885627

* Excluding 2007 Retirements

Account: CECO 101/6-368 Line transformers

Dispersion: 43.00 - R0.5

Average Net Salvage Rate: -25.00%

Future Net Salvage Rate: -25.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
2006	0.50	$44,160,482.95	43.00	42.69	1.2410	1.0000	$54,801,839.94	$1,283,734.97
2005	1.50	$10,537,031.02	43.00	42.07	1.2230	1.0000	$12,886,333.29	$306,309.04
2004	2.50	$4,465,715.39	43.00	41.45	1.2050	1.0000	$5,381,174.92	$129,817.31
2003	3.50	$931,305.10	43.00	40.84	1.1871	1.0000	$1,105,546.41	$27,072.82
2002	4.50	$2,622,848.33	43.00	40.22	1.1693	1.0000	$3,066,769.07	$76,245.59
2001	5.50	$3,157,569.13	43.00	39.61	1.1515	1.0000	$3,635,813.25	$91,789.80
2000	6.50	$3,652,297.78	43.00	39.00	1.1337	1.0000	$4,140,733.51	$106,171.45
1999	7.50	$2,820,804.47	43.00	38.39	1.1161	1.0000	$3,148,191.91	$82,000.13
1998	8.50	$3,560,145.44	43.00	37.79	1.0984	1.0000	$3,910,556.93	$103,492.60
1997	9.50	$5,091,348.01	43.00	37.18	1.0809	1.0000	$5,503,005.56	$148,004.30
1996	10.50	$6,894,995.02	43.00	36.58	1.0633	1.0000	$7,331,635.00	$200,435.90
1995	11.50	$6,477,641.88	43.00	35.98	1.0458	1.0000	$6,774,542.41	$188,303.54
1994	12.50	$7,625,861.97	43.00	35.38	1.0284	1.0000	$7,842,410.49	$221,682.03
1993	13.50	$7,286,509.90	43.00	34.78	1.0110	1.0000	$7,366,665.37	$211,817.15
1992	14.50	$6,586,384.08	43.00	34.18	0.9936	1.0000	$6,544,446.64	$191,464.65
1991	15.50	$6,634,202.80	43.00	33.59	0.9763	1.0000	$6,477,200.40	$192,854.73
1990	16.50	$9,453,777.06	43.00	32.99	0.9591	1.0000	$9,066,897.21	$274,819.10
1989	17.50	$11,137,586.90	43.00	32.40	0.9419	1.0000	$10,489,989.81	$323,767.06
1988	18.50	$7,970,843.05	43.00	31.81	0.9247	1.0000	$7,370,824.04	$231,710.55
1987	19.50	$6,443,688.54	43.00	31.22	0.9076	1.0000	$5,848,605.46	$187,316.53
1986	20.50	$8,140,217.29	43.00	30.64	0.8906	1.0000	$7,249,984.28	$236,634.22
1985	21.50	$5,778,240.75	43.00	30.06	0.8737	1.0000	$5,048,516.31	$167,972.11
1984	22.50	$5,785,958.83	43.00	29.48	0.8569	1.0000	$4,957,883.20	$168,196.48
1983	23.50	$4,595,081.29	43.00	28.90	0.8401	1.0000	$3,860,497.76	$133,577.94
1982	24.50	$4,139,325.50	43.00	28.33	0.8235	1.0000	$3,408,732.42	$120,329.23
1981	25.50	$4,636,323.44	43.00	27.76	0.8070	1.0000	$3,741,336.87	$134,776.84
1980	26.50	$4,639,681.46	43.00	27.19	0.7905	1.0000	$3,667,835.94	$134,874.46
1979	27.50	$7,136,929.32	43.00	26.63	0.7742	1.0000	$5,525,655.60	$207,468.88
1978	28.50	$6,093,650.02	43.00	26.08	0.7581	1.0000	$4,619,364.32	$177,140.99
1977	29.50	$3,922,987.95	43.00	25.52	0.7420	1.0000	$2,910,872.97	$114,040.35
1976	30.50	$4,163,279.63	43.00	24.98	0.7261	1.0000	$3,022,951.53	$121,025.57
1975	31.50	$5,169,213.13	43.00	24.44	0.7103	1.0000	$3,671,795.83	$150,267.82
1974	32.50	$4,627,358.89	43.00	23.90	0.6947	1.0000	$3,214,511.32	$134,516.25
1973	33.50	$3,410,860.67	43.00	23.36	0.6792	1.0000	$2,316,627.20	$99,152.93

Account: CECO 101/6-368 Line transformers

Dispersion: 43.00 - R0.5

Average Net Salvage Rate: -25.00%

Future Net Salvage Rate: -25.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
1972	34.50	$3,024,137.16	43.00	22.84	0.6639	1.0000	$2,007,613.13	$87,910.96
1971	35.50	$3,261,043.05	43.00	22.31	0.6487	1.0000	$2,115,316.70	$94,797.76
1970	36.50	$2,872,210.47	43.00	21.80	0.6336	1.0000	$1,819,936.54	$83,494.49
1969	37.50	$3,041,281.19	43.00	21.29	0.6188	1.0000	$1,881,816.24	$88,409.34
1968	38.50	$2,238,066.93	43.00	20.78	0.6040	1.0000	$1,351,833.62	$65,060.09
1967	39.50	$1,616,747.68	43.00	20.28	0.5895	1.0000	$952,998.54	$46,998.48
1966	40.50	$1,260,640.15	43.00	19.78	0.5750	1.0000	$724,926.11	$36,646.52
1965	41.50	$926,200.39	43.00	19.29	0.5608	1.0000	$519,396.40	$26,924.43
1964	42.50	$878,922.41	43.00	18.81	0.5467	1.0000	$480,500.10	$25,550.07
1963	43.50	$776,464.67	43.00	18.33	0.5328	1.0000	$413,672.25	$22,571.65
1962	44.50	$898,253.76	43.00	17.85	0.5190	1.0000	$466,171.04	$26,112.03
1961	45.50	$938,398.73	43.00	17.38	0.5053	1.0000	$474,202.43	$27,279.03
1960	46.50	$1,016,847.42	43.00	16.92	0.4919	1.0000	$500,144.08	$29,559.52
1959	47.50	$973,384.36	43.00	16.46	0.4785	1.0000	$465,791.31	$28,296.06
1958	48.50	$1,131,992.47	43.00	16.01	0.4653	1.0000	$526,758.02	$32,906.76
1957	49.50	$1,128,334.87	43.00	15.56	0.4523	1.0000	$510,345.30	$32,800.43
1956	50.50	$981,185.50	43.00	15.12	0.4394	1.0000	$431,135.08	$28,522.83
1955	51.50	$759,588.02	43.00	14.68	0.4266	1.0000	$324,062.48	$22,081.05
1954	52.50	$782,764.88	43.00	14.24	0.4140	1.0000	$324,069.51	$22,754.79
1953	53.50	$733,987.00	43.00	13.81	0.4015	1.0000	$294,693.65	$21,336.83
1952	54.50	$501,730.34	43.00	13.39	0.3891	1.0000	$195,229.15	$14,585.18
1951	55.50	$391,269.35	43.00	12.96	0.3769	1.0000	$147,451.96	$11,374.11
1950	56.50	$376,587.29	43.00	12.55	0.3647	1.0000	$137,340.44	$10,947.30
1949	57.50	$287,197.34	43.00	12.13	0.3527	1.0000	$101,283.51	$8,348.76
1948	58.50	$418,729.68	43.00	11.72	0.3407	1.0000	$142,659.81	$12,172.37
1947	59.50	$352,652.53	43.00	11.31	0.3288	1.0000	$115,963.80	$10,251.53
1946	60.50	$87,312.21	43.00	10.91	0.3171	1.0000	$27,684.73	$2,538.15
1945	61.50	$79,793.85	43.00	10.50	0.3054	1.0000	$24,366.11	$2,319.59
1944	62.50	$562,521.58	43.00	10.10	0.2937	1.0000	$165,224.36	$16,352.37
1934	72.50	$203,864.33	43.00	6.12	0.1780	1.0000	$36,286.40	$5,926.29
1924	82.50	$85,888.71	43.00	1.74	0.0505	1.0000	$4,333.43	$2,496.76
		$262,338,145.31	43.00	32.47	0.9438	1.0000	$247,592,955.41	$7,626,108.88

Depreciation Reserve Summary

Account: CECO 101/6-368 Line transformers
Scenario: CECO Distr Study Use 2006 Bal
Version: 43 - R0.5

Average Net Salvage Rate: -25.00%
Future Net Salvage Rate: -25.00%

Broad Group Procedure

January 1 , 2007

	Plant Amt	Depreciation Reserve Amount	Depreciation Reserve Ratio	Net Plant Amount	Net Plant Ratio
Recorded	$262,338,145.31	$75,467,257.69	0.2877	$252,455,423.95	0.9623
Computed	$262,338,145.31	$80,329,726.23	0.3062	$247,592,955.41	0.9438
Difference		($4,862,468.54)	-0.0185	$4,862,468.54	0.0185

Cleveland Electric & Illuminating Company

Average Life and Salvage Rate Determination

Based On Year End 2006 Data using Beginning Balance 1999

Account 369 Services

Life and Iowa Survivor Curve

Current Life and Iowa Survivor Curve is 40 O1

Actuarial Life Analysis

27.56 S2 best fit using 1999 - 2006 data and using a 1976 Placement Band

Industry Survey - EEI Survey of Depreciation Statistics 2003

Service Life Range 20 - 50 Years

Recommendation

Recommend a 28 S2 for this account

Comments:
The actuarial results would indicate a 28 S2 as the best fit to the data using a 1976 Placement Band . We chose 1976 as the Observation Table displayed negative exposures after 35 years which was skewing results . The 30 year interval seemed reasonable as the negative exposures produced an even more drastic life reduction to 25 years.

Salvage Factor Estimates

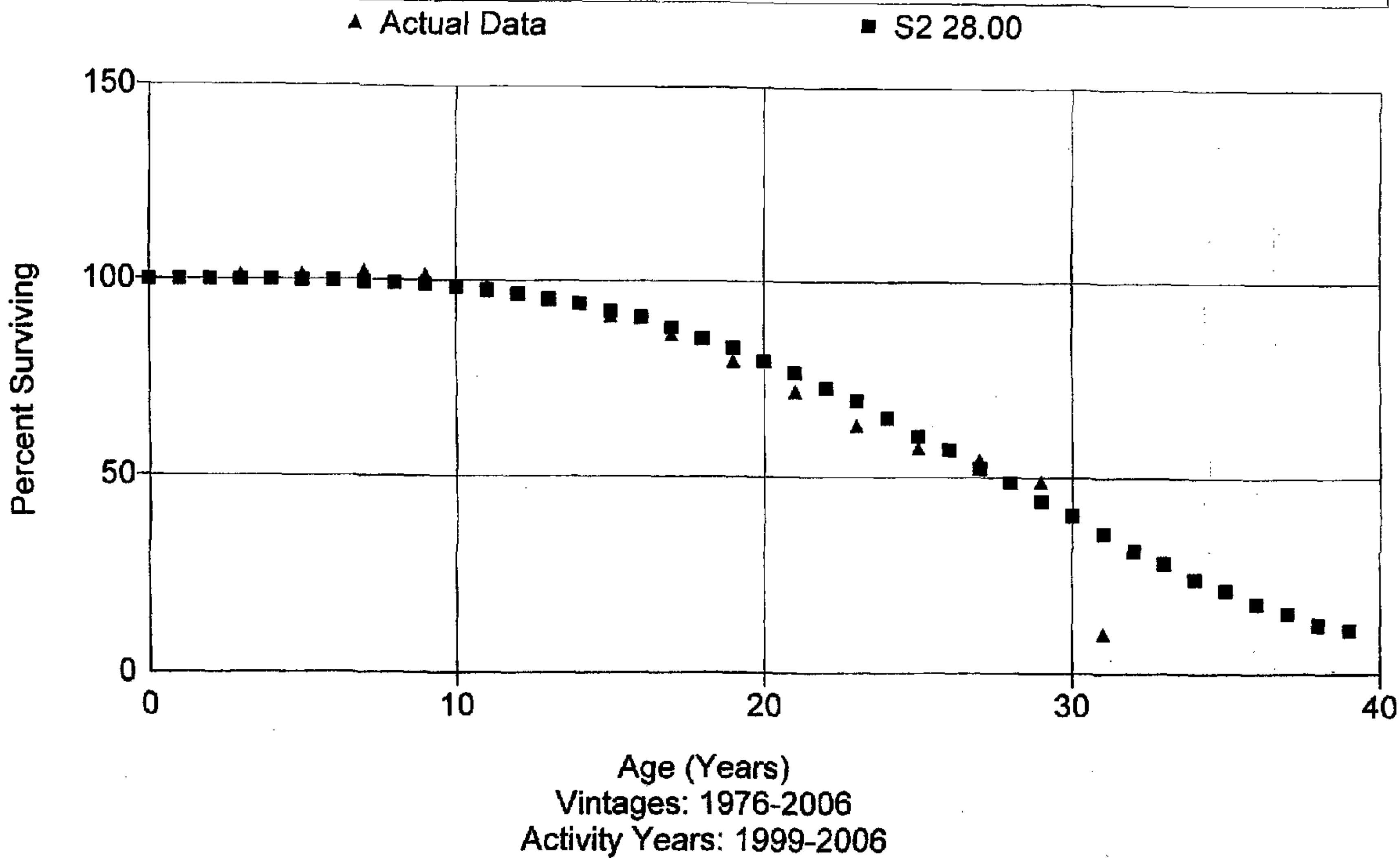
Current Net salvage Rate is -30%
Proposed Net salvage Rate -30%

Comments:
Our study of 1999 - 2006 data produced a -11.06% net salvage rate. This study interval is too short to recommend a change . We propose the -30% arrived at previously continue to be used for the account. EEI Study results for net salvage ranged from 100% to -60%

