



76 South Main St.
Akron, Ohio 44308

1-800-633-4766

03-2174-EL-ATA

October 23, 2003

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

RECEIVED
OCT 24 AM 11:14
PUBLIC UTILITIES DIV

RE: Experimental Day-Ahead Real Time Pricing Program – CEI

Enclosed are an original and ten (10) copies of an application that we would appreciate you filing on our behalf and assigning a case number.

Also enclosed is an additional copy to be date-stamped and return to us for our records in the enclosed envelope.

Sincerely,


Steven E. Ouellette
Manager, Rates & Regulatory Affairs

lir

Enclosures

cc: Bob Fortney
Jennifer Mocniak

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 3 Date Processed 10/29/03

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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

In the Matter of the Application of Cleveland
Electric Illuminating Company for Revision of) Case No. 03-2174-EL-ATA
Experimental Day-Ahead Real Time Pricing)

1. APPLICANT RESPECTFULLY PROPOSES: (Check applicable proposals)

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

2. DESCRIPTION OF PROPOSAL: This application is made pursuant to Section 4909.18, Ohio Revised Code, seeking approval of a various related and unrelated textual revisions, without changing the intent of a tariff schedule which provides customers with an opportunity to select when they buy electrical energy based on firm, one day-ahead prices. This tariff also provides the Cleveland Electric Illuminating Company experience with customer response to hourly price signals.

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

Original Sheet No. 68, P.U.C.O. No. 13
Experimental Day Ahead Real Time Pricing Program

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

_____ Exhibit A - existing schedule sheets (to be superseded) if applicable

 X Exhibit B - proposed schedule sheets

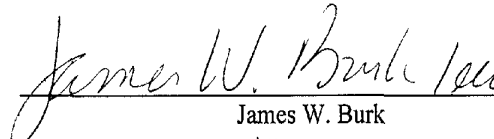
_____ Exhibit C-1

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

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

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

5. This application will not result in an increase in any rate, joint rate, toll, classification, charge or rental as this is a new tariff requested to be effective on January 1, 2004, which takes the place of a substantively similar tariff that expires on December 31, 2003.
6. Applicant respectfully requests the Commission to approve the revised Experimental Day Ahead Real Time Pricing Program and authorize Cleveland Electric Illuminating Company to file same in final form, to become effective on the date, subsequent to filing, to be shown on the proposed schedule which will be filed with the Commission; and to be in the form and content shown in Exhibit B.
7. If it appears that an Order ruling on this Application will not be issued prior to December 31, 2003, Applicant respectfully requests authorization to continue providing service under the existing tariff or under the new tariff on an interim basis until the Commission rules in the ATA proceeding, and requests that the Commission issue an Entry or Interim Order to that effect by December 31, 2003.


James W. Burk
Attorney

76 South Main Street
Akron, Ohio 44308

ADDRESS

330/384-5861

TELEPHONE NUMBER

Description of Tariff

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Description of Revisions to Experimental Day Ahead Real Time Pricing (RTP) Program

History:

The Experimental Day Ahead Real Time Pricing Program is intended to test customer response to hourly price signals which reflect Cleveland Electric Illuminating Company's (the Company) marginal operating costs to supply electrical energy.

This voluntary program offers customers an opportunity to manage their electricity costs by increasing their consumption during periods of lower prices or decreasing it during periods of higher prices. The Company makes available binding price quotes to each participating customer on a day-ahead basis. The experimental rate is designed such that if the customer's actual usage is the same as the historical usage pattern then the bill would be the same as if the customer was not on the RTP rate, thus making the rate bill neutral. Bill neutrality is accomplished through the use of a Customer Baseline Load (CBL).

The customer's bill is comprised of an Access Charge which, in conjunction with the customer's CBL, assures bill neutrality vis-à-vis the standard tariff/special contract, an Energy Charge reflective of the hourly energy price quotes provided by the Company the previous business day, a Program Charge to cover the incremental administrative and communication costs associated with the Program, and all applicable riders.

