

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY • ANNUAL REPORT 1969

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### The Cover:

The Illuminating Company's headquarters building — the silhouettes of high-voltage transmission equipment — the man in the field who keeps power flowing — These three symbolize the partnership between Management and Labor, utilizing the tools of modern technology to supply electricity to The Best Location in the Nation.

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**The Annual Meeting of the Share Owners** of the Company will be held on April 28, 1970. Owners of Common Stock as of March 14, 1970, the record date for the determination of voting power at the meeting, will be entitled to vote. The official notice, proxy statement and proxy will be mailed to the share owners on or about March 23, 1970.

WILLIAM R. VOGELSANG, Secretary

**NOTICE:** This annual report and the financial statements herein are for the general information of the share owners of the Company, and are not intended to be used in connection with any sale or purchase of securities.

## The Cleveland Electric Illuminating Company

Financial Summary	1969	1968	% Increase
Earnings Per Share of Common Stock	\$ 2.92	\$ 2.78	5.0%
Dividend Paid Per Share of Common Stock	\$ 2.04	\$ 1.89	7.9%
Operating Revenues (000)	\$218,498	\$203,840	7.2%
Operating Expenses (000)	\$172,183	\$163,106	5.6%
Net Income (000)	\$ 39,241	\$ 37,306	5.2%
<b>Residential Revenues (000)</b>	<b>\$ 75,327</b>	<b>\$ 70,335</b>	<b>7.1%</b>
<b>Commercial Revenues (000)</b>	<b>\$ 54,080</b>	<b>\$ 50,394</b>	<b>7.3%</b>
<b>Other Electric Revenues (000)</b>	<b>\$ 8,392</b>	<b>\$ 7,874</b>	<b>6.6%</b>

### Highlights of 1969

- Earnings per share of Common Stock reached an all-time high of \$2.92.
- The quarterly dividend payment on Common Stock was increased on February 15, 1969 to 51¢ per share and increased again on February 15, 1970 to 54¢ per share. The present indicated annual rate is \$2.16 per share.
- The Company's application for an 8.4% increase in electric rates, filed with The Public Utilities Commission of Ohio, in September, 1969, is moving forward with dispatch.
- A construction program was announced for the five-year period, 1970-1974, calling for expenditures of \$541 million.
- \$60 million of First Mortgage Bonds were sold in January, 1969 and an additional \$35 million of First Mortgage Bonds were sold in November, 1969 to help finance the Company's construction program.
- Peak load increased by 145,000 kilowatts, or 6.4% over the previous year.
- Kilowatthour sales to ultimate customers rose by 7.5% from 1968.

**To The Share Owners of  
The Cleveland Electric Illuminating Company**

The year 1969 was a dynamic one for The Illuminating Company. New records were established in sales of electric energy, operating revenues and earnings for common stock. Over \$100 million was invested in new plant and facilities.

Today, on the threshold of the 1970's, the Company is entering into one of the most exciting — and challenging — periods in its 89-year history. Our Cleveland-Northeast Ohio service area is growing, both in population and industrial strength. And its requirements for electric power are growing at an even greater rate. These requirements, moreover, are accompanied by public demands for greater reliability, abatement of pollution and increased attention to aesthetics. Furthermore, these conditions must be met in an economic period of spiraling construction costs and when the cost of money is at record levels.

The demands for more power will be achieved through a five-year, \$541-million expansion program — now underway — which is the largest in the Company's history. This will boost our generating capacity by 70% by 1974. By the mid-1970's, Company plants will be generating electricity from three energy sources: fossil fuels, the atom and water.

The demands for improved system reliability have been met — and will be in even greater degree — through strong interconnections and coordinated development of generation facilities between our system and those of other regional utility companies.

The demands for abatement of pollution will continue to be met through the application of new technologies as they become available — a practice instituted by the Company many years ago. At the same time we are continuing to emphasize environmental quality control with the objective of blending lines, facilities and new construction attractively into the environment.

In order to offset the continuing effects of inflation, which have resulted in a decline in rate of return on investment in property and plant, an application for an increase in electric rates was filed in September with The Public Utilities Commission of Ohio. The requested 8.4% would produce about \$18 million

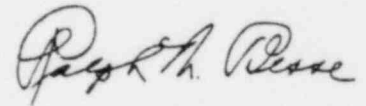
in additional annual revenue. As of this writing the Company is awaiting the report of the Secretary of the PUCO. This will contain the review of the Company's rate base valuation and financial position by the Commission's engineers and accountants.