Summary of Recommendations

28	Average Service Life
S2	Iowa Curve
-30	% Net Salvage

Cleveland Electric Illuminating Company
Account 369 Services



Observed Life Table

Scenario: CECO Distr Study Use 2006 Bal

Account: CECO 101/6-369 Services

Placement Band: 1976 - 2006 **Observation Band:** 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirement Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
0	12,329,605.89	0.00	0.00000	1.00000	100.00
0.5	9,058,439.81	1,819.26	0.00020	0.99980	100.00
1.5	15,591,900.23	37,056.52	0.00238	0.99762	99.98
2.5	20,176,098.78	-277,708.85	-0.01376	1.01376	99.74
3.5	24,019,718.47	-33,367.44	-0.00139	1.00139	101.11
4.5	28,650,462.83	-35,853.01	-0.00125	1.00125	101.25
5.5	28,740,038.77	-311,774.45	-0.01085	1.01085	101.38
6.5	30,478,789.82	37,101.20	0.00122	0.99878	102.48
7.5	31,080,748.67	63,417.47	0.00204	0.99796	102.35
8.5	31,797,008.98	222,428.67	0.00700	0.99300	102.14
9.5	30,114,668.70	404,025.72	0.01342	0.98658	101.43
10.5	28,750,981.97	441,111.36	0.01534	0.98466	100.07
11.5	28,120,508.46	475,523.67	0.01691	0.98309	98.53
12.5	25,145,627.02	497,114.15	0.01977	0.98023	96.86
13.5	25,970,954.85	525,301.84	0.02023	0.97977	94.95
14.5	25,435,263.78	552,677.60	0.02173	0.97827	93.03
15.5	25,636,422.94	597,825.68	0.02332	0.97668	91.01
16.5	20,732,408.18	621,701.68	0.02999	0.97001	88.89
17.5	18,985,132.94	666,903.38	0.03513	0.96487	86.22
18.5	17,165,240.02	741,704.92	0.04321	0.95679	83.19
19.5	15,551,873.11	741,436.08	0.04768	0.95232	79.60
20.5	13,993,565.24	737,557.13	0.05271	0.94729	75.80
21.5	12,509,489.37	740,708.71	0.05921	0.94079	71.80
22.5	11,391,171.38	720,523.13	0.06325	0.93675	67.55
23.5	9,000,258.22	613,726.20	0.06819	0.93181	63.28
24.5	6,899,509.20	164,072.33	0.02378	0.97622	58.96
25.5	5,203,869.41	119,369.98	0.02294	0.97706	57.56
26.5	3,782,815.05	112,165.06	0.02965	0.97035	56.24
27.5	2,545,348.06	115,936.25	0.04555	0.95445	54.57
28.5	1,505,850.09	89,881.01	0.05969	0.94031	52.08
29.5	739,038.10	584,347.23	0.79069	0.20931	48.97
30.5	0.00	0.00	0.00000	0.00000	10.25

Net Salvage Analysis Report

Account	Year	Retirements	Gross Salvage (Cash) Amount	Gross Salvage (Cash) Pct.	Gross Salvage (Returns) Amount	Gross Salvage (Returns) Pct.	Cost of Removal Amount	Cost of Removal Pct.	Net Salvage Amount	Net Salvage Pct.	1-Yr Avg
CECO 369 Services	1999	248,701.50	0.00	0.00	0.00	0.00	70.15	0.03	(70.15)	-0.03	-0.03
CECO 369 Services	2000	13,310,598.06	13,918.98	0.10	0.00	0.00	23,231.47	0.17	(9,312.49)	-0.07	-0.07
CECO 369 Services	2001	1,061,008.65	4,075.88	0.38	0.00	0.00	89,789.94	8.46	(85,714.06)	-8.08	-8.08
CECO 369 Services	2002	464,539.51	3,137.46	0.68	0.00	0.00	68,098.23	14.66	(64,960.77)	-13.98	-13.98
CECO 369 Services	2003	267,642.53	7,353.69	2.75	0.00	0.00	41,348.82	15.45	(33,995.13)	-12.70	-12.70
CECO 369 Services	2004	1,989,759.28	8,803.00	0.44	0.00	0.00	21,714.88	1.09	(12,911.88)	-0.65	-0.65
CECO 369 Services	2005	2,189,686.98	120,070.00	5.48	0.00	0.00	959,518.35	43.82	(839,448.35)	-38.34	-38.34
CECO 369 Services	2006	2,493,622.86	(21,432.79)	-0.86	0.00	0.00	1,367,355.52	54.83	(1,388,788.31)	-55.69	-55.69
		22,025,559.37	135,926.22	0.62	0.00	0.00	2,571,127.36	11.67	(2,435,201.14)	-11.06	

Whole Life Depreciation Accrual

Account: CECO 101/6-369 Services
Dispersion: 28 - S2
Average Net Salvage Rate: -30.00%
Future Net Salvage Rate: -30.00%

Broad Group Procedure

January 1, 2007

	Plant Amt	Period (Years)	Accrual (Dollars)	Accrual Rate (Percent)
Pre- 2007 Additions	$64,365,125.39		$2,948,249.03	4.580508
Whole Life		28	$2,988,380.82	
Amortization		0	$0.00	
Retirements	$1,728,754.21	28	$40,131.79	
2007 Additions	$0.00		$0.00	0.000000
Whole Life			$0.00	
Retirements	$0.00	0.00	$0.00	
Total:	$64,365,125.39 *		$2,948,249.03	4.580508
Average:	$63,500,748.29		$2,948,249.03	4.642857
Grand Total:	$64,365,125.39 *		$2,948,249.03	4.580508

* Excluding 2007 Retirements

 03/22/2007

Generation Arrangement Report

Account: CECO 101/6-369 Services

Dispersion: 28.00 - S2

Average Net Salvage Rate: -30.00%

Future Net Salvage Rate: -30.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
2006	0.50	$6,457,462.06	28.00	27.50	1.2768	1.0000	$8,244,795.32	$299,810.74
2005	1.50	$988,764.45	28.00	26.50	1.2304	1.0000	$1,216,537.83	$45,906.92
2004	2.50	$34,860.70	28.00	25.50	1.1840	1.0000	$41,273.76	$1,618.53
2003	3.50	($210,977.58)	28.00	24.50	1.1377	1.0000	($240,021.59)	($9,795.39)
2002	4.50	$805,768.40	28.00	23.51	1.0916	1.0000	$879,588.47	$37,410.68
2001	5.50	$1,435,487.74	28.00	22.53	1.0459	1.0000	$1,501,354.01	$66,647.65
2000	6.50	$1,304,684.02	28.00	21.55	1.0007	1.0000	$1,305,639.91	$60,574.62
1999	7.50	$1,035,677.69	28.00	20.60	0.9563	1.0000	$990,373.50	$48,085.04
1998	8.50	$2,491,614.89	28.00	19.66	0.9127	1.0000	$2,274,141.40	$115,682.12
1997	9.50	$4,423,482.30	28.00	18.74	0.8702	1.0000	$3,849,261.24	$205,375.96
1996	10.50	$4,466,293.90	28.00	17.85	0.8288	1.0000	$3,701,744.69	$207,363.65
1995	11.50	$3,008,618.76	28.00	16.99	0.7889	1.0000	$2,373,412.31	$139,685.87
1994	12.50	$2,242,327.72	28.00	16.16	0.7502	1.0000	$1,682,268.14	$104,108.07
1993	13.50	$1,260,559.79	28.00	15.36	0.7131	1.0000	$898,954.96	$58,525.99
1992	14.50	$2,549,014.99	28.00	14.59	0.6775	1.0000	$1,726,892.80	$118,347.12
1991	15.50	$1,381,913.31	28.00	13.86	0.6434	1.0000	$889,126.77	$64,160.26
1990	16.50	$4,051,061.46	28.00	13.16	0.6108	1.0000	$2,474,322.76	$188,085.00
1989	17.50	$3,502,647.48	28.00	12.48	0.5796	1.0000	$2,030,201.52	$162,622.92
1988	18.50	$3,314,357.14	28.00	11.85	0.5500	1.0000	$1,822,966.37	$153,880.87
1987	19.50	$2,856,861.06	28.00	11.24	0.5217	1.0000	$1,490,519.85	$132,639.98
1986	20.50	$2,578,860.73	28.00	10.66	0.4949	1.0000	$1,276,196.18	$119,732.82
1985	21.50	$2,243,927.31	28.00	10.11	0.4692	1.0000	$1,052,917.87	$104,182.34
1984	22.50	$2,012,856.91	28.00	9.58	0.4449	1.0000	$895,460.72	$93,454.07
1983	23.50	$1,791,511.54	28.00	9.08	0.4216	1.0000	$755,357.22	$83,177.32
1982	24.50	$1,618,611.04	28.00	8.60	0.3995	1.0000	$646,606.05	$75,149.80
1981	25.50	$1,687,564.52	28.00	8.15	0.3784	1.0000	$638,572.35	$78,351.21
1980	26.50	$1,465,920.63	28.00	7.72	0.3583	1.0000	$525,184.92	$68,060.60
1979	27.50	$1,288,918.65	28.00	7.30	0.3390	1.0000	$436,999.58	$59,842.65
1978	28.50	$1,083,343.46	28.00	6.91	0.3207	1.0000	$347,394.83	$50,298.09
1977	29.50	$849,741.95	28.00	6.53	0.3031	1.0000	$257,539.63	$39,452.30
1976	30.50	$342,349.37	28.00	6.17	0.2862	1.0000	$97,997.26	$15,894.79
1975	31.50	$0.00	28.00	5.82	0.2701	1.0000	$0.00	$0.00
1974	32.50	$0.00	28.00	5.48	0.2546	1.0000	$0.00	$0.00
1973	33.50	$0.00	28.00	5.16	0.2397	1.0000	$0.00	$0.00

Account: CECO 101/6-369 Services

Dispersion: 28.00 - S2

Average Net Salvage Rate: -30.00%

Future Net Salvage Rate: -30.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
1972	34.50	$0.00	28.00	4.85	0.2253	1.0000	$0.00	$0.00
1971	35.50	$0.00	28.00	4.56	0.2116	1.0000	$0.00	$0.00
1970	36.50	$0.00	28.00	4.27	0.1982	1.0000	$0.00	$0.00
1969	37.50	$730.00	28.00	3.99	0.1854	1.0000	$135.32	$33.89
1968	38.50	$0.00	28.00	3.73	0.1731	1.0000	$0.00	$0.00
1967	39.50	$0.00	28.00	3.47	0.1609	1.0000	$0.00	$0.00
1966	40.50	$271.00	28.00	3.22	0.1494	1.0000	$40.48	$12.58
1965	41.50	$0.00	28.00	2.97	0.1379	1.0000	$0.00	$0.00
1964	42.50	$38.00	28.00	2.74	0.1271	1.0000	$4.83	$1.76
1963	43.50	$0.00	28.00	2.50	0.1163	1.0000	$0.00	$0.00
1962	44.50	$0.00	28.00	2.28	0.1060	1.0000	$0.00	$0.00
1961	45.50	$0.00	28.00	2.07	0.0962	1.0000	$0.00	$0.00
1960	46.50	$0.00	28.00	1.86	0.0862	1.0000	$0.00	$0.00
1959	47.50	$0.00	28.00	1.66	0.0770	1.0000	$0.00	$0.00
1958	48.50	$0.00	28.00	1.45	0.0674	1.0000	$0.00	$0.00
1957	49.50	$0.00	28.00	1.27	0.0588	1.0000	$0.00	$0.00
1956	50.50	$0.00	28.00	1.07	0.0496	1.0000	$0.00	$0.00
1955	51.50	$0.00	28.00	0.89	0.0413	1.0000	$0.00	$0.00
1954	52.50	$0.00	28.00	0.74	0.0344	1.0000	$0.00	$0.00
1953	53.50	$0.00	28.00	0.55	0.0255	1.0000	$0.00	$0.00
1952	54.50	$0.00	28.00	0.00	0.0000	0.0000	$0.00	$0.00
1951	55.50	$0.00	28.00	0.00	0.0000	0.0000	$0.00	$0.00
1950	56.50	$0.00	28.00	0.00	0.0000	0.0000	$0.00	$0.00
1949	57.50	$0.00	28.00	0.00	0.0000	0.0000	$0.00	$0.00
1948	58.50	$0.00	28.00	0.00	0.0000	0.0000	$0.00	$0.00
1947	59.50	$0.00	28.00	0.00	0.0000	0.0000	$0.00	$0.00
1946	60.50	$0.00	28.00	0.00	0.0000	0.0000	$0.00	$0.00
1945	61.50	$0.00	28.00	0.00	0.0000	0.0000	$0.00	$0.00
1944	62.50	$0.00	28.00	0.00	0.0000	0.0000	$0.00	$0.00
1934	72.50	$0.00	28.00	0.00	0.0000	0.0000	$0.00	$0.00
1924	82.50	$0.00	28.00	0.00	0.0000	0.0000	$0.00	$0.00
		$64,365,125.39	28.00	15.42	0.7160	1.0000	$46,083,761.04	$2,988,380.82

Depreciation Reserve Summary

Account: CECO 101/6-369 Services
Scenario: CECO Distr Study Use 2006 Bal
Version: 28 - S2
Average Net Salvage Rate: -30.00%
Future Net Salvage Rate: -30.00%

Broad Group Procedure

January 1 , 2007

		Depreciation Reserve		Net Plant	
	Plant Amt	Amount	Ratio	Amount	Ratio
Recorded	$64,365,125.39	$9,046,614.42	0.1406	$74,628,048.59	1.1594
Computed	$64,365,125.39	$37,590,901.97	0.5840	$46,083,761.04	0.7160
Difference		($28,544,287.55)	-0.4435	$28,544,287.55	0.4435

Cleveland Electric & Illuminating Company

Average Life and Salvage Rate Determination

Based On Year End 2006 Data using Beginning Balance 1999

Account 370 Meters

Life and Iowa Survivor Curve

Current Life and Iowa Survivor Curve is 38 R2

Actuarial Life Analysis

36.10 SC best fit using 1999 - 2006 data

Industry Survey - EEI Survey of Depreciation Statistics 2003

Service Life Range 20 - 45 Years

Recommendation

Change to remaining life of 10 years

Comments:
The Company will be installing an automated meter system in the next 10 years. The 10 year remaining life reflects the remaining life of the meters that will be replaced with the automated metering system.