The hourly energy price quotes include an estimated cost of generation capacity and energy in the wholesale market for that hour plus various adders including amounts for line losses.

Exhibit C-3

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Description of Revisions to Experimental Day Ahead Real Time Pricing (RTP) Program

Revisions:

The new tariff (Application) extends the program through December 31, 2005 and provides for increased customer availability by including the acceptance of customers establishing new service for new load. The Customer Baseline Load of such customers would be derived by calculating one-half of expected usage.

The Customer Baseline Load of interruptible customers is adjusted during emergency interruptions to be the lessor of the Customer Baseline Load or the customer's contracted Firm Load. The Application clarifies how this adjustment is applied, without changing the application of this provision.

Customers have enjoyed RTP credits (for curtailments below the Customer Baseline Load) that have included the Adder price. The Application clarifies the calculation of RTP credits and removes the Adder from the Hourly RTP price when being applied as a credit in order to more accurately and appropriately compensate Customers for curtailments below the Customer Baseline Load.

The RTP Program is attractive to customers with various types of load experiencing growth and to customers interested in reducing operating costs by managing their load. Unfortunately, the load factor of some customers is not adequate to permit the Company to recover transmission and distribution costs from the application of the Adder. The Adder is applicable to kWh consumed by the customer above the Customer Baseline Load. The Application includes the addition of a "Minimum Adder Charge" which ensures recovery of transmission and distribution charges on a per kW demand basis. In cases where revenue from the Adder is less than transmission and distribution costs per kW demand during a billing period, the customer's bill would be increased by the shortfall between the Minimum Adder Charge and the Adder revenue.

RTP Program customers having on-site generators have the option to operate these devices in order to reduce exposure to relatively high market price periods. However, use of on-site generators for the purpose of supplanting service by the Company on a regular basis, regardless of day-ahead market prices, exposes the Company to costs for standing by load normally generated by on-site generation. The Application addresses this issue by enabling the Company to meter the on-site generation equipment, when necessary, in order to determine if the billing load of the Standard Bill, which is a component of the Customer Baseline Load, is appropriate.

Finally, the Application gives the Company the ability to remove a Customer from the RTP Program if payment for electric service is not received by the Company by the date provided on the

monthly billing statement. Requirements by the Company to properly administer the RTP Program are extremely high, placing importance on timely payments by customers.

This Application will not result in any increase in rates offered by the Company. It is an application for approval of a new optional tariff, replacing the expired RTP Program tariff. The Application may result in increased costs to some customers formerly served under the expiring tariff due to the addition of the Minimum Adder Charge and elimination of the Adder as part of RTP credits.

VERIFICATION

State of Ohio, Summit County, ss:

Richard H. Marsh,
Name of Officer

Richard H. Marsh, (and)
(~~President~~) (Vice President)

Thomas C. Navin,
Name of Officer

Thomas C. Navin, of
(~~Secretary~~) (Treasurer)

FirstEnergy Corporation, being first duly sworn
Name of Applicant

hereby verify this application.

Sworn and subscribed before me this 23RD day of OCTOBER, 2003



Stephen N. Hadick
STEPHEN N. HADICK, Attorney at Law
Notary Public, State of Ohio
Commission has no expiration date
Sec. 147.03 R.C.

EXPERIMENTAL DAY AHEAD REAL TIME PRICING PROGRAM

Availability:

Available to Full Service customers served under the Large General Service, Medium General Service and Small General Service Schedules, including special contracts. Additional types of customers may be added upon mutual agreement of the parties and notice to the Public Utilities Commission of Ohio. The number of customers permitted on this experimental rate will be limited to no more than a total of twenty-five (25) firm power service and interruptible service customers whose billing maximum 30-minute demands exceed 30 kW. These customers will be selected by the Company and will be limited to 250 MW of demand.. This experimental rate is available to customers served through one meter for each installation. Service under the RTP Program will be offered on an experimental basis through December 31, 2005, unless earlier terminated by the Company. Customers must enter into the written service agreement. A Full Service customer is one that receives all retail electric services from the Company.