Following receipt of this report, the Company expects to move forward with dispatch toward successful settlement of its rate increase application.

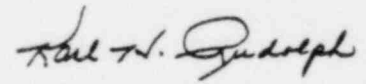
As the prime supplier of electric power to its 1700-square-mile service area, the Company is a key factor in the area's present economic structure and in its potential for growth. The Company's future efforts, as in the past, will be devoted to the further development of this potential, and to working closely with business, industry and area communities to bring this about.

The sixties were a period of vigorous growth for The Illuminating Company. We are confident that the seventies will be a period of even greater growth in which the Company, its employees and share owners, and the people it serves will go forward together in a true partnership in progress.

Cordially yours,



Ralph M. Besse, Chairman



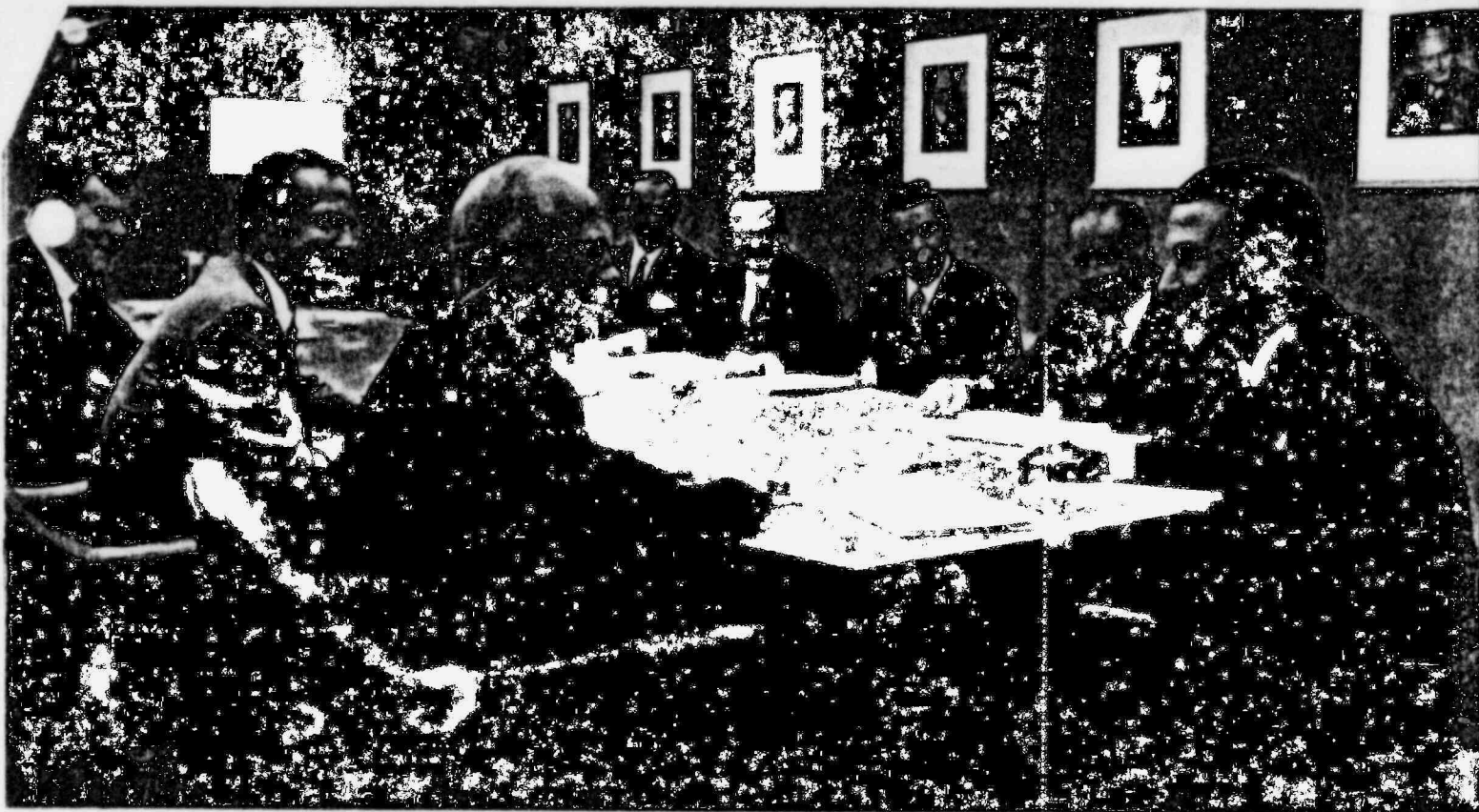
Karl H. Rudolph, President

February 9, 1970



Karl H. Rudolph

Ralph M. Besse