Salvage Factor Estimates

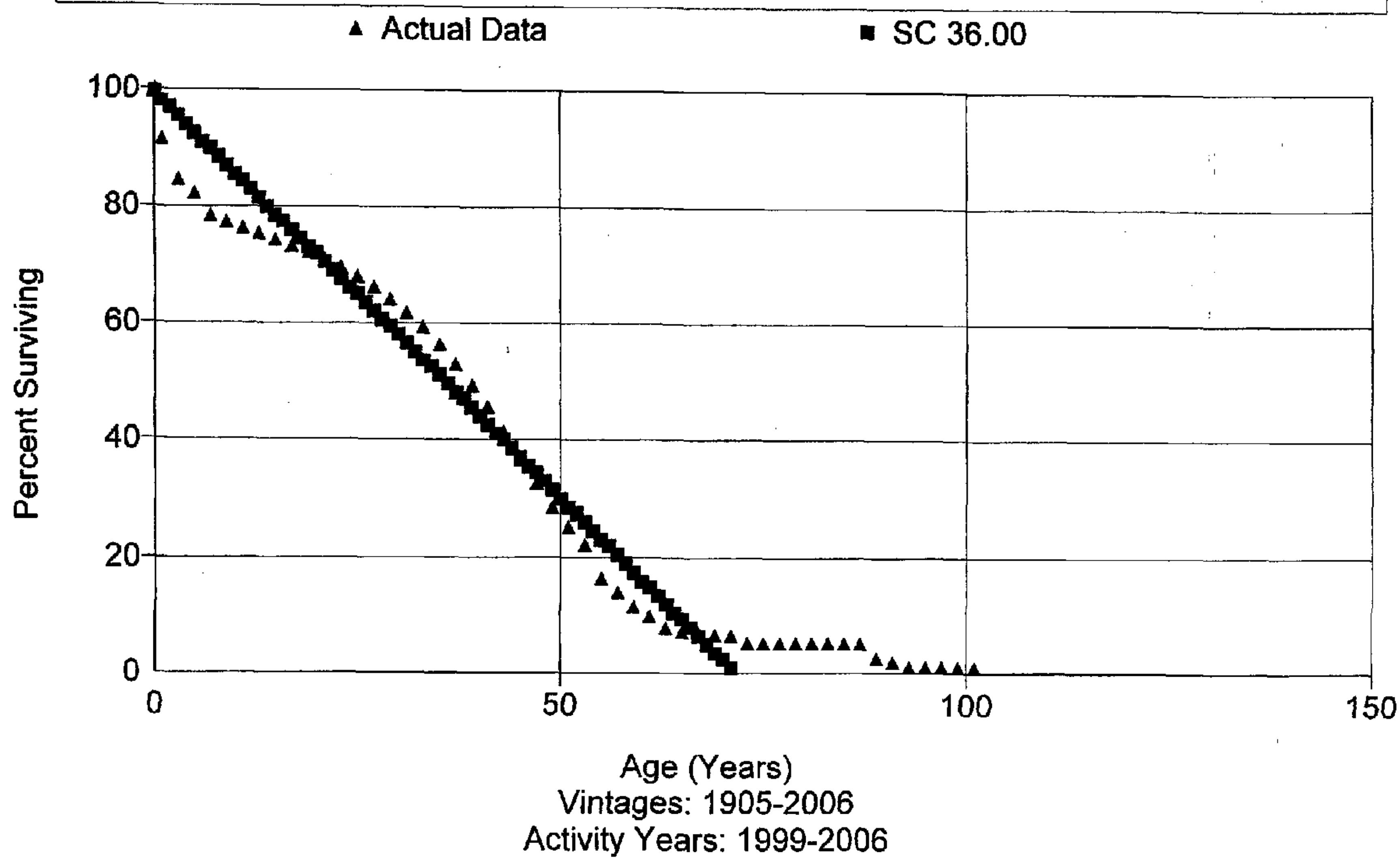
Current Net salvage Rate is -20%
Proposed Net salvage Rate 0%

Comments:

Summary of Recommendations

10	Remaining Life
	Iowa Curve
0	% Net Salvage

Cleveland Electric Illuminating Company
Account 370 Meters



Observed Life Table

Scenario: CECO Distr Study Use 2006 Bal
Account: CECO 101/6-370 Meters
Placement Band: 1905 - 2006 **Observation Band:** 1989 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirment Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
0	20,109,367.95	494,737.12	0.02460	0.97540	100.00
0.5	8,895,738.04	556,154.65	0.06252	0.93748	97.54
1.5	11,029,525.49	406,427.58	0.03685	0.96315	91.44
2.5	10,765,370.14	419,023.36	0.03892	0.96108	88.07
3.5	10,957,650.17	246,334.45	0.02248	0.97752	84.64
4.5	11,646,214.62	65,815.86	0.00565	0.99435	82.74
5.5	15,868,297.15	112,480.04	0.00709	0.99291	82.27
6.5	16,622,934.99	657,947.76	0.03958	0.96042	81.69
7.5	16,818,984.05	105,371.10	0.00627	0.99373	78.46
8.5	17,653,122.25	134,391.43	0.00761	0.99239	77.97
9.5	18,473,333.91	146,925.69	0.00795	0.99205	77.38
10.5	25,204,900.51	156,027.66	0.00619	0.99381	76.76
11.5	28,890,061.99	165,354.51	0.00572	0.99428	76.28
12.5	30,471,497.90	196,287.47	0.00644	0.99356	75.84
13.5	32,246,083.09	233,906.79	0.00725	0.99275	75.35
14.5	34,548,697.03	229,567.44	0.00664	0.99336	74.80
15.5	34,382,141.70	277,611.24	0.00807	0.99193	74.30
16.5	31,460,514.61	218,015.44	0.00693	0.99307	73.70
17.5	29,586,208.02	210,854.39	0.00713	0.99287	73.19
18.5	25,067,636.90	174,997.78	0.00698	0.99302	72.67
19.5	23,315,421.19	168,256.62	0.00722	0.99278	72.16
20.5	20,751,373.09	180,813.56	0.00871	0.99129	71.64
21.5	16,114,418.62	177,517.67	0.01102	0.98898	71.02
22.5	13,066,881.01	136,838.00	0.01047	0.98953	70.24
23.5	12,152,451.68	135,838.57	0.01118	0.98882	69.50
24.5	11,539,575.81	141,381.25	0.01225	0.98775	68.72
25.5	10,705,131.46	136,002.51	0.01270	0.98730	67.88
26.5	9,979,298.71	133,683.32	0.01340	0.98660	67.02
27.5	9,227,967.31	141,393.46	0.01532	0.98468	66.12
28.5	8,654,999.18	140,301.90	0.01621	0.98379	65.11
29.5	8,205,483.53	150,245.08	0.01831	0.98169	64.05
30.5	7,678,177.87	141,209.51	0.01839	0.98161	62.88
31.5	6,957,147.75	135,420.57	0.01947	0.98053	61.72
32.5	6,370,522.02	132,796.16	0.02085	0.97915	60.52
33.5	5,937,193.27	130,533.59	0.02199	0.97801	59.26
34.5	5,944,862.33	175,368.15	0.02950	0.97050	57.96
35.5	5,732,690.70	173,457.31	0.03026	0.96974	56.25
36.5	5,241,997.27	164,774.45	0.03143	0.96857	54.55
37.5	4,737,893.19	161,765.19	0.03414	0.96586	52.84
38.5	4,440,278.82	153,379.73	0.03454	0.96546	51.04
39.5	4,193,079.25	147,959.08	0.03529	0.96471	49.28
40.5	4,041,553.72	157,285.16	0.03892	0.96108	47.54
41.5	3,949,542.13	184,862.53	0.04681	0.95319	45.69
42.5	3,540,787.64	180,524.22	0.05098	0.94902	43.55
43.5	3,264,068.60	186,074.49	0.05701	0.94299	41.33
44.5	3,137,428.65	182,499.47	0.05817	0.94183	38.97
45.5	2,916,593.48	162,376.49	0.05567	0.94433	36.70
46.5	2,708,398.28	157,141.88	0.05802	0.94198	34.66
47.5	2,677,042.38	182,248.41	0.06808	0.93192	32.65
48.5	2,424,276.33	155,389.42	0.06410	0.93590	30.43
49.5	2,030,064.99	117,432.43	0.05785	0.94215	28.48
50.5	1,695,376.87	102,512.14	0.06047	0.93953	26.83
51.5	1,377,175.86	81,004.44	0.05882	0.94118	25.21
52.5	1,131,406.39	73,389.97	0.06487	0.93513	23.73

Observed Life Table

Scenario: CECO Distr Study Use 2006 Bal
Account: CECO 101/6-370 Meters
Placement Band: 1905 - 2006 **Observation Band:** 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirment Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
53.5	898,302.72	105,140.06	0.11704	0.88296	22.19
54.5	878,451.82	134,195.54	0.15276	0.84724	19.59
55.5	532,096.44	36,626.94	0.06884	0.93116	16.60
56.5	378,904.74	31,415.26	0.08291	0.91709	15.46
57.5	324,656.48	21,763.59	0.06704	0.93296	14.18
58.5	229,970.73	28,981.63	0.12602	0.87398	13.23
59.5	159,809.58	9,684.90	0.06060	0.93940	11.56
60.5	119,775.70	10,697.99	0.08932	0.91068	10.86
61.5	100,528.14	20,174.99	0.20069	0.79931	9.89
62.5	0.00	0.00	0.00000	0.00000	7.91
63.5	0.00	0.00	0.00000	0.00000	
64.5	7,602.71	728.97	0.09588	0.90412	
65.5	6,873.74	0.00	0.00000	1.00000	
66.5	6,873.74	0.00	0.00000	1.00000	
67.5	6,873.74	362.90	0.05281	0.94719	
68.5	6,510.84	90.72	0.01398	0.98602	
69.5	6,420.12	0.00	0.00000	1.00000	
70.5	6,420.12	120.97	0.01885	0.98115	
71.5	6,299.15	1,197.09	0.19003	0.80997	
72.5	0.00	0.00	0.00000	0.00000	
73.5	0.00	0.00	0.00000	0.00000	
74.5	0.00	0.00	0.00000	0.00000	
75.5	0.00	0.00	0.00000	0.00000	
76.5	0.00	0.00	0.00000	0.00000	
77.5	0.00	0.00	0.00000	0.00000	
78.5	0.00	0.00	0.00000	0.00000	
79.5	0.00	0.00	0.00000	0.00000	
80.5	0.00	0.00	0.00000	0.00000	
81.5	0.00	0.00	0.00000	0.00000	
82.5	0.00	0.00	0.00000	0.00000	
83.5	0.00	0.00	0.00000	0.00000	
84.5	407,866.90	1,171.39	0.00287	0.99713	
85.5	406,695.51	0.00	0.00000	1.00000	
86.5	406,695.51	0.00	0.00000	1.00000	
87.5	406,695.51	115,457.51	0.28389	0.71611	
88.5	291,238.00	83,470.57	0.28661	0.71339	
89.5	207,767.43	0.00	0.00000	1.00000	
90.5	207,767.43	51,346.94	0.24714	0.75286	
91.5	156,420.49	72,247.00	0.46188	0.53812	
92.5	0.00	0.00	0.00000	0.00000	

Net Salvage Analysis Report

			Gross Salvage (Cash)		Gross Salvage (Returns)		Cost of Removal		Net Salvage		
Account	Year	Retirements	Amount	Pct.	Amount	Pct.	Amount	Pct.	Amount	Pct.	1-Yr Avg
CECO 370 Meters	1999	2,557,376.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CECO 370 Meters	2000	581,424.09	361.18	0.06	0.00	0.00	275,502.95	47.38	(275,141.77)	-47.32	-47.32
CECO 370 Meters	2001	981,480.30	601.73	0.06	0.00	0.00	77,656.16	7.91	(77,054.43)	-7.85	-7.85
CECO 370 Meters	2002	902,896.96	81,808.90	9.06	0.00	0.00	134,248.49	14.87	(52,439.59)	-5.81	-5.81
CECO 370 Meters	2003	3,468,066.96	42,420.13	1.22	0.00	0.00	498,258.88	14.37	(455,838.75)	-13.14	-13.14
CECO 370 Meters	2004	237,620.19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CECO 370 Meters	2005	735,145.84	0.00	0.00	0.00	0.00	169.52	0.02	(169.52)	-0.02	-0.02
CECO 370 Meters	2006	1,456,669.57	0.00	0.00	0.00	0.00	132,582.31	9.10	(132,582.31)	-9.10	-9.10
		10,920,680.01	125,191.94	1.15	0.00	0.00	1,118,418.31	10.24	(993,226.37)	-9.09	

Whole Life Depreciation Accrual

Account: CECO 101/6-370 Meters

Dispersion: 36 - SC

Average Net Salvage Rate: -20.00%

Future Net Salvage Rate: -20.00%

Broad Group Procedure

January 1, 2007

		Plant Amt	Period (Years)	Accrual (Dollars)	Accrual Rate (Percent)
Pre- 2007	Additions	$90,945,016.73		$2,997,425.23	3.295866
	Whole Life		36	$3,028,485.63	
	Amortization		0	$0.00	
	Retirements	$1,863,623.65	36	$31,060.39	
2007	Additions	$0.00		$0.00	0.000000
	Whole Life			$0.00	
	Retirements	$0.00	0.00	$0.00	
	Total:	$90,945,016.73 *		$2,997,425.23	3.295866
	Average:	$90,013,204.91		$2,997,425.23	3.329984
	Grand Total:	$90,945,016.73 *		$2,997,425.23	3.295866

* Excluding 2007 Retirements

03/22/2007

Account: CECO 101/6-370 Meters

Dispersion: 36.00 - SC

Average Net Salvage Rate: -20.00%

Future Net Salvage Rate: -20.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
2006	0.50	$11,649,564.45	36.00	35.75	1.1917	1.0000	$13,882,397.65	$388,318.81
2005	1.50	$453,991.46	36.00	35.25	1.1750	1.0000	$533,439.97	$15,133.05
2004	2.50	$0.00	36.00	34.75	1.1583	1.0000	$0.00	$0.00
2003	3.50	$211,628.03	36.00	34.25	1.1417	1.0000	$241,608.67	$7,054.27
2002	4.50	$1,565,328.43	36.00	33.75	1.1250	1.0000	$1,760,994.49	$52,177.61
2001	5.50	$1,164,482.70	36.00	33.25	1.1083	1.0000	$1,290,635.00	$38,816.09
2000	6.50	$1,126,569.98	36.00	32.75	1.0917	1.0000	$1,229,838.91	$37,552.33
1999	7.50	$1,398,663.73	36.00	32.25	1.0750	1.0000	$1,503,563.53	$46,622.12
1998	8.50	$1,220,459.26	36.00	31.75	1.0583	1.0000	$1,291,652.73	$40,681.98
1997	9.50	$2,407,529.32	36.00	31.25	1.0417	1.0000	$2,507,843.05	$80,250.98
1996	10.50	$282,170.99	36.00	30.75	1.0250	1.0000	$289,225.27	$9,405.70
1995	11.50	$822,387.43	36.00	30.25	1.0083	1.0000	$829,240.66	$27,412.91
1994	12.50	$2,420,641.72	36.00	29.75	0.9917	1.0000	$2,400,469.72	$80,688.06
1993	13.50	$4,324,886.21	36.00	29.25	0.9750	1.0000	$4,216,764.09	$144,162.87
1992	14.50	$1,891,025.10	36.00	28.75	0.9583	1.0000	$1,812,232.40	$63,034.17
1991	15.50	$2,192,301.59	36.00	28.25	0.9417	1.0000	$2,064,417.35	$73,076.72
1990	16.50	$4,404,026.32	36.00	27.75	0.9250	1.0000	$4,073,724.40	$146,800.88
1989	17.50	$3,537,938.94	36.00	27.25	0.9083	1.0000	$3,213,627.92	$117,931.30
1988	18.50	$6,044,719.47	36.00	26.75	0.8917	1.0000	$5,389,874.88	$201,490.65
1987	19.50	$3,283,662.38	36.00	26.25	0.8750	1.0000	$2,873,204.60	$109,455.41
1986	20.50	$3,943,358.19	36.00	25.75	0.8583	1.0000	$3,384,715.80	$131,445.27
1985	21.50	$5,942,098.95	36.00	25.25	0.8417	1.0000	$5,001,266.66	$198,069.96
1984	22.50	$4,166,199.63	36.00	24.75	0.8250	1.0000	$3,437,114.73	$138,873.32
1983	23.50	$2,111,076.19	36.00	24.25	0.8083	1.0000	$1,706,453.27	$70,369.21
1982	24.50	$1,656,667.71	36.00	23.75	0.7917	1.0000	$1,311,528.62	$55,222.26
1981	25.50	$1,709,028.96	36.00	23.25	0.7750	1.0000	$1,324,497.47	$56,967.63
1980	26.50	$1,591,611.72	36.00	22.75	0.7583	1.0000	$1,206,972.24	$53,053.72
1979	27.50	$1,570,978.77	36.00	22.25	0.7417	1.0000	$1,165,142.59	$52,365.96
1978	28.50	$1,405,839.59	36.00	21.75	0.7250	1.0000	$1,019,233.71	$46,861.32
1977	29.50	$1,341,139.49	36.00	21.25	0.7083	1.0000	$949,973.81	$44,704.65
1976	30.50	$1,164,937.09	36.00	20.75	0.6917	1.0000	$805,748.16	$38,831.24
1975	31.50	$1,200,941.43	36.00	20.25	0.6750	1.0000	$810,635.48	$40,031.38
1974	32.50	$1,040,459.41	36.00	19.75	0.6583	1.0000	$684,969.12	$34,681.98
1973	33.50	$886,883.90	36.00	19.25	0.6417	1.0000	$569,083.85	$29,562.80

