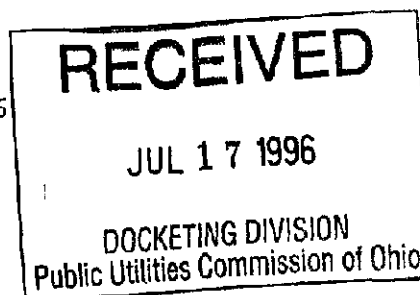




6200 Oak Tree Boulevard
Independence OH
216-447-3100

Mail Address
P.O. Box 94661
Cleveland OH 44101-4661

July 15, 1996



The Public Utilities Commission
of Ohio

ATTN: Docketing Division
180 East Broad Street
Columbus, Ohio 43266-0573

SUBJECT: Case No. 96-699 -EL-AEC
Red Seal Electric

Dear Sirs:

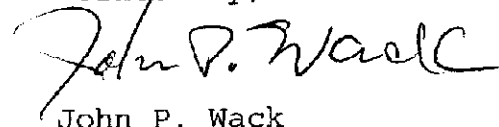
Enclosed please find an original and twenty (20) copies of an Application of Cleveland Electric Illuminating Company for approval of an Application for Red Seal Electric.

Please date stamp five (5) copies and return to the following:

Dawn R. Young
Rates & Contracts, I-442
Centerior Service Company
6200 Oak Tree Blvd.
Independence, Ohio 44131

Please forward any interrogatories to Cassie Stopar.

Sincerely,



John P. Wack
Manager
Rates & Contracts

JPW:dry

Enclosures

cc: R. B. Fortney

This is to certify that the images appearing are an accurate and complete reproduction of a case file document delivered in the regular course of business.
Technician Janet Chupler Date Processed 7/18/96

RECEIVED

JUL 17 1996

DOCKETING DIVISION
Public Utilities Commission of Ohio

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of)
The Cleveland Electric Illuminating)
Company for Approval of an Electric)
Service Agreement with Red Seal)
Electric)

Case No. 96-699-EL-AEC

APPLICATION

The Cleveland Electric Illuminating Company, hereinafter referred to as the "Company", the Applicant herein, respectfully seeks PUCO approval of an Electric Service Agreement, hereinafter referred to as the "Agreement" between the Company and Red Seal Electric, hereinafter referred to as the "Customer".

The Agreement, as set forth in and attached hereto, will provide for special arrangements not otherwise provided by the Company's rate schedules and riders applicable to the Customer at the time service is provided.

The Company will encourage demand side management and energy efficiency by providing special funds for energy efficiency projects undertaken by the Customer.

A special account will be established to equal 20% of the expected revenue from the Customer based on 12 months' historical usage. Thereafter, the Company will contribute amounts into the account, in months 13, 25, and 37 of the Agreement, equivalent to 10% of the expected revenue from the Customer based on the same historical usage.

The Customer agrees that the Company will be its sole supplier for electricity during the term of the Agreement.

The Agreement shall commence with the bill rendered for electric service in August 1996 and shall continue thereon for five (5) years.

While this contract is in the form approved by the Commission in Case No. 92-1743-EL-AEC, it does not qualify for the Pilot Program since the Customer is not located in designated wards. It will, however, qualify for the "West Side Program" which was filed for approval with the Commission in Case No. 95-159-EL-AEC.

WHEREFORE, the Company prays that the Commission issue its Order herein approving said Agreement and permit said Agreement be filed and made effective as of its effective date.

The Cleveland Electric Illuminating Company

By: *Armen T. Kunt*

Title: *Vice President*

Attorney for Applicant

M.C. Regulinski

By: *Armen T. Kunt*

Title: Treasurer

ELECTRIC SERVICE AGREEMENT

This Agreement made and entered into as of the 25 day of JUNE, 1996, by and between THE CLEVELAND ELECTRIC ILLUMINATING COMPANY, hereinafter called the "Company", and RED SEAL ELECTRIC / ARMOTEC MATERIALS, hereinafter called the "Customer".