“At The Illuminating Company we emphasize Management as a special competence—one with its own principles, its own tools, and its own strategy for achieving objectives.

This emphasis on Management excellence enables us both to meet the challenges of today, and to plan realistically for those of tomorrow.”

*Karl H. Rudolph, 55. President since 1967. Executive Vice President 1964-1967. Vice President-Marketing 1959-1964. Controller 1959. Joined the Company in 1942. A.B., Ohio Wesleyan University.*

*Alph M. Besse, 64. Chairman since 1967. President 1960-1967. Executive Vice President 1953-1960. Joined the Company in 1948. A.B., Heidelberg College; J.D., University of Michigan Law School.*

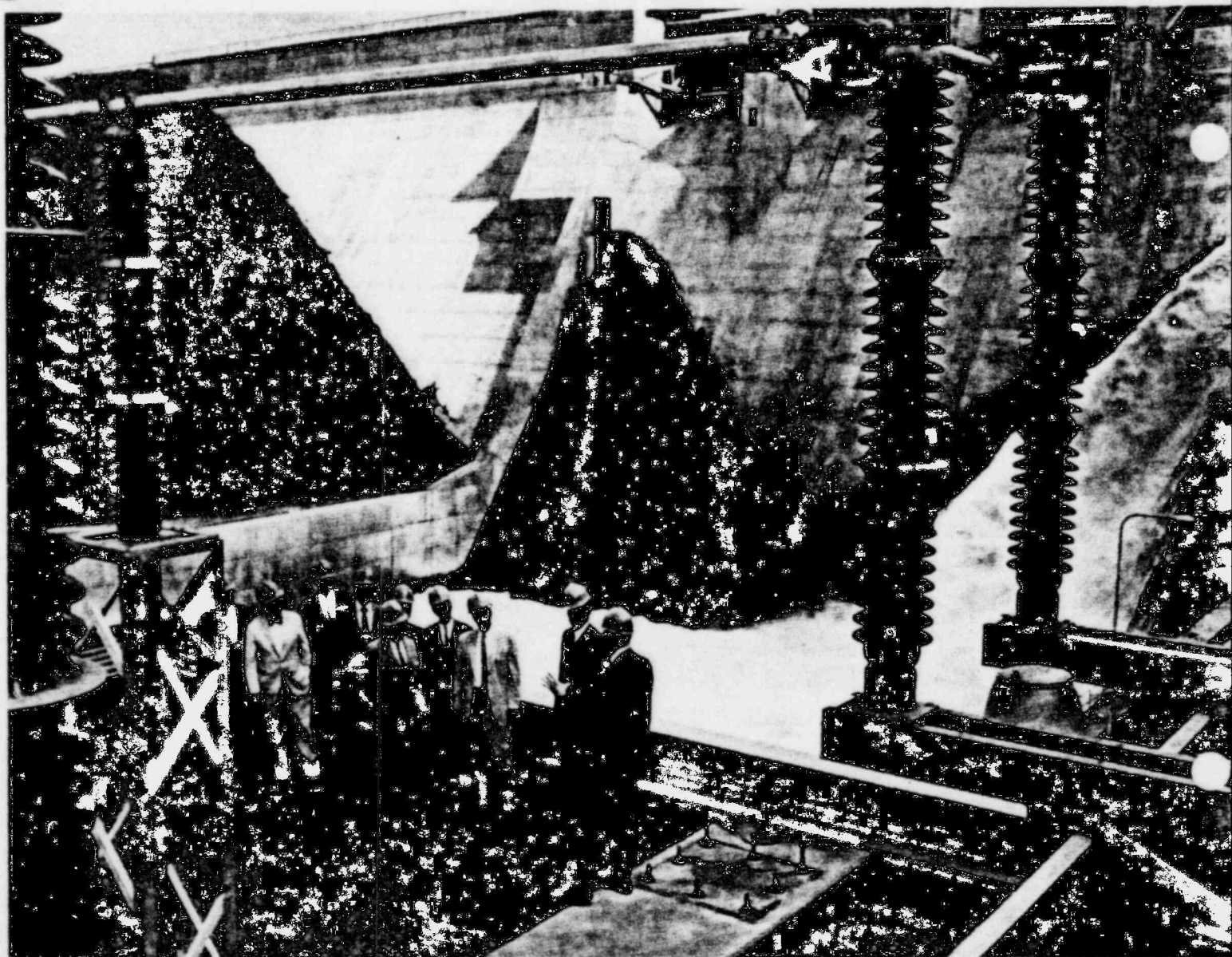
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**FINANCE:** "We have a three-pronged goal in this company — namely to give better service at lower unit cost and, at the same time, earn an adequate rate of return. Meeting these objectives is a continuing exercise in financial management."