Account: CECO 101/6-370 Meters

Dispersion: 36.00 - SC

Average Net Salvage Rate: -20.00%

Future Net Salvage Rate: -20.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
1972	34.50	$871,401.09	36.00	18.75	0.6250	1.0000	$544,625.69	$29,046.70
1971	35.50	$815,932.70	36.00	18.25	0.6083	1.0000	$496,359.07	$27,197.76
1970	36.50	$828,644.69	36.00	17.75	0.5917	1.0000	$490,281.45	$27,621.49
1969	37.50	$863,856.29	36.00	17.25	0.5750	1.0000	$496,717.37	$28,795.21
1968	38.50	$649,194.53	36.00	16.75	0.5583	1.0000	$362,466.95	$21,639.82
1967	39.50	$509,898.77	36.00	16.25	0.5417	1.0000	$276,086.84	$16,989.96
1966	40.50	$469,355.96	36.00	15.75	0.5250	1.0000	$246,411.88	$15,645.20
1965	41.50	$461,961.61	36.00	15.25	0.5083	1.0000	$234,830.49	$15,398.72
1964	42.50	$755,582.20	36.00	14.75	0.4917	1.0000	$371,494.59	$25,186.07
1963	43.50	$581,785.97	36.00	14.25	0.4750	1.0000	$276,348.34	$19,392.87
1962	44.50	$378,934.10	36.00	13.75	0.4583	1.0000	$173,678.14	$12,631.14
1961	45.50	$361,860.19	36.00	13.25	0.4417	1.0000	$159,821.59	$12,062.01
1960	46.50	$360,714.88	36.00	12.75	0.4250	1.0000	$153,303.83	$12,023.83
1959	47.50	$289,975.67	36.00	12.25	0.4083	1.0000	$118,406.73	$9,665.86
1958	48.50	$314,776.97	36.00	11.75	0.3917	1.0000	$123,287.65	$10,492.57
1957	49.50	$350,200.52	36.00	11.25	0.3750	1.0000	$131,325.20	$11,673.35
1956	50.50	$337,356.89	36.00	10.75	0.3583	1.0000	$120,886.22	$11,245.23
1955	51.50	$305,250.76	36.00	10.25	0.3417	1.0000	$104,294.01	$10,175.03
1954	52.50	$259,579.53	36.00	9.75	0.3250	1.0000	$84,363.35	$8,652.65
1953	53.50	$188,844.42	36.00	9.25	0.3083	1.0000	$58,227.03	$6,294.81
1952	54.50	$173,708.25	36.00	8.75	0.2917	1.0000	$50,664.32	$5,790.21
1951	55.50	$213,693.03	36.00	8.25	0.2750	1.0000	$58,765.58	$7,123.10
1950	56.50	$117,714.10	36.00	7.75	0.2583	1.0000	$30,409.48	$3,923.80
1949	57.50	$23,261.14	36.00	7.25	0.2417	1.0000	$5,621.44	$775.37
1948	58.50	$73,254.46	36.00	6.75	0.2250	1.0000	$16,482.25	$2,441.82
1947	59.50	$41,501.71	36.00	6.25	0.2083	1.0000	$8,646.19	$1,383.39
1946	60.50	$30,787.45	36.00	5.75	0.1917	1.0000	$5,900.93	$1,026.25
1945	61.50	$8,656.12	36.00	5.25	0.1750	1.0000	$1,514.82	$288.54
1944	62.50	$83,888.22	36.00	4.75	0.1583	1.0000	$13,282.30	$2,796.27
1934	72.50	$5,103.09	36.00	0.00	0.0000	0.0000	$0.00	$0.00
1914	92.50	$85,344.88	36.00	0.00	0.0000	0.0000	$0.00	$0.00
		$90,945,016.73	36.00	26.39	0.8796	1.0000	$79,996,594.55	$3,028,485.63

Depreciation Reserve Summary

Account: CECO 101/6-370 Meters
Scenario: CECO Distr Study Use 2006 Bal
Version: 36 - SC

Average Net Salvage Rate: -20.00%
Future Net Salvage Rate: -20.00%

Broad Group Procedure

January 1 , 2007

		Depreciation Reserve		Net Plant	
	Plant Amt	*Amount*	*Ratio*	*Amount*	*Ratio*
Recorded	$90,945,016.73	$36,623,104.27	0.4027	$72,510,915.81	0.7973
Computed	$90,945,016.73	$29,137,425.52	0.3204	$79,996,594.56	0.8796
Difference		$7,485,678.75	0.0823	($7,485,678.75)	-0.0823

Cleveland Electric & Illuminating Company

Average Life and Salvage Rate Determination

Based On Year End 2006 Data using Beginning Balance 1999

Account 371 Installations On Customer Premises

Life and Iowa Survivor Curve

Current Life and Iowa Survivor Curve - Not Previously Studied

Actuarial Life Analysis

29 R4 best fit using 1999 - 2006 data

Industry Survey - EEI Survey of Depreciation Statistics 2003

Service Life Range 14 - 60 Years

Recommendation

Change to remaining life of 5 years

Comments:
The Company is exiting the outdoor lighting installed on customer premises in 5 years.

Salvage Factor Estimates

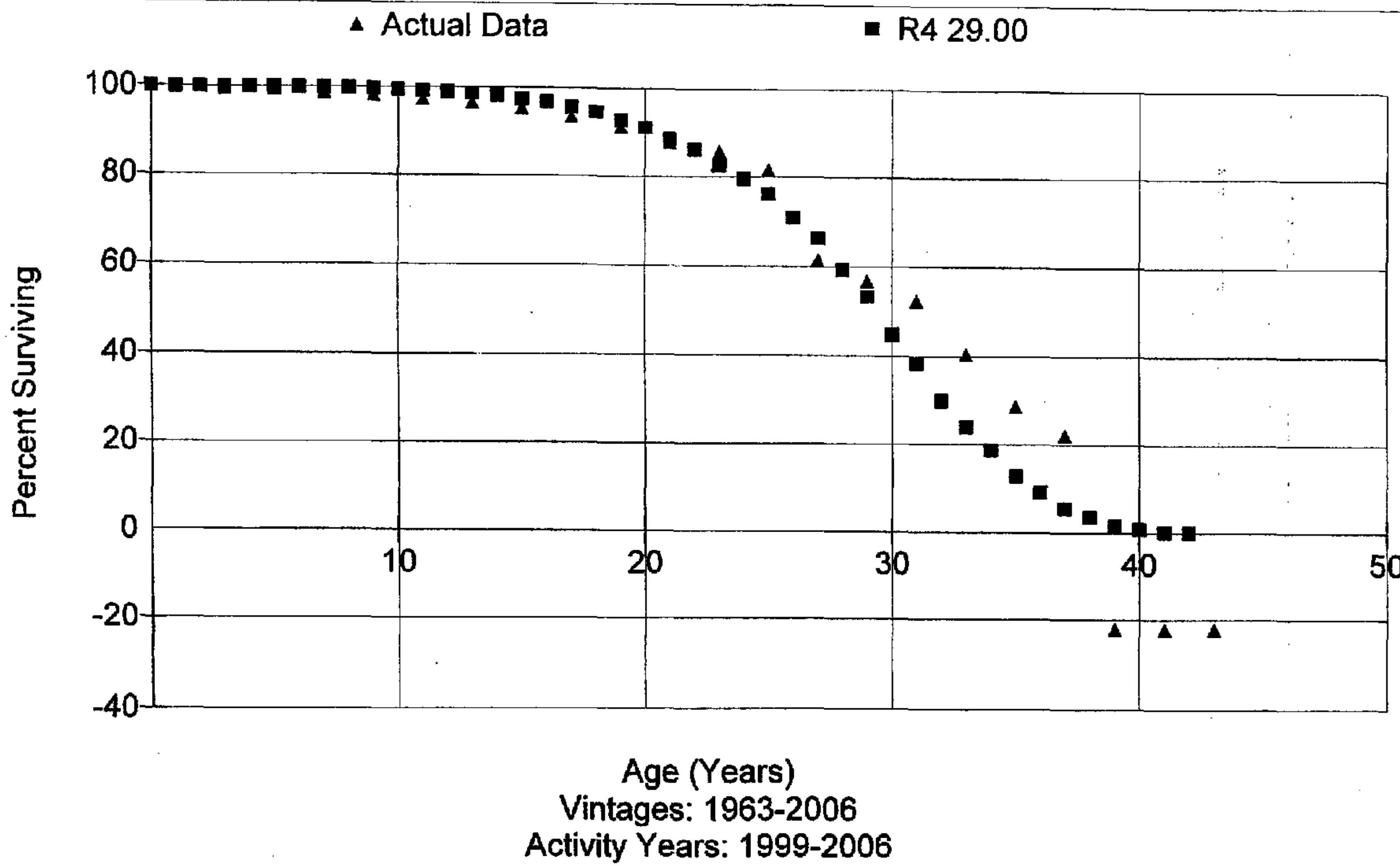
Current Net salvage Rate is - N/A
Proposed Net salvage Rate 0%

Comments:

Summary of Recommendations

5	Remaining Life
	Iowa Curve
0	% Net Salvage

Cleveland Electric Illuminating Company
Account 371 Intallations Customer Prem.



Observed Life Table

Scenario: CECO Distr Study Use 2006 Bal

Account: CECO 101/6-371 Inst on cust prem

Placement Band: 1963 - 2006 **Observation Band:** 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirment Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
0	3,268,049.90	0.00	0.00000	1.00000	100.00
0.5	2,191,489.84	4,412.54	0.00201	0.99799	100.00
1.5	4,502,419.43	9,059.03	0.00201	0.99799	99.80
2.5	7,532,347.36	5,073.40	0.00067	0.99933	99.60
3.5	8,688,506.89	1,946.83	0.00022	0.99978	99.53
4.5	10,197,749.32	6,225.10	0.00061	0.99939	99.51
5.5	12,193,404.73	11,749.38	0.00096	0.99904	99.45
6.5	14,905,648.00	86,627.99	0.00581	0.99419	99.35
7.5	16,405,812.97	38,314.90	0.00234	0.99766	98.77
8.5	17,171,095.97	47,295.33	0.00275	0.99725	98.54
9.5	15,884,824.69	58,403.26	0.00368	0.99632	98.27
10.5	14,381,282.38	82,625.08	0.00575	0.99425	97.91
11.5	13,914,905.13	52,266.43	0.00376	0.99624	97.35
12.5	13,111,807.80	58,781.12	0.00448	0.99552	96.98
13.5	11,849,604.07	62,230.20	0.00525	0.99475	96.55
14.5	9,560,809.69	71,330.00	0.00746	0.99254	96.04
15.5	8,568,700.72	64,662.82	0.00755	0.99245	95.32
16.5	8,072,432.79	105,376.05	0.01305	0.98695	94.60
17.5	7,122,440.16	77,970.30	0.01095	0.98905	93.37
18.5	6,021,140.19	73,259.89	0.01217	0.98783	92.35
19.5	5,389,127.39	78,012.63	0.01448	0.98552	91.23
20.5	4,703,859.12	104,240.83	0.02216	0.97784	89.91
21.5	3,755,901.41	38,404.05	0.01022	0.98978	87.92
22.5	3,282,285.49	45,538.37	0.01387	0.98613	87.02
23.5	2,697,332.05	65,764.70	0.02438	0.97562	85.81
24.5	2,116,320.75	52,972.78	0.02503	0.97497	83.72
25.5	1,645,809.21	90,540.00	0.05501	0.94499	81.62
26.5	1,280,697.93	260,842.72	0.20367	0.79633	77.13
27.5	915,181.10	39,385.92	0.04304	0.95696	61.42
28.5	871,140.08	29,718.39	0.03411	0.96589	58.78
29.5	792,044.71	25,593.12	0.03231	0.96769	56.78
30.5	643,846.52	29,577.52	0.04594	0.95406	54.95
31.5	517,733.87	32,007.85	0.06182	0.93818	52.43
32.5	360,474.09	64,086.58	0.17779	0.82221	49.19
33.5	204,384.03	38,428.08	0.18802	0.81198	40.44
34.5	104,576.17	13,535.69	0.12944	0.87056	32.84
35.5	50,914.05	5,406.25	0.10618	0.89382	28.59
36.5	18,422.52	2,430.82	0.13195	0.86805	25.55
37.5	528.96	1,039.16	1.96408	-0.96408	22.18
38.5	-16,885.44	609.72	-0.03613	1.03613	-21.38
39.5	-29,022.40	77.57	-0.00269	1.00269	
40.5	-28,473.82	0.00	0.00000	1.00000	
41.5	-5,113.94	0.00	0.00000	1.00000	
42.5	-2,700.56	0.00	0.00000	1.00000	
43.5	0.00	0.00	0.00000	0.00000	

Net Salvage Analysis Report

Account	Year	Retirements	Gross Salvage (Cash) Amount	Gross Salvage (Cash) Pct.	Gross Salvage (Returns) Amount	Gross Salvage (Returns) Pct.	Cost of Removal Amount	Cost of Removal Pct.	Net Salvage Amount	Net Salvage Pct.	1-Yr Avg
CECO 371 Install on Customer Premesis	1999	151,990.48	0.00	0.00	0.00	0.00	62.03	0.04	(62.03)	-0.04	-0.04
CECO 371 Install on Customer Premesis	2000	316,472.35	672.41	0.21	0.00	0.00	5,108.16	1.61	(4,435.75)	-1.40	-1.40
CECO 371 Install on Customer Premesis	2001	65,877.65	0.00	0.00	0.00	0.00	14,370.55	21.81	(14,370.55)	-21.81	-21.81
CECO 371 Install on Customer Premesis	2002	32,783.78	(448.13)	-1.37	0.00	0.00	8,378.69	25.56	(8,826.82)	-26.92	-26.92
CECO 371 Install on Customer Premesis	2003	56,918.12	0.00	0.00	0.00	0.00	3,822.87	6.72	(3,822.87)	-6.72	-6.72
CECO 371 Install on Customer Premesis	2004	132,398.60	1,096.75	0.83	0.00	0.00	5,680.83	4.29	(4,584.08)	-3.46	-3.46
CECO 371 Install on Customer Premesis	2005	197,049.59	1,035,000.00	525.25	0.00	0.00	(48,125.62)	-24.42	1,083,125.62	549.67	549.67
CECO 371 Install on Customer Premesis	2006	308,592.72	(1,033,112.52)	-334.78	0.00	0.00	242,081.65	78.45	(1,275,194.17)	-413.23	-413.23
		1,262,083.29	3,208.51	0.25	0.00	0.00	231,379.16	18.33	(228,170.65)	-18.08	