Program Description:

The RTP program is an experimental program whose purpose is to test customer response to hourly price signals based on the Company's quoted price to supply electricity. The RTP Program is scheduled to be offered through December 31, 2005, unless earlier terminated by the Company, and is a voluntary program. Participation in the RTP Program offers customers the opportunity to manage their electric costs by either shifting load from higher price to lower price periods or by adding new load during lower price periods. Binding quotes will be sent to each customer on a prior business day basis (Hourly RTP). The program is designed to be bill neutral to each customer whose actual usage and usage pattern equals their historical usage through the use of a customer-specific Customer Baseline Load (CBL).

Customer Baseline Load:

For existing customers enrolling in the RTP program, the CBL shall be based on historic interval customer-specific load and usage data that represents the electricity consumption pattern and level of the customer's operation under the existing rate tariff/contract. The CBL is the basis for achieving bill neutrality on a customer-specific basis for customers billed under this tariff, and is to be mutually agreed upon by both the customer and the Company as representing the customer's usage pattern under the customer's existing rate tariff/contract (current non-RTP or special contract). The CBL for customers establishing new service for new load to the Company's service territory shall be derived by the Company using projected usage, which may include setting the CBL at one-half of expected usage. For interruptible customers, the kilowatt-hours used in the CBL and bill neutrality calculation shall be reduced for the calendar months of June, July and August by 50% of the interruptible kWh, total kWh less firm load level, from the CBL period. Agreement on the CBL is a precondition for customer participation in the RTP Program. The CBL will not change during the contract term except where expressly provided in this tariff or the service agreement.

The CBL may be adjusted at the Company's discretion in special cases such as when a customer's actual kilowatthour usage falls below 50 percent of the CBL for three consecutive billing periods, to account for the existence of on-site generation equipment or due to the cost of increased facilities.

RTP Billing:

Customers participating in the RTP Program will be billed monthly based on the following calculation:

$$\text{RTP Bill} = \text{AC} + \text{EC} + \text{USR} + \text{EEF} + \text{PC} + \text{SLT}$$

Where:

AC = Access Charge

EC = Energy Charge

EXPERIMENTAL DAY AHEAD REAL TIME PRICING PROGRAM

USR = Universal Service Rider
EEF = Temporary EEF Rider
PC = Program Charge
SLT = State and Local Tax Rider

Except as provided for under the Interruptible RTP Customer Obligation to Interrupt subsection below, RTP credits shall exist when actual usage is curtailed below the CBL, except during forced outages by the Company, and shall be applied only in the billing period in which they occur. However, customer bills for electricity usage under the RTP Program in any billing month shall never be less than the sum of the applicable Program Charge, Universal Service Rider, Temporary EEF Rider and State and Local Tax Rider as defined in this rate, as well as any applicable rider approved by the Public Utilities Commission of Ohio, except to the extent necessary to correct a billing error from a prior bill. No RTP Credits may be carried forward or applied in a future billing period.

Access Charge:

The Access Charge is designed to achieve bill neutrality with the customer's existing rate tariff/contract if no change in electricity usage pattern occurs. The Access Charge is calculated at the end of the billing period and changes each billing period to maintain bill neutrality for a customer's CBL.

The Access Charge will be calculated as follows:

$$AC = (\text{Standard Bill @ CBL}) - \left\{ \sum_{t=1}^n (\text{CBL}_t \times \text{RTP}_t) \right\}$$

Where:

AC = Access Charge
Standard Bill = Customer's bill for the specific month on the existing rate tariff/contract, using the CBL to establish the applicable billing determinants
 CBL_t = Customer Baseline Load at hour t
 RTP_t = The applicable Hourly RTP for hour t
 n = Total number of hours in the billing period
 t = An hour in the billing period

The CBL shall be adjusted to reflect applicable metering adjustments under the customer's existing rate tariff/contract. The Universal Service Rider, Temporary EEF Rider and State and Local Tax Rider shall be excluded from the calculation of the Access Charge.