*R. A. MILLER  
Vice President-Finance*

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### **Increased Earnings Reflect Continued Growth in Sales and Revenues**

Earnings per share of common stock were \$2.92 as compared with \$2.78 in 1968. Quarterly dividend payments were increased to 51 cents from 48 cents effective February 15, 1969 making payments for the year \$2.04 as compared with the \$1.89 paid in 1968. On January 2, 1970, the quarterly dividend paid February 15, 1970 was increased to 54 cents per share, an annual rate of \$2.16. This marks the 12th consecutive year dividend payments will have increased and the 69th year of uninterrupted payment of cash dividends.

Kilowatthour sales to customers increased 7.5% over 1968, resulting in an electric operating revenue gain of \$14.6 million, up 7.3% over the previous year. Total operating revenues reached a new high of \$218.5 million.

Notwithstanding close control of costs, expenses increased by a total of \$9.1 million, up 5.6% from last year. Fuel and purchased power costs were up \$7.1 million over 1968 due to greater output, higher coal costs and significantly larger power purchases necessitated by the unavailability of generating units.

Provision for Federal, State and local taxes amounted to \$51.5 million, an amount equivalent to nearly 24 cents of each dollar of revenue. Of this total, the 10% Federal income tax surcharge in effect for the full year reduced earnings by \$2.4 million or 18 cents per share.

Despite the pressures on earnings which these higher costs precipitated, the Company was still able to achieve a 5% growth in earnings per share.

### **Output and Demand Reached New Highs**

Kilowatthour output to the service area was 14.3 billion kilowatthours, an increase of 7.6% over output for 1968.

The maximum service area load of 2,411,000 kilowatts, excluding interruptible load, registered on June 27, was an all-time high. It exceeded 1968's peak load, which also occurred in the summer,

by 6.4%. This new high reflected not only increased demands for air conditioning and improved lighting levels, but also a growing customer awareness of the many other advantages of electrical living. During 1969, the Company added 10,548 electric customers, which at year-end totaled 649,233.

### **Construction Program Further Strengthens Reliability**

Through careful planning in the past the Company has been able to meet its customers' increased demands for power today. It will continue to meet them in the future. When the new Avon Lake generating unit goes into service later this year, reserve capacity over the peak load is expected to be 25%. In order to meet increasing demands for electric power under present inflationary conditions, the Company has underway a record \$541-million construction program for the period 1970-1974. This is in addition to the \$100 million expended in 1969. This capital expenditure program will enable the Company to add 1,691,000 kilowatts of generating capacity, further strengthen inter-connections with neighboring utilities, continue to reinforce transmission and distribution facilities and further modernize customer service operations. By year-end 1974, investment in property and plant will approximate \$1.4 billion. Generating capability will exceed 4,000,000 kilowatts, a 70% increase over capability at year-end 1969.

### **Financing Required for Construction Program**

To help finance current and proposed property additions, the Company in January of 1969 sold \$60 million of First Mortgage Bonds, 7 $\frac{1}{8}$ % Series due 1990 at a cost to the Company of 7.056%.