Whole Life Depreciation Accrual

Account: CECO 101/6-371 Inst on cust prem

Dispersion: 29 - R4

rage Net Salvage Rate: -18.00%

Future Net Salvage Rate: -18.00%

Broad Group Procedure

January 1, 2007

		Plant Amt	Period (Years)	Accrual (Dollars)	Accrual Rate (Percent)
Pre- 2007	Additions	$21,679,976.49		$870,362.01	4.014592
	Whole Life		29	$882,150.77	
	Amortization		0	$0.00	
	Retirements	$579,447.33	29	$11,788.76	
2007	Additions	$0.00		$0.00	0.000000
	Whole Life			$0.00	
	Retirements	$0.00	0.00	$0.00	
	Total:	$21,679,976.49 *		$870,362.01	4.014594
	Average:	$21,390,252.83		$870,362.01	4.068966
	Grand Total:	$21,679,976.49 *		$870,362.01	4.014594

** Excluding 2007 Retirements*

Account: CECO 101/6-371 Inst on cust prem

Dispersion: 29.00 - R4

Average Net Salvage Rate: -18.00%

Future Net Salvage Rate: -18.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
2006	0.50	$1,300,454.70	29.00	28.50	1.1597	1.0000	$1,508,105.25	$52,915.05
2005	1.50	$742,985.59	29.00	27.50	1.1190	1.0000	$831,427.89	$30,231.83
2004	2.50	$5,478.44	29.00	26.50	1.0784	1.0000	$5,908.06	$222.92
2003	3.50	$110,024.05	29.00	25.51	1.0379	1.0000	$114,188.89	$4,476.84
2002	4.50	$243,638.06	29.00	24.51	0.9973	1.0000	$242,989.57	$9,913.55
2001	5.50	$301,899.34	29.00	23.52	0.9569	1.0000	$288,891.39	$12,284.18
2000	6.50	$355,649.85	29.00	22.53	0.9166	1.0000	$325,988.52	$14,471.27
1999	7.50	$137,340.60	29.00	21.54	0.8764	1.0000	$120,369.89	$5,588.34
1998	8.50	$206,166.69	29.00	20.56	0.8365	1.0000	$172,449.76	$8,388.85
1997	9.50	$1,482,212.36	29.00	19.58	0.7967	1.0000	$1,180,909.66	$60,310.71
1996	10.50	$528,269.89	29.00	18.61	0.7573	1.0000	$400,064.64	$21,495.12
1995	11.50	$306,893.89	29.00	17.65	0.7183	1.0000	$220,427.68	$12,487.41
1994	12.50	$211,014.70	29.00	16.70	0.6797	1.0000	$143,421.34	$8,586.12
1993	13.50	$1,272,829.45	29.00	15.77	0.6416	1.0000	$816,653.18	$51,790.99
1992	14.50	$2,235,368.71	29.00	14.85	0.6042	1.0000	$1,350,600.34	$90,956.38
1991	15.50	$865,177.27	29.00	13.95	0.5675	1.0000	$490,986.10	$35,203.76
1990	16.50	$1,108,663.35	29.00	13.06	0.5316	1.0000	$589,330.45	$45,111.13
1989	17.50	$1,541,368.66	29.00	12.20	0.4965	1.0000	$765,365.19	$62,717.76
1988	18.50	$1,539,627.28	29.00	11.36	0.4624	1.0000	$711,977.16	$62,648.90
1987	19.50	$952,341.84	29.00	10.55	0.4294	1.0000	$408,913.00	$38,750.46
1986	20.50	$868,994.84	29.00	9.76	0.3973	1.0000	$345,245.50	$35,359.10
1985	21.50	$1,012,343.92	29.00	9.00	0.3664	1.0000	$370,877.27	$41,191.93
1984	22.50	$673,422.46	29.00	8.27	0.3364	1.0000	$226,527.20	$27,401.33
1983	23.50	$728,336.06	29.00	7.56	0.3075	1.0000	$223,984.23	$29,635.74
1982	24.50	$750,198.95	29.00	6.87	0.2796	1.0000	$209,767.10	$30,525.34
1981	25.50	$604,154.89	29.00	6.21	0.2527	1.0000	$152,681.93	$24,582.85
1980	26.50	$423,504.81	29.00	5.59	0.2274	1.0000	$96,294.05	$17,232.26
1979	27.50	$201,323.90	29.00	5.01	0.2039	1.0000	$41,053.92	$8,191.80
1978	28.50	$68,183.34	29.00	4.49	0.1828	1.0000	$12,464.61	$2,774.36
1977	29.50	$90,471.55	29.00	4.03	0.1639	1.0000	$14,829.90	$3,681.26
1976	30.50	$173,755.27	29.00	3.62	0.1472	1.0000	$25,574.67	$7,070.04
1975	31.50	$135,862.15	29.00	3.25	0.1323	1.0000	$17,972.57	$5,528.18
1974	32.50	$160,966.97	29.00	2.92	0.1188	1.0000	$19,120.66	$6,549.69
1973	33.50	$108,215.01	29.00	2.62	0.1066	1.0000	$11,531.55	$4,403.23

Account: CECO 101/6-371 Inst on cust prem

Dispersion: 29.00 - R4

Average Net Salvage Rate: -18.00%

Future Net Salvage Rate: -18.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
1972	34.50	$75,424.98	29.00	2.33	0.0949	1.0000	$7,158.41	$3,069.02
1971	35.50	$48,494.16	29.00	2.06	0.0838	1.0000	$4,062.97	$1,973.21
1970	36.50	$33,696.04	29.00	1.80	0.0732	1.0000	$2,467.45	$1,371.08
1969	37.50	$20,154.81	29.00	1.54	0.0627	1.0000	$1,264.54	$820.09
1968	38.50	$23,005.53	29.00	1.30	0.0530	1.0000	$1,219.96	$936.09
1967	39.50	$17,244.74	29.00	1.07	0.0434	1.0000	$747.71	$701.68
1966	40.50	$12,043.62	29.00	0.86	0.0352	1.0000	$423.75	$490.05
1965	41.50	$2,486.14	29.00	0.66	0.0269	1.0000	$66.97	$101.16
1964	42.50	$287.63	29.00	0.53	0.0215	1.0000	$6.18	$11.70
1963	43.50	$0.00	29.00	0.15	0.0059	1.0000	$0.00	$0.00
		$21,679,976.49	29.00	14.14	0.5754	1.0000	$12,474,310.85	$882,150.77

Depreciation Reserve Summary

Account: CECO 101/6-371 Inst on cust prem
Scenario: CECO Distr Study Use 2006 Bal
Version: 29 - R4
Average Net Salvage Rate: -18.00%
Future Net Salvage Rate: -18.00%

Broad Group Procedure

January 1 , 2007

		Depreciation Reserve		Net Plant	
	Plant Amt	Amount	Ratio	Amount	Ratio
Recorded	$21,679,976.49	$5,761,978.96	0.3119	$18,820,393.30	0.8681
Computed	$21,679,976.49	$13,108,061.41	0.6046	$12,474,310.85	0.5754
Difference		($6,346,082.45)	-0.2927	$6,346,082.45	0.2927

Cleveland Electric & Illuminating Company

Average Life and Salvage Rate Determination

Based On Year End 2006 Data using Beginning Balance 1999

Account 373 Street Lighting

Life and Iowa Survivor Curve

Current Life and Iowa Survivor Curve - 18 R2

Actuarial Life Analysis

34.66 R4 best fit using 1999 - 2006 data and a 1975 Placement Band

Industry Survey - EEI Survey of Depreciation Statistics 2003

Service Life Range 14 - 32 Years

Recommendation

Recommend a 27 R4 for this account

Comments:
The actuarial results would indicate a 35 R4 as the best fit to the data. However, this is outside the EEI Study results and increases the life by 17 years. This seemed unreasonable so we chose to look to the Observed Life Table which demonstrated a drop off in exposures to about 10% of current total exposures at approximately 27 years.

Salvage Factor Estimates

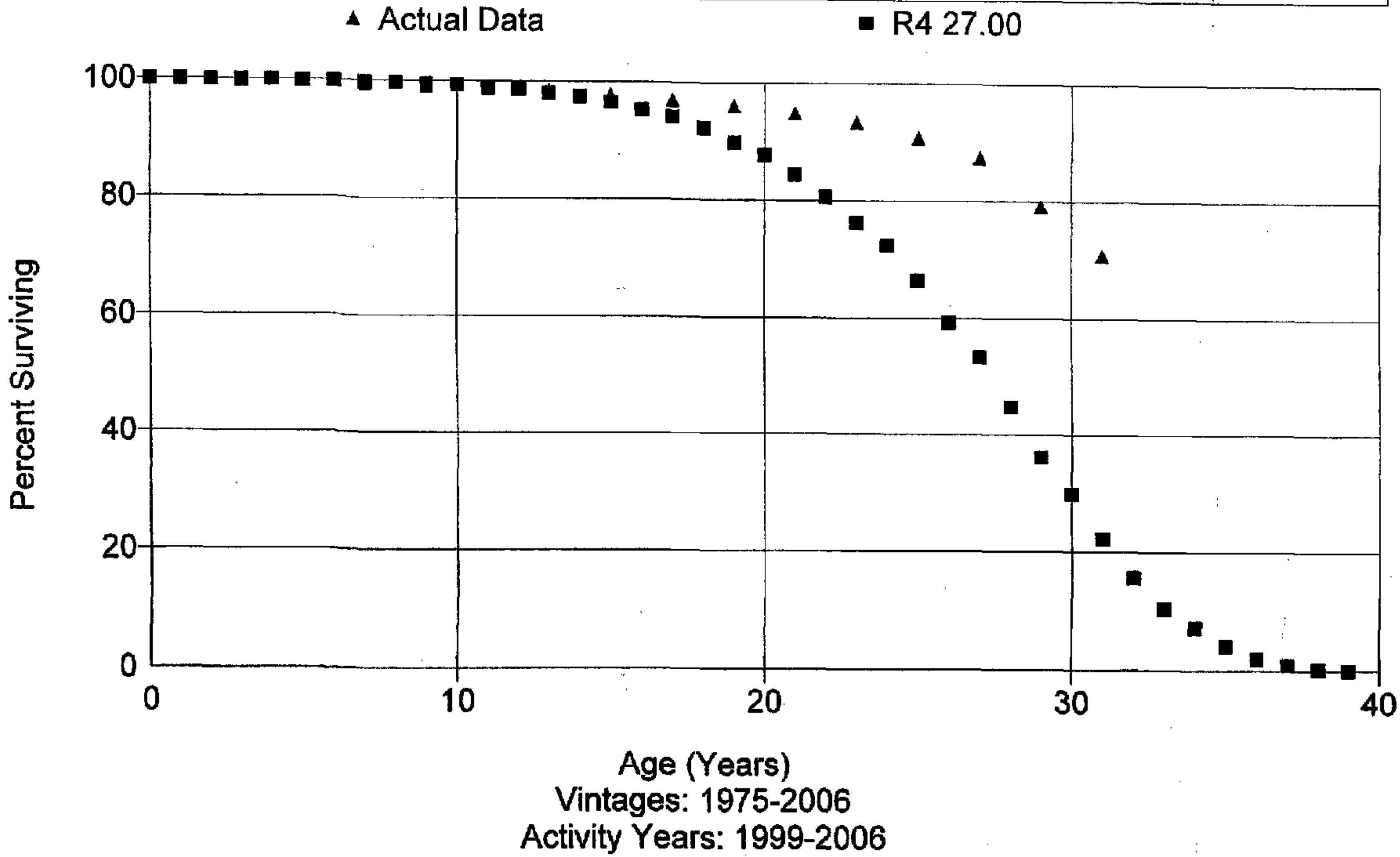
Current Net salvage Rate is - 0%
Proposed Net salvage Rate - 0%

Comments:
Our study of 1999 - 2006 data produced a -97.70% net salvage rate. We felt the study period was too short to be conclusive. EEI Study results for net salvage ranged from 60% to -157%. We had been using a 0% net salvage rate. We recommend continuing with the 0% rate until we have more data review.

Summary of Recommendations

27	Average Service Life
R4	Iowa Curve
0	% Net Salvage

Cleveland Electric Illuminating Company
Account 373 Street Lighting



Observed Life Table

Scenario: CECO Distr Study Use 2006 Bal
Account: CECO 101/6-373 Street lighting
Placement Band: 1975 - 2006 Observation Band: 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirment Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
0	21,531,772.90	6.12	0.00000	1.00000	100.00
0.5	11,525,221.08	5,490.30	0.00048	0.99952	100.00
1.5	8,296,437.70	5,153.95	0.00062	0.99938	99.95
2.5	8,787,856.51	1,777.66	0.00020	0.99980	99.89
3.5	9,111,912.56	1,212.14	0.00013	0.99987	99.87
4.5	7,699,573.49	7,193.51	0.00093	0.99907	99.86
5.5	8,375,359.33	2,516.12	0.00030	0.99970	99.77
6.5	11,490,790.97	27,393.05	0.00238	0.99762	99.74
7.5	14,658,298.56	31,914.41	0.00218	0.99782	99.50
8.5	16,124,592.47	26,847.51	0.00167	0.99833	99.28
9.5	18,375,501.80	28,501.13	0.00155	0.99845	99.11
10.5	19,325,321.61	31,430.19	0.00163	0.99837	98.96
11.5	19,774,285.57	25,177.28	0.00127	0.99873	98.80
12.5	21,585,448.52	48,882.19	0.00226	0.99774	98.67
13.5	21,119,796.54	67,229.61	0.00318	0.99682	98.45
14.5	17,877,977.68	68,917.92	0.00385	0.99615	98.14
15.5	14,859,272.25	54,968.57	0.00370	0.99630	97.78
16.5	14,799,987.25	69,502.33	0.00470	0.99530	97.40
17.5	13,730,779.03	63,109.52	0.00460	0.99540	96.94
18.5	13,118,512.74	62,808.84	0.00479	0.99521	96.49
19.5	12,609,817.05	78,737.78	0.00624	0.99376	96.03
20.5	11,081,788.36	73,259.82	0.00661	0.99339	95.43
21.5	8,982,674.12	63,491.09	0.00707	0.99293	94.80
22.5	8,026,156.00	62,827.55	0.00783	0.99217	94.13
23.5	7,396,384.53	85,430.95	0.01155	0.98845	93.39
24.5	5,470,288.71	91,580.38	0.01674	0.98326	92.31
25.5	4,232,919.79	72,723.51	0.01718	0.98282	90.76
26.5	2,972,611.64	54,766.61	0.01842	0.98158	89.20
27.5	2,254,545.57	157,260.02	0.06975	0.93025	87.56
28.5	1,477,287.60	41,359.37	0.02800	0.97200	81.45
29.5	1,025,845.14	68,391.52	0.06667	0.93333	79.17
30.5	536,169.79	21,781.95	0.04063	0.95937	73.89
31.5	0.00	0.00	0.00000	0.00000	70.89