W I T N E S S E T H

WHEREAS, the Customer currently is provided electric service by the Company to the facility(ies) with location(s) and Company Account No.(s) as provided in Appendix 1 incorporated herein by reference, hereinafter known individually or collectively as the "Facility"; and,

WHEREAS, the Company desires to provide incentives that will improve productivity, efficiency and quality, thereby encouraging production, expansion and retention of employment in Northeast Ohio.

WHEREAS, the Customer desires to enter into an agreement which would provide such incentives to make the Facility more competitive.

NOW, THEREFORE, in consideration of the premises, the parties hereto agree with each other as described in the following sections:

1. Electric Service. The Company shall render electric service to the Facility under the provisions of the General Rules and Regulations, including Paragraph 7 thereto, of PUCO No. 12, Electric Service, and under the rates, charges, riders, including Rider No. 1, terms and conditions of those schedules of PUCO No. 12, Electric Service, deemed appropriate by the Company, as may be amended or superseded from time to time with the approval of the Public Utilities Commission of Ohio (PUCO), and that are in effect at the time of service being rendered. Electric service rendered shall be charged and billed separately unless otherwise provided for by the appropriate schedules. The Customer agrees to accept and pay for such service as provided for herein, subject to the incentive provided for by Section 2.

2. Incentive. The Customer shall receive the incentive fully described in Appendix 2 to this Agreement, which is incorporated herein by reference. Such incentive shall apply during the term of this Agreement stated in Section 7 herein.

3. Sole Electric Power Requirement. The Customer agrees to have the Company as the sole supplier of all electric power to the Facility, and the Company agrees to supply all of the electric power to the Facility.

4. Assignment. The Customer agrees that this Agreement may not be assigned or otherwise transferred to another, including a successor owner or occupant of the Facility, without the written consent of the Company. The benefits and obligations of the Company may be assigned by the Company to any successor in interest without Customer approval.

5. Notices. Any notice required to be given hereunder or desired by either party to be given shall be deemed effective when mailed by first class mail, postage prepaid, if to the Customer at:

RED SEAL ELECTRIC
3835 W. 150TH STREET
CLEVELAND, OH 44111

and, if to the Company, at:

Director - Industrial Marketing
Cleveland Electric Illuminating Company
P.O. Box 5000
Cleveland, Ohio 44101

6. Rebiling Provision. In the event that the Company should no longer be the sole supplier of all electric power to the Facility during the term of this Agreement, which will be construed as a breach of, and has the effect of canceling this Agreement, the Company shall bill the Customer for the amount of the incentive already received under the Agreement. Such incentive is described in the Appendix to this Agreement. The Customer shall pay such bill within thirty (30) days after the date of the receipt of the bill by the Customer, and if the bill remains unpaid, interest at the rate of 1.5% per month shall be charged and paid. Notwithstanding the foregoing, this cancellation and rebilling provision is a remedy optional to the Company for the Customer's breach and not the exclusive remedy available to the Company. The Company may elect to forego its cancellation and rebilling remedy in favor of pursuing all other remedies available to it for the Customer's breach, including specific performance, consequential and incidental damages.

7. Term and Effective Date. This Agreement shall be effective beginning with the electric bill rendered in the month of August 1996 and shall continue for five (5) years thereafter. This Agreement shall terminate with the electric bill rendered in the month of July 2001. Upon termination of this Agreement, the Customer will be served under the appropriate Company rates on file with the PUCO, without the incentive applying.

8. Force Majeure. If because of Force Majeure, either party shall be unable to carry out any of its obligations under this Agreement or fully to deliver or utilize the electric service of the Company contemplated herein, then the obligations of that party shall be suspended to the extent made necessary by Force Majeure. The party affected by Force Majeure shall give notice to the other party as promptly as practical of the nature and probable duration of such Force Majeure. "Force Majeure" shall mean acts of God, riots, strikes, labor disputes, labor or material shortages, fires, explosions, floods, breakdown of or damage to plants, equipment or facilities, or other causes of similar nature which are beyond the reasonable control of the party and which wholly or partially prevent the supplying of electricity by the Company or the receiving or utilization of such electricity by the Customer, provided that the effect of such Force Majeure shall be eliminated insofar as possible with all reasonable dispatch; provided further, that performance by the parties hereunder shall be excused only to the extent made necessary by the Force Majeure condition; provided further, that neither party shall be required to settle a labor dispute on terms unacceptable to the party affected; and provided further, that neither party shall be required to rebuild all or a major portion of its facilities which are destroyed or substantially impaired by a Force Majeure condition.

