

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of)
The Cleveland Electric Illuminating) Case No. 96-1081-EL-AEC
Company for Approval of an Electric)
Service Agreement with Lincoln)
Electric Company.)

FINDING AND ORDER

The Commission finds:

- (1) The Applicant, The Cleveland Electric Illuminating Company, is a public utility as defined in Section 4905.02, Revised Code, and, as such, is subject to the jurisdiction of this Commission.
- (2) The Applicant now petitions this Commission for approval of an Agreement with Lincoln Electric Company (Customer). The Customer had received an offer from CPP as an alternative source of energy.
- (3) The Applicant and Customer have entered into an Agreement which will encourage the continued operation and future expansion of the Customer's facilities. The terms of the Agreement are as follows:
 - (a) The Agreement shall provide for service at both St. Clair Avenue plants and the Heisley Road plant. The current Agreements for each of the facilities shall be canceled and superseded by the proposed Agreement.
 - (b) The following monthly rates shall apply to the Total Load at each of the Customer's facilities.

<u>Year(s)</u>	<u>22800 St. Clair</u>	<u>22801 St. Clair</u>	<u>Heisley Road</u>
1996	\$.020	\$.026	\$.020
1997-1999	.024	.029	.024
2000-2002	.026	.032	.026
2003-2006	.029	.035	.029

- (c) The Customer's bill is subject to a base charge adjustment (BCA) which is equal to \$0.0145 minus the

Electric Fuel Component (EFC), multiplied by the monthly kWh. If the resulting BCA is positive, the absolute value of the BCA shall be added to base charges for that month. If the BCA is negative, the absolute value of the BCA shall be subtracted from base charges.

- (d) The monthly minimum charge for each facility shall be the Kilowatt Demand Billing Charge multiplied by fifty percent of the adjusted total contract load for that facility.
- (e) The Customer may, during the term of this Agreement, add new load of at least 10,000 kW at its facilities or new facilities, and such load may be served pursuant to this Agreement.
- (f) The Customer agrees to have the Applicant as the sole supplier of electricity to the facilities and the Applicant agrees to supply all electric power to the facilities from October 1996 through December 2000.
- (g) Beginning January 2001, and every January thereafter during the term of the Agreement, the Customer may, at its option to the extent legally permissible, reduce the total contract load purchased from the Applicant to:

<u>Year</u>	<u>Total Contract Load</u>
2001	90%
2002	80%
2003	70%
2004	60%
2005	50%

- (h) The Customer is not permitted to sell any electric power provided under this Agreement to any other person, or permit any other person to use the same without the written consent of the Company.
- (i) The Customer may request that the Applicant quote a rate for temporary competitive load which can be used by the Customer for competitive bidding for new business. The quoted rate shall be greater than the Applicant's marginal energy and capacity costs.

- (j) The Agreement shall terminate with the bill ending September 2006.
- (4) The Agreement is categorized as a Competitive Response Agreement. Any delta revenue resulting from the Agreement shall be borne exclusively by the Applicant.
- (5) Our approval of this contract does not constitute state action for the purpose of the antitrust laws. It is not our intent to insulate the Applicant or any party to a contract approved by this Finding and Order from the provisions of any state or federal law which prohibit the restraint of trade.
- (6) The Commission puts the Applicant on notice that, should certain regulatory or legislative changes occur in Ohio such that customers have substantially more choices as to the provider of their electric energy in the future, the Commission may consider allowing customers to take a "fresh look" at long term commitments. The Commission will continue to review this issue in the roundtable process.

It is, therefore,

ORDERED, That the Agreement attached to the application is approved and shall become effective pursuant to its terms. Two copies of the Agreement as filed shall be accepted for inclusion in this docket. It is, further,

ORDERED, That the Applicant report to the Energy and Water Division of the Commission's Utilities Department semiannually, in January and July, the results of each Agreement including the increase in load and sales, the total dollar increase in revenue due to the Agreement, the total dollar difference in the billing at the applicable tariff rates and the billing at the contract rates, and the number of jobs believed to have been created and/or saved due to the contract. It is, further,

ORDERED, That the Commission's approval of this contract does not constitute state action for the purpose of the antitrust laws. It is, further,

ORDERED, That nothing in this Finding and Order shall be binding upon this Commission in any subsequent investigation or proceeding involving the justness or reasonableness of any rate, charge, rule or regulation. It is, further,

ORDERED, That a copy of this Finding and Order be served upon the Applicant, and all parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO

Craig A. Glazer, Chairman

Jolynn Barry Butler

Ronda Hartman Fergus

David W. Johnson

Judith A. Jones

MR:sm