Net Salvage Analysis Report

Account	Year	Retirements	Gross Salvage (Cash) Amount	Gross Salvage (Cash) Pct.	Gross Salvage (Returns) Amount	Gross Salvage (Returns) Pct.	Cost of Removal Amount	Cost of Removal Pct.	Net Salvage Amount	Net Salvage Pct.	1-Yr Avg
CECO 373 Street Lighting	1999	60,209.97	0.00	0.00	0.00	0.00	95.94	0.16	(95.94)	-0.16	-0.16
CECO 373 Street Lighting	2000	384,624.63	280.69	0.07	0.00	0.00	18,762.72	4.88	(18,482.03)	-4.81	-4.81
CECO 373 Street Lighting	2001	297,851.17	945.00	0.32	0.00	0.00	53,850.30	18.08	(52,905.30)	-17.76	-17.76
CECO 373 Street Lighting	2002	102,221.01	37.67	0.04	0.00	0.00	230,219.86	225.22	(230,182.19)	-225.18	-225.18
CECO 373 Street Lighting	2003	188,003.25	72.90	0.04	0.00	0.00	44,699.19	23.78	(44,626.29)	-23.74	-23.74
CECO 373 Street Lighting	2004	270,950.49	25,062.33	9.25	0.00	0.00	40,288.23	14.87	(15,225.90)	-5.62	-5.62
CECO 373 Street Lighting	2005	455,752.03	6,478,846.84	1421.53	0.00	0.00	38,606.70	8.47	6,440,040.14	1413.06	1413.06
CECO 373 Street Lighting	2006	1,112,741.52	(6,456,477.49)	-580.23	0.00	0.00	2,428,396.72	218.24	(8,884,874.21)	-798.47	-798.47
		2,872,354.07	48,567.94	1.69	0.00	0.00	2,854,919.66	99.39	(2,806,351.72)	-97.70	

Whole Life Depreciation Accrual

Account: CECO 101/6-373 Street lighting
Dispersion: 27 - R4

Average Net Salvage Rate: 0.00%
Future Net Salvage Rate: 0.00%

Broad Group Procedure

January 1, 2007

	Plant Amt	Period (Years)	Accrual (Dollars)	Accrual Rate (Percent)
Pre- 2007 Additions	$66,611,171.05		$2,353,688.15	3.533474
Whole Life		27	$2,429,844.25	
Amortization		0	$0.00	
Retirements	$4,112,429.18	27	$76,156.10	
2007 Additions	$0.00		$0.00	0.000000
Whole Life			$0.00	
Retirements	$0.00	0.00	$0.00	
Total:	$66,611,171.05 *		$2,353,688.15	3.533475
Average:	$64,554,956.46		$2,353,688.15	3.646022
Grand Total:	$66,611,171.05 *		$2,353,688.15	3.533475

* Excluding 2007 Retirements

Account: CECO 101/6-373 Street lighting

Dispersion: 27.00 - R4

Average Net Salvage Rate: 0.00%

Future Net Salvage Rate: 0.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
2006	0.50	$9,904,505.91	27.00	26.50	0.9815	1.0000	$9,721,270.99	$366,833.55
2005	1.50	$3,629,582.20	27.00	25.50	0.9445	1.0000	$3,428,154.26	$134,428.97
2004	2.50	$393,026.52	27.00	24.50	0.9075	1.0000	$356,690.06	$14,556.54
2003	3.50	$394,737.91	27.00	23.51	0.8706	1.0000	$343,672.58	$14,619.92
2002	4.50	$1,837,401.27	27.00	22.51	0.8338	1.0000	$1,531,975.07	$68,051.90
2001	5.50	$2,416,705.63	27.00	21.52	0.7970	1.0000	$1,926,148.26	$89,507.62
2000	6.50	$1,605,145.62	27.00	20.53	0.7604	1.0000	$1,220,509.56	$59,449.84
1999	7.50	$1,134,077.34	27.00	19.55	0.7239	1.0000	$820,951.65	$42,002.86
1998	8.50	$392,947.26	27.00	18.57	0.6876	1.0000	$270,205.93	$14,553.60
1997	9.50	$1,490,042.47	27.00	17.59	0.6517	1.0000	$970,995.41	$55,186.76
1996	10.50	$1,303,317.43	27.00	16.63	0.6160	1.0000	$802,864.90	$48,271.02
1995	11.50	$2,077,355.19	27.00	15.68	0.5808	1.0000	$1,206,522.71	$76,939.08
1994	12.50	$795,132.08	27.00	14.75	0.5461	1.0000	$434,245.57	$29,449.34
1993	13.50	$3,057,488.45	27.00	13.82	0.5120	1.0000	$1,565,538.02	$113,240.31
1992	14.50	$4,689,138.82	27.00	12.92	0.4786	1.0000	$2,244,374.60	$173,671.81
1991	15.50	$4,307,872.18	27.00	12.04	0.4461	1.0000	$1,921,538.11	$159,550.82
1990	16.50	$1,984,026.99	27.00	11.19	0.4143	1.0000	$822,009.62	$73,482.48
1989	17.50	$2,253,024.44	27.00	10.35	0.3835	1.0000	$864,036.90	$83,445.35
1988	18.50	$1,840,659.64	27.00	9.55	0.3537	1.0000	$650,986.79	$68,172.58
1987	19.50	$1,172,451.02	27.00	8.77	0.3250	1.0000	$380,992.42	$43,424.11
1986	20.50	$2,208,603.31	27.00	8.02	0.2972	1.0000	$656,424.61	$81,800.12
1985	21.50	$2,593,655.65	27.00	7.30	0.2705	1.0000	$701,534.36	$96,061.32
1984	22.50	$1,450,927.96	27.00	6.61	0.2448	1.0000	$355,154.87	$53,738.07
1983	23.50	$1,276,743.85	27.00	5.94	0.2200	1.0000	$280,884.68	$47,286.81
1982	24.50	$1,871,956.70	27.00	5.31	0.1965	1.0000	$367,901.34	$69,331.73
1981	25.50	$1,171,469.50	27.00	4.73	0.1750	1.0000	$205,007.89	$43,387.76
1980	26.50	$1,207,925.98	27.00	4.20	0.1556	1.0000	$187,949.77	$44,738.00
1979	27.50	$678,155.52	27.00	3.74	0.1384	1.0000	$93,877.20	$25,116.87
1978	28.50	$633,693.32	27.00	3.33	0.1233	1.0000	$78,161.39	$23,470.12
1977	29.50	$423,479.15	27.00	2.97	0.1100	1.0000	$46,571.71	$15,684.41
1976	30.50	$432,183.27	27.00	2.65	0.0980	1.0000	$42,351.97	$16,006.79
1975	31.50	$537,257.25	27.00	2.35	0.0871	1.0000	$46,784.66	$19,898.42
1974	32.50	$1,212,449.19	27.00	2.07	0.0767	1.0000	$92,953.16	$44,905.53
1973	33.50	$157,972.37	27.00	1.80	0.0668	1.0000	$10,555.90	$5,850.83

Generation Arrangement Report

Account: CECO 101/6-373 Street lighting

Dispersion: 27.00 - R4

Average Net Salvage Rate: 0.00%

Future Net Salvage Rate: 0.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
1972	34.50	$395,245.74	27.00	1.55	0.0574	1.0000	$22,698.48	$14,638.73
1971	35.50	$584,158.13	27.00	1.30	0.0481	1.0000	$28,106.29	$21,635.49
1970	36.50	$528,722.69	27.00	1.06	0.0394	1.0000	$20,829.78	$19,582.32
1969	37.50	$625,595.25	27.00	0.85	0.0315	1.0000	$19,691.75	$23,170.19
1968	38.50	$538,899.49	27.00	0.68	0.0251	1.0000	$13,550.16	$19,959.24
1967	39.50	$253,918.80	27.00	0.52	0.0193	1.0000	$4,897.57	$9,404.40
1966	40.50	$144,143.17	27.00	0.13	0.0050	1.0000	$720.04	$5,338.64
1965	41.50	$129,766.07	27.00	0.00	0.0000	0.0000	$0.00	$0.00
1964	42.50	$108,478.06	27.00	0.00	0.0000	0.0000	$0.00	$0.00
1963	43.50	$80,622.14	27.00	0.00	0.0000	0.0000	$0.00	$0.00
1962	44.50	$47,032.32	27.00	0.00	0.0000	0.0000	$0.00	$0.00
1961	45.50	$68,029.02	27.00	0.00	0.0000	0.0000	$0.00	$0.00
1960	46.50	$42,744.63	27.00	0.00	0.0000	0.0000	$0.00	$0.00
1959	47.50	$33,670.62	27.00	0.00	0.0000	0.0000	$0.00	$0.00
1958	48.50	$67,336.22	27.00	0.00	0.0000	0.0000	$0.00	$0.00
1957	49.50	$87,790.22	27.00	0.00	0.0000	0.0000	$0.00	$0.00
1956	50.50	$50,445.91	27.00	0.00	0.0000	0.0000	$0.00	$0.00
1955	51.50	$33,611.39	27.00	0.00	0.0000	0.0000	$0.00	$0.00
1954	52.50	$39,682.36	27.00	0.00	0.0000	0.0000	$0.00	$0.00
1953	53.50	$33,470.89	27.00	0.00	0.0000	0.0000	$0.00	$0.00
1952	54.50	$25,591.42	27.00	0.00	0.0000	0.0000	$0.00	$0.00
1951	55.50	$23,681.92	27.00	0.00	0.0000	0.0000	$0.00	$0.00
1950	56.50	$20,294.31	27.00	0.00	0.0000	0.0000	$0.00	$0.00
1949	57.50	$11,691.22	27.00	0.00	0.0000	0.0000	$0.00	$0.00
1948	58.50	$7,048.42	27.00	0.00	0.0000	0.0000	$0.00	$0.00
1947	59.50	$410.66	27.00	0.00	0.0000	0.0000	$0.00	$0.00
1946	60.50	$798.77	27.00	0.00	0.0000	0.0000	$0.00	$0.00
1945	61.50	$94.82	27.00	0.00	0.0000	0.0000	$0.00	$0.00
1944	62.50	$6,279.71	27.00	0.00	0.0000	0.0000	$0.00	$0.00
1934	72.50	$76,969.12	27.00	0.00	0.0000	0.0000	$0.00	$0.00
1924	82.50	$9,836.17	27.00	0.00	0.0000	0.0000	$0.00	$0.00
		$66,611,171.05	27.00	14.09	0.5218	1.0000	$34,760,290.40	$2,429,844.25

Depreciation Reserve Summary

Account: CECO 101/6-373 Street lighting
Scenario: CECO Distr Study Use 2006 Bal
Version: 27 - R4

Average Net Salvage Rate: 0.00%
Future Net Salvage Rate: 0.00%

Broad Group Procedure

January 1 , 2007

		Depreciation Reserve		Net Plant	
	Plant Amt	Amount	Ratio	Amount	Ratio
Recorded	$66,611,171.05	$34,147,798.91	0.5126	$32,463,372.14	0.4874
Computed	$66,611,171.05	$31,850,880.65	0.4782	$34,760,290.40	0.5218
Difference		$2,296,918.26	0.0345	($2,296,918.26)	-0.0345

Cleveland Electric & Illuminating Company

Average Life and Salvage Rate Determination

Based On Year End 2006 Data using Beginning Balance 1999

Account 390 General Structures & Improvements

Life and Iowa Survivor Curve

Current Life and Iowa Survivor Curve is 50 R2

Actuarial Life Analysis

17.31 R1.5 best fit using 1999 - 2006 data

Industry Survey - EEI Survey of Depreciation Statistics 2003

Service Life Range 29 - 60 Years

Recommendation

No change is recommended for this account continue using 50 O1

Comments:
Actuarial results seem inappropriate in accordance with previous studies and EEI industry results. We recommend using the current 50 R2 which is more consistent with the above studies.

Salvage Factor Estimates

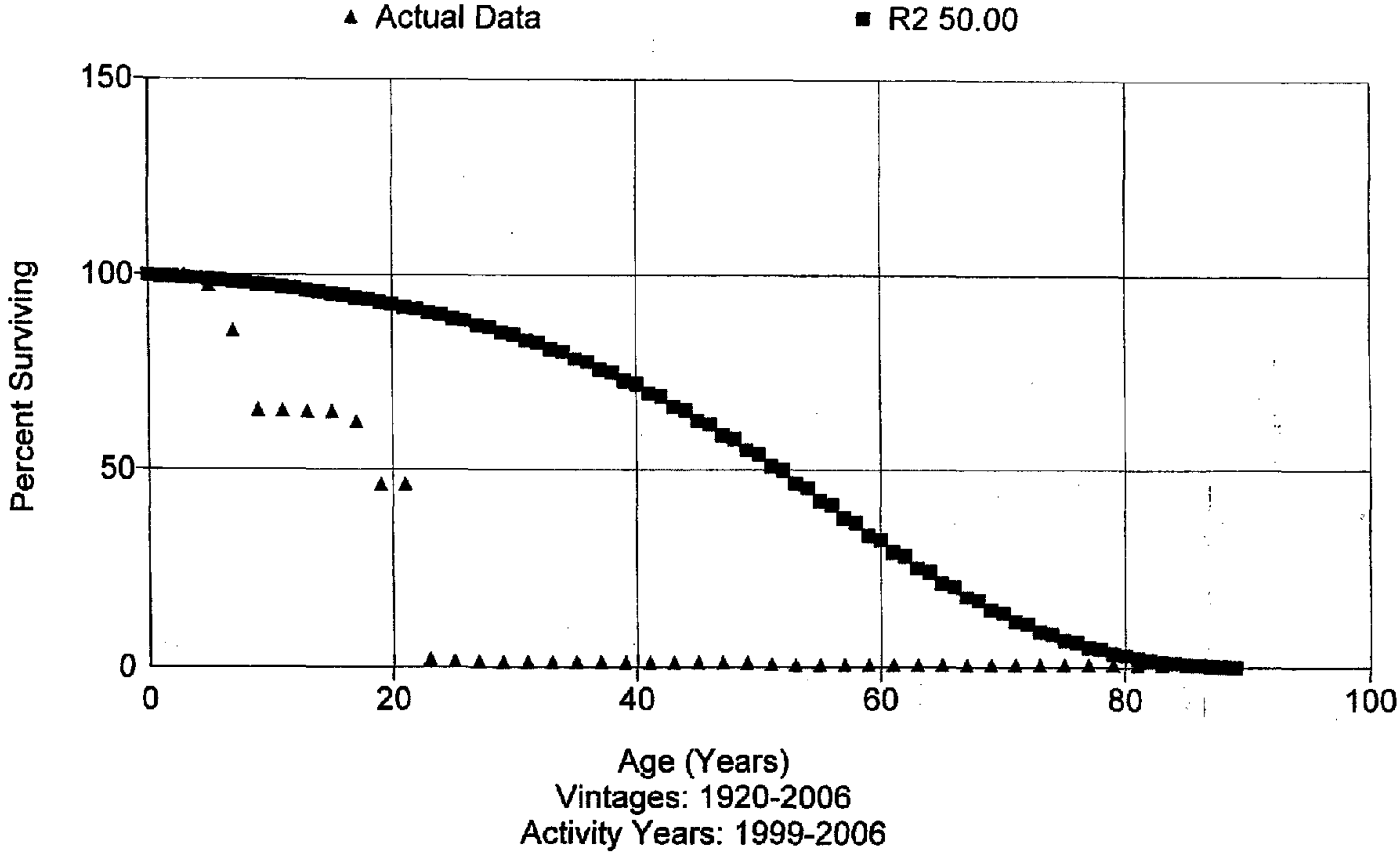
Current Net salvage Rate is -10%
Proposed Net salvage Rate -10%

Comments:
Our study of 1999 - 2006 data produced a -8% net salvage rate which we believe to be reasonable with previous analysis and EEI industry trends which range from 25% to -50%. We recommend no change to the current -10% Net salvage rate.