Energy Charge:

The Energy Charge is applied to energy usage based on the hourly energy price quotes provided the previous day, as defined below in the section entitled "Hourly RTP," by Company.

The Energy Charge will be calculated as follows:

$$EC = \sum_{t=1}^n (\text{kWh}_t \times \text{RTP}_t)$$

Where:

kWh_t = Customer's actual kilowatt-hour usage in hour t
 RTP_t = The applicable Hourly RTP at hour t

EXPERIMENTAL DAY AHEAD REAL TIME PRICING PROGRAM

t = An hour in the billing period
n = Total number of hours in the billing period

The actual kWh_t shall be adjusted to reflect applicable metering adjustments under the customer's existing rate tariff/contract.

Hourly RTP:

The Hourly RTP will be equal to:

$$RTP_t = (MC_t \times (1 + LAF)) + Adder_t$$

Where:

LAF = Loss adjustment factor
1% for transmission (132 kV) service voltage
3.2% for subtransmission (33 kV) service voltages
4.7% for primary distribution service voltages
10.3% for secondary voltages

$$MC_t = MGC_t + MTC_t$$

MGC_t = Estimated cost of generation capacity and energy in the wholesale market for hour t on a ¢/kilowatt-hour basis.

* MTC_t = Hourly marginal transmission cost for hour t

*Adder (applicable only when Customer's actual kilowatt-hour usage is greater than Customer Baseline Load; in all other hours Adder_t = zero.)

= 1.57¢/kWh for on-peak hours for transmission (132 kV) service voltage
2.19¢/kWh for on-peak hours for subtransmission (33 kV) service voltages
2.82¢/kWh for on-peak hours for primary distribution service voltages
3.34¢/kWh for on-peak hours for secondary distribution service voltages
0.5¢/kWh for off-peak hours for all voltages except secondary distribution voltages
0.8¢/kWh for off-peak hours for secondary distribution voltages

*The marginal transmission cost will initially be set at zero. The Company reserves the right to include this cost in future marginal cost calculations. The Company also reserves the right to make adjustments to the Adder of between -0.8¢/kWh and + 0.8¢/kWh. The Company will obtain Commission approval before including such costs or adjusting the Adder and will notify participating customers of its intent to seek such approval.

The Company will make available to the customer, by 1:00 p.m. each day, the twenty-four Hourly RTPs that will be charged the next day. The Company will make available to the customer weekend and Monday Hourly RTP by 1:00 p.m. on the last regular business day of the preceding week. The Company may send more than one-day-ahead Hourly RTP for holidays identified in the Company's tariffs. The Company may revise these prices by 1:00 p.m. the day before they become effective. Company will provide the Hourly RTP via the Internet.

The Company shall not be responsible for failure of the customer to receive and act upon the Hourly RTP. The customer is responsible for notifying the Company of any failure to receive the Hourly RTP by 3:00 p.m. the business day before they become effective.

The customer is responsible for its access to the Internet. The customer will be responsible for providing a dedicated telephone line for metering purposes at each metering point.

EXPERIMENTAL DAY AHEAD REAL TIME PRICING PROGRAM

Minimum Adder Charge:

If charges produced by the Adder (Adder Charge) are less than the Minimum Adder Charge, the RTP Bill shall be increased by the difference between them (Minimum Adder Charge less the Adder Charge).