9. Confidentiality of Information. All information provided in, or in connection with, this Agreement, whether printed, written or oral, shall be held in confidence and used only for the business purpose for which it was provided, except to the extent made public by the PUCO.

10. Governing of Law. The validity, construction and performance of this Agreement shall be determined in accordance with the laws of the State of Ohio.

11. Clause Heading. The clause headings appearing in this Agreement have been inserted for the purpose of convenience and ready reference. They do not purport to and shall not be deemed to define, limit or extend the scope or intent of the clauses to which they pertain.

12. Entire Agreement. This Agreement, together with the Appendix thereto, contains the entire agreement between the parties and there are no representations, understandings or agreements, oral or written, which are not included herein. This Agreement cannot be changed except by written instrument executed by duly authorized representatives of the parties.

13. Governmental Approvals. This Agreement is subject to all applicable rules and regulations, and all necessary approvals or authorizations, of any governmental authority. The Company will use its best efforts to secure any necessary approval of this Agreement by the PUCO with the assistance and cooperation of the Customer. The Company and the Customer shall also use their best efforts to secure any other approvals or authorizations from any other governmental authorities, which approvals or authorizations may be necessary at any time during the continuance of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers or representatives as of the day and year first above written.

CUSTOMER:

By: *[Signature]*

Title: PLANT MANAGER

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY

By: *[Signature]*

Title: Vice President

Authorization: CMS

Date: 7-8-96

APPENDIX 1

To The Electric Service Agreement between
The Cleveland Electric Illuminating Company
and RED SEAL ELECTRIC / ARMOTEC MATERIALS
dated 6-25-96

Account Number(s)

184-0000290-012

185-0000292-011

179-0016207-092

Address(es)

3825 W. 150
CLEVELAND, OH 44111

3835 W. 150
CLEVELAND, OH 44111

APPENDIX 2

To The Electric Service Agreement between
The Cleveland Electric Illuminating Company
and RO SEAL ELECTRIC / ARMORED MATERIALS
dated 6-25-96

ENERGY EFFICIENCY ACCOUNT

- (a) The Account. An Energy Efficiency Account shall be established and administered by the Company. The monies in the account shall be made available to the Customer for Energy Efficiency projects at the Facility, or at other facilities receiving electric service from the Company as the Company authorizes in its sole discretion, which are designed to increase energy efficiency, increase production in an energy efficient manner, increase plant efficiency or competitiveness through electric applications. Energy Efficiency Projects will not include equipment such as vehicles, tow motors, office furniture or other items not relating to production or the physical structure of the Facility or other facilities. Monies may be made available from the account at any time subject to the provisions of (b) and (c) below.
- (b) Use of Energy Efficiency Account. The Company will review information on a proposed project submitted by the Customer to make a determination whether the project qualifies for funding under this Energy Efficiency Account. Upon approval by the Company for funding and a decision to proceed by the Customer, one-half of the allocation will be made available to the Customer at the commencement of the project and the balance upon project completion. Withdrawals from the account shall not exceed the amount within the account regardless of approved funding.
- (c) Company Contribution to Energy Efficiency Account. Upon the effective date of the Agreement, the Company shall contribute \$10,135, which is the equivalent of 20% of the estimated revenue from the Customer for that Facility, based on the previous 12 months of usage. Based on the revenue from that same 12 month usage, the Company shall contribute in months 13, 25 and 37 of this Agreement \$5,068, which is the equivalent of 10% of the estimated revenue for that Facility. The Company shall reduce each such contribution on a pro rata basis for each month that timely payments do not occur during those periods.

The Energy Efficiency Account is a non-interest bearing account. Creation of this account is not a customer contribution, nor evidence of indebtedness to the Customer. Any monies remaining in the Energy Efficiency Account at the cancellation or termination of the Agreement shall remain with the Company.