Summary of Recommendations

50	Average Service Life
R2	Iowa Curve
-10	% Net Salvage

Cleveland Electric Illuminating Company
Account: 390 General Structures



Observed Life Table

Scenario: CECO GENL STUDY 2007

Account: CECO 101/6-390 Structures/improve

Placement Band: 1920 - 2006 Observation Band: 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirment Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
0	9,049,887.38	0.00	0.00000	1.00000	100.00
0.5	9,186,390.66	0.00	0.00000	1.00000	100.00
1.5	10,628,882.47	0.00	0.00000	1.00000	100.00
2.5	12,277,793.48	-22,272.77	-0.00181	1.00181	100.00
3.5	13,731,002.01	244,822.53	0.01783	0.98217	100.18
4.5	13,746,726.36	151,553.60	0.01102	0.98898	98.39
5.5	15,687,540.01	0.00	0.00000	1.00000	97.31
6.5	10,296,002.82	1,234,469.68	0.11990	0.88010	97.31
7.5	9,979,171.18	1,365,877.10	0.13687	0.86313	85.64
8.5	7,638,212.21	875,305.55	0.11460	0.88540	73.92
9.5	6,485,075.63	4,028.00	0.00062	0.99938	65.45
10.5	6,066,072.95	6,128.17	0.00101	0.99899	65.41
11.5	5,060,691.38	24,297.00	0.00480	0.99520	65.34
12.5	4,394,371.21	0.00	0.00000	1.00000	65.03
13.5	2,543,064.88	0.00	0.00000	1.00000	65.03
14.5	1,370,848.89	0.00	0.00000	1.00000	65.03
15.5	1,694,607.55	0.00	0.00000	1.00000	65.03
16.5	2,117,509.95	83,205.81	0.03929	0.96071	65.03
17.5	1,597,204.02	411,271.86	0.25749	0.74251	62.47
18.5	801,354.33	0.00	0.00000	1.00000	46.38
19.5	650,106.33	0.00	0.00000	1.00000	46.38
20.5	371,314.33	0.00	0.00000	1.00000	46.38
21.5	205,936.33	18,890.00	0.09173	0.90827	46.38
22.5	115,080.33	109,303.52	0.94981	0.05019	42.13
23.5	-10,226.19	0.00	0.00000	1.00000	2.11
24.5	98,768.82	22,758.67	0.23043	0.76957	
25.5	508,840.81	2,540.00	0.00499	0.99501	
26.5	483,390.81	10,749.86	0.02224	0.97776	
27.5	452,317.95	0.00	0.00000	1.00000	
28.5	585,827.95	72,220.74	0.12328	0.87672	
29.5	1,849,939.21	13,070.08	0.00707	0.99293	
30.5	1,941,325.65	86.29	0.00004	0.99996	
31.5	1,947,914.36	285.06	0.00015	0.99985	
32.5	2,598,420.97	3,622.06	0.00139	0.99861	
33.5	3,287,496.91	42,382.67	0.01289	0.98711	
34.5	3,476,702.10	284.42	0.00008	0.99992	
35.5	3,685,102.68	64,220.50	0.01743	0.98257	
36.5	3,526,350.92	182.80	0.00005	0.99995	
37.5	2,268,260.20	5,610.46	0.00247	0.99753	
38.5	2,255,642.03	21,118.79	0.00936	0.99064	
39.5	2,207,310.30	56,368.55	0.02554	0.97446	
40.5	1,434,966.81	48,430.94	0.03375	0.96625	
41.5	740,814.54	4,718.84	0.00637	0.99363	
42.5	534,520.12	363.68	0.00068	0.99932	
43.5	548,163.94	1,285.97	0.00235	0.99765	
44.5	1,932,724.77	1,859.29	0.00096	0.99904	
45.5	1,866,984.94	0.00	0.00000	1.00000	
46.5	1,892,322.73	5,287.69	0.00279	0.99721	
47.5	1,905,921.59	6,516.77	0.00342	0.99658	
48.5	1,834,005.76	2,458.17	0.00134	0.99866	
49.5	2,006,614.43	295.29	0.00015	0.99985	
50.5	1,843,741.82	697,058.15	0.37807	0.62193	
51.5	993,882.64	151,927.21	0.15286	0.84714	
52.5	-557,238.28	0.00	0.00000	1.00000	

Observed Life Table

Scenario: CECO GENL STUDY 2007

Account: CECO 101/6-390 Structures/improve

Placement Band: 1920 - 2006

Observation Band: 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirment Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
53.5	-582,924.28	0.00	0.00000	1.00000	
54.5	-590,797.59	0.00	0.00000	1.00000	
55.5	-586,505.82	0.00	0.00000	1.00000	
56.5	-591,659.65	0.00	0.00000	1.00000	
57.5	-781,772.36	0.00	0.00000	1.00000	
58.5	-90,119.21	0.00	0.00000	1.00000	
59.5	86,308.00	0.00	0.00000	1.00000	
60.5	200,297.00	0.00	0.00000	1.00000	
61.5	388,332.00	0.00	0.00000	1.00000	
62.5	415,406.00	0.00	0.00000	1.00000	
63.5	441,180.00	0.00	0.00000	1.00000	
64.5	460,027.00	0.00	0.00000	1.00000	
65.5	434,126.00	0.00	0.00000	1.00000	
66.5	422,571.00	0.00	0.00000	1.00000	
67.5	389,339.00	0.00	0.00000	1.00000	
68.5	382,572.00	0.00	0.00000	1.00000	
69.5	216,297.00	0.00	0.00000	1.00000	
70.5	290,071.00	0.00	0.00000	1.00000	
71.5	305,361.00	0.00	0.00000	1.00000	
72.5	490,564.00	0.00	0.00000	1.00000	
73.5	490,319.00	0.00	0.00000	1.00000	
74.5	490,319.00	0.00	0.00000	1.00000	
75.5	558,028.00	0.00	0.00000	1.00000	
76.5	445,506.00	0.00	0.00000	1.00000	
77.5	422,526.00	0.00	0.00000	1.00000	
78.5	318,254.00	0.00	0.00000	1.00000	
79.5	276,786.00	0.00	0.00000	1.00000	
80.5	68,689.00	0.00	0.00000	1.00000	
81.5	68,689.00	0.00	0.00000	1.00000	
82.5	68,689.00	0.00	0.00000	1.00000	
83.5	60.00	0.00	0.00000	1.00000	
84.5	60.00	0.00	0.00000	1.00000	
85.5	60.00	0.00	0.00000	1.00000	
86.5	0.00	0.00	0.00000	0.00000	

Net Salvage Analysis Report

Account	Year	Retirements	Gross Salvage (Cash) Amount	Gross Salvage (Cash) Pct.	Gross Salvage (Returns) Amount	Gross Salvage (Returns) Pct.	Cost of Removal Amount	Cost of Removal Pct.	Net Salvage Amount	Net Salvage Pct.	1-Yr Avg
CECO 390 Structures/Improvements	2000	10,345.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CECO 390 Structures/Improvements	2001	22,272.77	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CECO 390 Structures/Improvements	2002	(9,135.77)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CECO 390 Structures/Improvements	2004	0.00	152,736.07	0.00	0.00	0.00	150,948.69	0.00	1,787.38	0.00	0.00
		23,482.00	152,736.07	650.44	0.00	0.00	150,948.69	642.83	1,787.38	7.61	

Account: CECO 101/6-390 Structures/improve

Dispersion: 50 - R2

[illegible]rage Net Salvage Rate: -10.00%

Future Net Salvage Rate: -10.00%

Broad Group Procedure

January 1, 2007

		Plant Amt	Period (Years)	Accrual (Dollars)	Accrual Rate (Percent)
Pre- 2007	Additions	$32,523,212.40		$710,545.55	2.184735
	Whole Life		50	$715,510.67	
	Amortization		0	$0.00	
	Retirements	$451,374.75	50	$4,965.12	
2007	Additions	$0.00		$0.00	0.000000
	Whole Life			$0.00	
	Retirements	$0.00	0.00	$0.00	
	Total:	$32,523,212.40 *		$710,545.55	2.184737
	Average:	$32,297,525.03		$710,545.55	2.200000
	Grand Total:	$32,523,212.40 *		$710,545.55	2.184737

* Excluding 2007 Retirements

Account: CECO 101/6-390 Structures/improve

Dispersion: 50.00 - R2

Average Net Salvage Rate: -10.00%

Future Net Salvage Rate: -10.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
2006	0.50	$1,582,403.63	50.00	49.55	1.0900	1.0000	$1,724,884.46	$34,812.88
2003	3.50	$17,422.17	50.00	46.86	1.0309	1.0000	$17,959.82	$383.29
2002	4.50	$141,499.12	50.00	45.97	1.0114	1.0000	$143,106.97	$3,112.98
2001	5.50	$71,397.70	50.00	45.09	0.9920	1.0000	$70,825.55	$1,570.75
2000	6.50	$7,991,174.19	50.00	44.22	0.9727	1.0000	$7,773,299.09	$175,805.83
1999	7.50	$146,803.35	50.00	43.35	0.9536	1.0000	$139,993.89	$3,229.67
1998	8.50	$682,287.10	50.00	42.48	0.9346	1.0000	$637,685.60	$15,010.32
1997	9.50	$907,348.50	50.00	41.63	0.9158	1.0000	$830,925.24	$19,961.67
1996	10.50	$1,403,999.72	50.00	40.77	0.8970	1.0000	$1,259,457.52	$30,887.98
1995	11.50	$1,445,210.93	50.00	39.93	0.8785	1.0000	$1,269,577.81	$31,794.64
1994	12.50	$402,046.00	50.00	39.09	0.8600	1.0000	$345,773.59	$8,845.01
1993	13.50	$2,073,186.33	50.00	38.26	0.8417	1.0000	$1,745,102.98	$45,610.10
1992	14.50	$3,682,562.00	50.00	37.44	0.8236	1.0000	$3,032,991.55	$81,016.36
1991	15.50	$1,081,129.71	50.00	36.62	0.8056	1.0000	$870,985.89	$23,784.85
1990	16.50	$636,825.27	50.00	35.81	0.7878	1.0000	$501,685.90	$14,010.16
1989	17.50	$461,905.19	50.00	35.01	0.7701	1.0000	$355,721.97	$10,161.91
1988	18.50	$574,539.00	50.00	34.21	0.7526	1.0000	$432,407.29	$12,639.86
1987	19.50	$201,135.00	50.00	33.42	0.7353	1.0000	$147,888.22	$4,424.97
1986	20.50	$332,723.00	50.00	32.64	0.7181	1.0000	$238,926.16	$7,319.91
1985	21.50	$221,880.00	50.00	31.87	0.7011	1.0000	$155,558.20	$4,881.36
1984	22.50	$98,873.00	50.00	31.10	0.6843	1.0000	$67,655.25	$2,175.21
1983	23.50	$76,937.00	50.00	30.35	0.6676	1.0000	$51,364.04	$1,692.61
1982	24.50	$184,695.00	50.00	29.60	0.6511	1.0000	$120,262.71	$4,063.29
1981	25.50	$20,053.00	50.00	28.86	0.6349	1.0000	$12,730.92	$441.17
1980	26.50	$183,833.00	50.00	28.13	0.6188	1.0000	$113,750.19	$4,044.33
1979	27.50	$25,590.00	50.00	27.40	0.6029	1.0000	$15,427.35	$562.98
1978	28.50	$53,931.00	50.00	26.69	0.5872	1.0000	$31,666.28	$1,186.48
1977	29.50	$49,933.00	50.00	25.98	0.5717	1.0000	$28,544.66	$1,098.53
1976	30.50	$24,367.00	50.00	25.29	0.5564	1.0000	$13,556.89	$536.07
1975	31.50	$60,934.00	50.00	24.60	0.5413	1.0000	$32,982.02	$1,340.55
1974	32.50	$210,484.00	50.00	23.93	0.5264	1.0000	$110,797.91	$4,630.65
1973	33.50	$41,612.00	50.00	23.26	0.5117	1.0000	$21,294.31	$915.46
1972	34.50	$160,923.00	50.00	22.60	0.4973	1.0000	$80,025.91	$3,540.31
1971	35.50	$5,267.00	50.00	21.96	0.4831	1.0000	$2,544.35	$115.87