The Minimum Adder Charge and Adder Charge shall be calculated as follows:

Minimum Adder Charge = Min Rate x MIK

MIK = Maximum Positive Incremental kWh per hour usage = the higher of (kWh_{mx} - SBD) or Zero

Adder Charge = $\sum_{t=1}^n ((kWh_t - CBL_t) \times Adder_t)$

Where:

Min Rate = \$0.88 per kW for transmission (132 kV) service voltage
= \$0.93 per kW for subtransmission (33 kV) service voltages
= \$0.99 per kW for primary distribution service voltages
= \$ 2.57 per kW for secondary distribution service voltages

kWh_t = Customer's actual kilowatt-hour usage for hour t
kWh_{mx} = Customer's maximum actual on-peak kilowatt-hour usage for one hour in the billing period
SBD = Customer Baseline Load Standard Bill demand in kilowatts
Adder_t = The Adder for hour t as defined in the section entitled "Hourly RTP"
t = An hour in the billing period
n = Total number of hours in the billing period

Interruptible RTP Customer Obligation to Interrupt:

Interruptible RTP customers will not be required to interrupt for economic reasons as provided for in their existing rate tariff/contract. Customers are required to interrupt during emergency interruptions in accord with their existing rate tariff/contract. Failure to interrupt during emergencies as provided for in their existing tariff/contract will subject the customer to the applicable tariff/rider/contract penalties, and further participation in the RTP Program will be subject to the Company's approval.

During an emergency interruption, the CBL will be adjusted to be the lesser of the contracted firm load as stated in the customer's existing rate tariff/contract or the CBL as specified in the customer's RTP service agreement. Emergency RTP credits will be given for curtailment of usage below the CBL as so adjusted during emergency interruptions. However, customer bills for electricity usage under the RTP Program in any billing month shall never be less than the sum of the applicable Program Charge, Universal Service Rider, Temporary EEF Rider and State and Local Tax Rider as defined in this rate, as well as any applicable rider approved by the Public Utilities Commission of Ohio, except to the extent necessary to correct a billing error from a prior bill. No RTP credits may be carried forward or applied in a future billing period, except for any such amounts attributable to curtailment below the contracted firm load during the hours of an emergency interruption (Emergency RTP Credit).

EXPERIMENTAL DAY AHEAD REAL TIME PRICING PROGRAM

Applicable Riders:

The Rates and charges specified above shall be modified in accordance with the provisions of the following applicable Riders, in addition to any other applicable rider approved by the Public Utilities Commission of Ohio, unless otherwise stated above.

Universal Service Rider	Rider No. 14	Sheet No. 90
Temporary Rider for EEF	Rider No. 15	Sheet No. 91
Net Energy Metering	Rider No. 17	Sheet No. 93
State and Local Tax Rider	Rider No. 16	Sheet No. 92
State kWh Self-Assessor Credit Rider	Rider No. 18	Sheet No. 94

Program Charge:

A charge of \$150.00 per billing period shall be added to customer's bill each month to cover the additional billing, administrative, and communication costs associated with the RTP Program. For secondary voltage customers less than 100 kW, the applicable program charge shall be \$75.00 per billing period.

Terms and Conditions:

Except as provided in this rate schedule, all terms, conditions, rates, and charges outlined in the customer's existing rate tariff/contract will continue to apply. Participation in the RTP Program will not affect the customer's obligations for electric service under the existing rate tariff/contract. Except as expressly provided in this rate schedule, participation in the RTP Program is mutually exclusive to any other retail program that may be offered by the Company. At the Company's discretion, the output of any on-site Customer generating unit(s) that may be operated at times other than during forced outages of the Company's service or during routine maintenance periods shall be metered separately using recording meters of a type specified by the company. Such metering shall be acquired and installed at the Customer's expense.

The primary term of service is through December 31, 2005, unless earlier terminated by the Company. However, a customer may elect to terminate participation in the RTP Program at the end of a billing period with three business days prior written notice and return to billing under the existing rate tariff/contract. Terminating customers may not return to the RTP program during the experiment. A customer may be removed from participation in the RTP program at the Company's sole discretion if bill payment is not received by the Company by the due date specified on the customer's bill from the Company.

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