Account: CECO 101/6-390 Structures/improve

Dispersion: 50.00 - R2

Average Net Salvage Rate: -10.00%

Future Net Salvage Rate: -10.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
1970	36.50	$187,441.00	50.00	21.32	0.4691	1.0000	$87,925.89	$4,123.70
1969	37.50	$1,367,375.00	50.00	20.70	0.4553	1.0000	$622,610.98	$30,082.25
1968	38.50	$19,520.00	50.00	20.08	0.4418	1.0000	$8,624.22	$429.44
1967	39.50	$67,609.00	50.00	19.48	0.4285	1.0000	$28,972.46	$1,487.40
1966	40.50	$845,086.00	50.00	18.89	0.4155	1.0000	$351,130.77	$18,591.89
1965	41.50	$734,310.00	50.00	18.30	0.4027	1.0000	$295,712.17	$16,154.82
1964	42.50	$381,761.00	50.00	17.74	0.3902	1.0000	$148,951.81	$8,398.74
1963	43.50	$213,952.00	50.00	17.18	0.3779	1.0000	$80,849.23	$4,706.94
1962	44.50	$20,689.00	50.00	16.63	0.3659	1.0000	$7,569.24	$455.16
1961	45.50	$96,397.00	50.00	16.09	0.3541	1.0000	$34,133.04	$2,120.73
1960	46.50	$12,426.00	50.00	15.57	0.3426	1.0000	$4,256.82	$273.37
1959	47.50	$40,111.00	50.00	15.06	0.3313	1.0000	$13,289.91	$882.44
1958	48.50	$125,489.00	50.00	14.58	0.3203	1.0000	$40,199.04	$2,760.76
1957	49.50	$46,206.00	50.00	14.07	0.3096	1.0000	$14,306.23	$1,016.53
1956	50.50	$179,901.00	50.00	13.60	0.2992	1.0000	$53,818.96	$3,957.82
1955	51.50	$163,739.00	50.00	13.13	0.2890	1.0000	$47,314.07	$3,602.26
1954	52.50	$1,406,353.00	50.00	12.68	0.2790	1.0000	$392,401.14	$30,939.77
1953	53.50	$26,906.00	50.00	12.24	0.2693	1.0000	$7,246.83	$591.93
1952	54.50	$16,645.00	50.00	11.81	0.2599	1.0000	$4,326.24	$366.19
1951	55.50	$2,629.00	50.00	11.40	0.2507	1.0000	$659.19	$57.84
1950	56.50	$11,659.00	50.00	10.99	0.2418	1.0000	$2,819.25	$256.50
1949	57.50	$216,554.00	50.00	10.60	0.2331	1.0000	$50,483.83	$4,764.19
1948	58.50	$42,157.49	50.00	10.21	0.2247	1.0000	$9,471.48	$927.46
1947	59.50	$9,652.00	50.00	9.84	0.2164	1.0000	$2,089.05	$212.34
1946	60.50	$5,300.00	50.00	9.47	0.2084	1.0000	$1,104.65	$116.60
1945	61.50	$1,220.00	50.00	9.12	0.2006	1.0000	$244.75	$26.84
1944	62.50	$3,484.00	50.00	8.77	0.1930	1.0000	$672.44	$76.65
1943	63.50	$404.00	50.00	8.44	0.1856	1.0000	$74.97	$8.89
1942	64.50	$4,047.00	50.00	8.11	0.1783	1.0000	$721.67	$89.03
1941	65.50	$26,146.00	50.00	7.78	0.1712	1.0000	$4,476.69	$575.21
1940	66.50	$11,555.00	50.00	7.47	0.1643	1.0000	$1,897.97	$254.21
1939	67.50	$34,152.00	50.00	7.16	0.1574	1.0000	$5,376.05	$751.34
1938	68.50	$119,289.00	50.00	6.85	0.1507	1.0000	$17,974.57	$2,624.36
1937	69.50	$189,255.00	50.00	6.55	0.1440	1.0000	$27,261.67	$4,163.61

Generation Arrangement Report

Account: CECO 101/6-390 Structures/improve

Dispersion: 50.00 - R2

Average Net Salvage Rate: -10.00%

Future Net Salvage Rate: -10.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
1936	70.50	$30,558.00	50.00	6.25	0.1375	1.0000	$4,201.15	$672.28
1935	71.50	$26,178.00	50.00	5.95	0.1310	1.0000	$3,428.77	$575.92
1934	72.50	$22,894.00	50.00	5.66	0.1245	1.0000	$2,850.76	$503.67
1933	73.50	$245.00	50.00	5.37	0.1181	1.0000	$28.93	$5.39
1932	74.50	$0.00	50.00	5.08	0.1117	1.0000	$0.00	$0.00
1931	75.50	$920.00	50.00	4.79	0.1053	1.0000	$96.88	$20.24
1930	76.50	$112,522.00	50.00	4.50	0.0989	1.0000	$11,132.93	$2,475.48
1929	77.50	$22,980.00	50.00	4.21	0.0926	1.0000	$2,127.60	$505.56
1928	78.50	$104,332.00	50.00	3.92	0.0862	1.0000	$8,998.06	$2,295.30
1927	79.50	$41,468.00	50.00	3.63	0.0799	1.0000	$3,314.57	$912.30
1926	80.50	$208,097.00	50.00	3.35	0.0736	1.0000	$15,325.37	$4,578.13
1925	81.50	$0.00	50.00	3.06	0.0674	1.0000	$0.00	$0.00
1923	83.50	$68,629.00	50.00	2.51	0.0551	1.0000	$3,782.23	$1,509.84
1920	86.50	$60.00	50.00	1.70	0.0374	1.0000	$2.24	$1.32
		$32,523,212.40	50.00	34.69	0.7632	1.0000	$24,821,617.04	$715,510.67

Depreciation Reserve Summary

Account: CECO 101/6-390 Structures/improve

Scenario: CECO 2007 *Building Scenario*

Version: 50 - R2

Average Net Salvage Rate: -10.00%

Future Net Salvage Rate: -10.00%

Broad Group Procedure

January 1 , 2007

		Depreciation Reserve		Net Plant	
	Plant Amt	Amount	Ratio	Amount	Ratio
Recorded	$32,523,212.40	$12,300,429.76	0.3782	$23,475,103.88	0.7218
Computed	$32,523,212.40	$10,953,916.60	0.3368	$24,821,617.04	0.7632
Difference		$1,346,513.16	0.0414	($1,346,513.16)	-0.0414

Cleveland Electric & Illuminating Company

Average Life and Salvage Rate Determination

Based On Year End 2006 Data using Beginning Balance 1999

Account 39110 General Furniture & Equipment

Life and Iowa Survivor Curve

Current Life and Iowa Survivor Curve is 15 O1

Actuarial Life Analysis

10.52 L1.5 best fit using 1999 - 2006 data

Industry Survey - EEI Survey of Depreciation Statistics 2003

Service Life Range 3 - 31 Years

Recommendation

We recommend changing to a 12.5 L1

Comments:
Actuarial results indicate a 10.52 L1.5 . We note that according to the Observed Life Table there are still 55.93 % survivors while at 12.5 years this drops to 29.50 survivorship. We chose to use a rate between the recommended rate and the previous selected Iowa Curve and Rate.

Salvage Factor Estimates

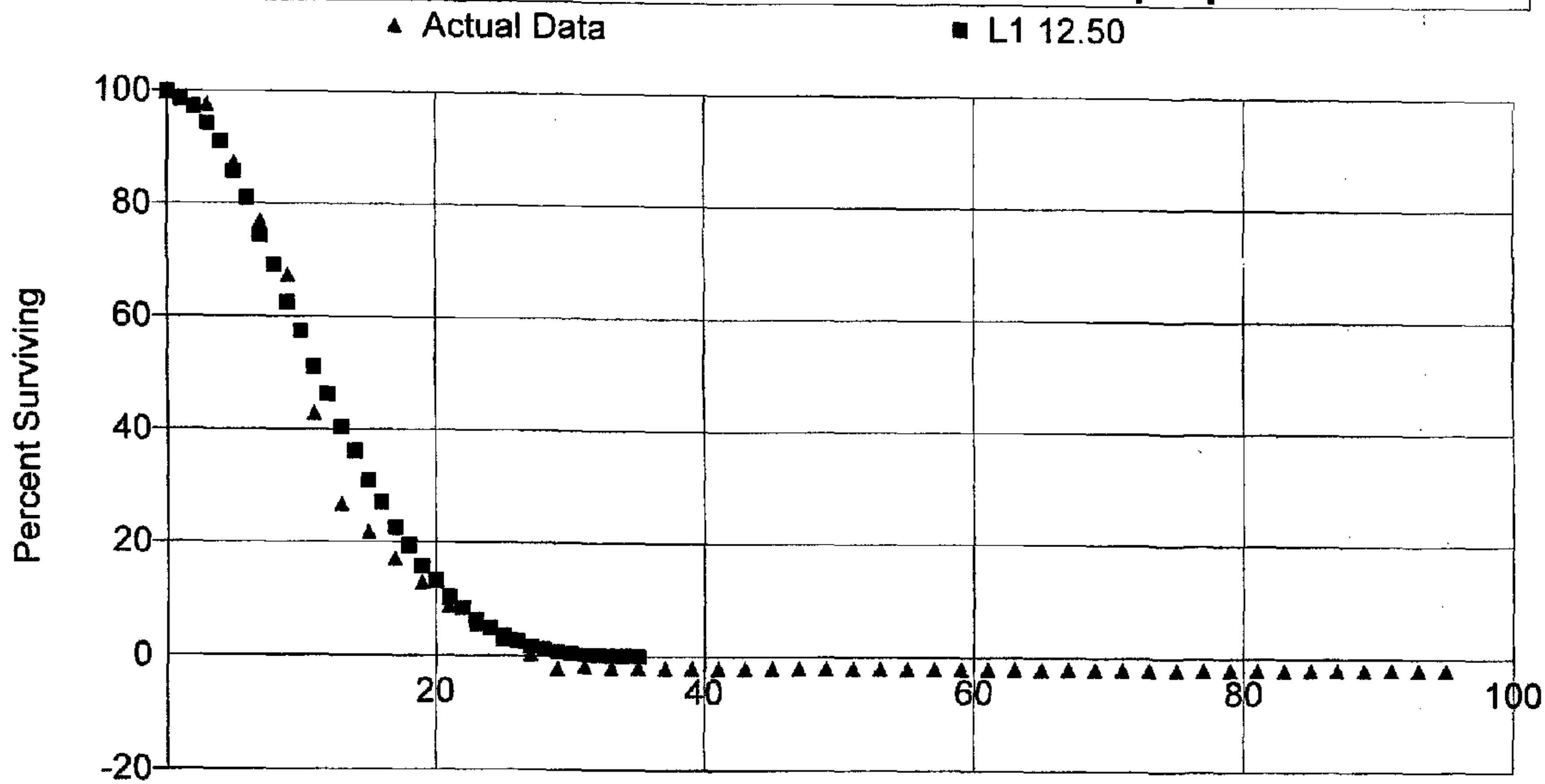
Current Net salvage Rate is 10%
Proposed Net salvage Rate 5%

Comments:
Our study of 1999 - 2006 data produced a 0% net salvage rate which we believe to be reasonable with previous analysis and EEI Industry trends which range from 10% to -5%. We recommend a change to 5% Net Salvage rate as we are experiencing neither cost of removal nor salvage in our current study while experiencing retirements in every year.

Summary of Recommendations

12.5	Average Service Life
L1	Iowa Curve
5	% Net Salvage

Cleveland Electric Illuminating Company
Account 39110 Furniture & Equipment



Age (Years)
Vintages: 1911-2006
Activity Years: 1999-2006

Observed Life Table

Scenario: CECO GENL STUDY 2007
Account: CECO 101/6-39110 Office furn & equi
Placement Band: 1911 - 2006 **Observation Band:** 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirment Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
0	563,666.64	0.00	0.00000	1.00000	100.00
0.5	396,600.86	5,976.05	0.01507	0.98493	100.00
1.5	1,435,555.05	-3,974.76	-0.00277	1.00277	98.49
2.5	1,303,248.58	13,700.01	0.01051	0.98949	98.76
3.5	1,569,669.53	83,653.94	0.05329	0.94671	97.72
4.5	1,360,757.53	75,564.07	0.05553	0.94447	92.51
5.5	2,312,122.40	108,661.69	0.04700	0.95300	87.37
6.5	1,774,881.46	133,198.13	0.07505	0.92495	83.26
7.5	1,795,379.63	110,637.33	0.06162	0.93838	77.01
8.5	2,585,976.68	176,219.50	0.06814	0.93186	72.26
9.5	816,019.02	138,299.61	0.16948	0.83052	67.34
10.5	616,716.97	143,443.98	0.23259	0.76741	55.93
11.5	512,197.64	160,169.90	0.31271	0.68729	42.92
12.5	2,196,423.73	202,453.67	0.09217	0.90783	29.50
13.5	1,982,461.30	200,235.81	0.10100	0.89900	26.78
14.5	1,348,545.51	124,234.60	0.09213	0.90787	24.08
15.5	997,810.18	106,766.07	0.10700	0.89300	21.86
16.5	982,574.50	122,479.27	0.12465	0.87535	19.52
17.5	873,457.42	105,883.47	0.12122	0.87878	17.09
18.5	612,238.22	83,636.16	0.13661	0.86339	15.02
19.5	519,577.84	78,240.18	0.15058	0.84942	12.97
20.5	390,783.32	72,648.76	0.18591	0.81409	11.02
21.5	431,092.11	80,301.24	0.18627	0.81373	8.97
22.5	318,212.72	64,878.42	0.20388	0.79612	7.30
23.5	209,088.25	50,774.52	0.24284	0.75716	5.81
24.5	123,115.64	38,875.00	0.31576	0.68424	4.40
25.5	79,793.66	34,014.57	0.42629	0.57371	3.01
26.5	40,345.33	29,151.27	0.72254	0.27746	1.73
27.5	12,678.37	27,753.95	2.18915	-1.18915	0.48
28.5	-8,562.56	23,731.39	-2.77134	3.77134	-0.57
29.5	-20,009.92	-8,594.11	0.42949	0.57051	
30.5	-6,448.44	3,055.64	-0.47395	1.47395	
31.5	-9,660.71	971.65	-0.10061	1.10061	
32.5	-10,501.38	344.51	-0.03285	1.03285	
33.5	-9,883.85	0.00	0.00000	1.00000	
34.5	-7,953.93	0.00	0.00000	1.00000	
35.5	-5,592.10	0.00	0.00000	1.00000	
36.5	-2,634.07	0.00	0.00000	1.00000	
37.5	-1,278.45	0.00	0.00000	1.00000	
38.5	0.00	0.00	0.00000	0.00000	

Net Salvage Analysis Report

			Gross Salvage (Cash)		Gross Salvage (Returns)		Cost of Removal		Net Salvage		
Account	Year	Retirements	Amount	Pct.	Amount	Pct.	Amount	Pct.	Amount	Pct.	1-Yr Avg
CECO 39110 Office Furniture & Fixtures	1999	387,020.67	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CECO 39110 Office Furniture & Fixtures	2000	385,297.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CECO 39110 Office Furniture & Fixtures	2001	199,763.23	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CECO 39110 Office Furniture & Fixtures	2002	198,503.46	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CECO 39110 Office Furniture & Fixtures	2003	210,023.37	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CECO 39110 Office Furniture & Fixtures	2004	208,842.96	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CECO 39110 Office Furniture & Fixtures	2005	176,477.89	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CECO 39110 Office Furniture & Fixtures	2006	190,690.77	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		1,956,620.15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

Whole Life Depreciation Accrual

Account: CECO 101/6-39110 Office furn & equi
Dispersion: 12.5 - L1
Average Net Salvage Rate: 5.00%
Future Net Salvage Rate: 5.00%

Broad Group Procedure

January 1, 2007

	Plant Amt	Period (Years)	Accrual (Dollars)	Accrual Rate (Percent)
Pre- 2007 Additions	$3,536,067.11		$255,117.69	7.214744
Whole Life		12.5	$268,741.10	
Amortization		0	$0.00	
Retirements	$358,510.78	12.5	$13,623.41	
2007 Additions	$0.00		$0.00	0.000000
Whole Life			$0.00	
Retirements	$0.00	0.00	$0.00	
Total:	$3,536,067.11 *		$255,117.69	7.214757
Average:	$3,356,811.72		$255,117.69	7.600000
Grand Total:	$3,536,067.11 *		$255,117.69	7.214757

* Excluding 2007 Retirements