Proceeds from this sale were used to make an additional advance payment in April 1969 of \$39 million to the Ohio Edison Company under an electric generating plant construction agreement. This agreement provides the Company with over 300,000 kilowatts of additional capacity from Ohio Edison's Sammis #6 unit, until June 1, 1970. The total advance payment of some \$41 million will be repaid to the Company on June 1, 1970. The balance of the bond issue proceeds were used to repay a portion of outstanding short-term bank loans and commercial paper.

On November 6, 1969, the Company sold \$35 million of First Mortgage Bonds, 8 $\frac{3}{8}$ % Series due 1991, at a cost to the Company of 8.36%.

**Richard A. Miller**, 43. Vice President-Finance since 1969. Controller 1962-1969. joined the Company in 1960. B. B. A., Western Reserve University; LL. B., Harvard Law School.

**Capital for Expansion:** Included in the Company's \$855-million capital expenditures program over the 10-year period 1965-1974 is the Seneca Power Plant. This 380,000-kilowatt, multi-million dollar facility, a joint effort with the Pennsylvania Electric Company, will add 305,000 kilowatts of capacity to the Company's system. Here, Directors of the Company visit this pumped-storage hydro-electric installation in the mountains of western Pennsylvania.



**MARKETING:**

"Marketing management is aggressive in character. It has to be. Our objective is not only to build **International** plants that are beneficial to the area, but also to help develop this entire region and bring business and industry into Cleveland-Northeast Ohio."

R. W. Whelan  
Vice President-Marketing

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The proceeds from this sale were used to repay a portion of outstanding short-term bank loans and commercial paper. Both of the bond issues sold in 1969 cannot be refunded prior to five years from their respective sale dates.

The sale of these two series of bonds increased the Company's long-term debt to a total of \$290 million, 51% of total capitalization. The average interest cost for outstanding bonds was 4.72% at year-end. At year-end 1969, short-term borrowings — bank loans and commercial paper — totaled \$44 million.

The Company anticipates additional permanent new financing of approximately \$325 million over the five-year period 1970-1974. This will be in addition to providing for the refunding of \$50 million of First Mortgage Bonds, 3% Series, which become due on July 1, 1970. This, however, will be the only refunding until 1982. The form of new financings will be determined in light of then current market conditions.

#### **Higher Costs Require Increased Rates**

In order to offset the impact of inflation, to earn an adequate rate of return on the sizeable investment in new property and to be able to attract capital at reasonable rates, the Company, on September 15, 1969, filed an application with The Public Utilities Commission of Ohio (PUCO) to increase residential, commercial and industrial rates by approximately 8.4%. The proposed rate change approximates an annual increase in electric revenues of \$18 million.

On October 13, 1969, the Council of the City of Cleveland passed an ordinance which would reduce residential electric rates in Cleveland. The loss of revenues in the City of Cleveland as a result of this ordinance would be \$220,000 a year. This reduction if applied systemwide (as is usually the case) would reduce total electric revenues by about \$700,000 per year or 1/3 of 1%. On October 22, 1969, the Company filed with the PUCO an appeal from the ordinance and a request to combine the two cases, the appeal and application. Subsequently on December 4, 1969, the PUCO ordered that the two

cases be combined and that revenue be collected under bond, subject to future refund.

At the time this report was sent to press, the Company was continuing negotiations with the City of Cleveland to effect a settlement. At the same time, the Company was proceeding with its rate increase application before the PUCO.

The Company's proposed rate change would be only the third general rate increase in its 89-year history. Also, it is significant to note that since 1940 the average cost per unit of electricity to the homeowner has gone down 28%, while general price levels have increased 164%. The requested amount represents an increase of about 3¢ per day to the average residential customer.

#### **Gain in Residential Use Second Largest in Company History**

The average residential customer's use of electricity increased by 323 kilowatthours over 1968, the second largest annual gain in the Company's history. Revenue from residential customers climbed \$5 million, up 7.1% over last year.

The increasing residential use of electric energy is stimulated by the fact that families today are seeking more comfort, more convenience and a better all-around living environment. One of every four customers in the Company's service area now has electric air conditioning to cool all or part of his home. Nearly 60% of the 5,500 homes built in 1969 were equipped with electric ranges. Of the more than 5,400 privately-owned new apartment suites, 100% were air conditioned electrically and 78% of these suites were equipped with electric ranges. These figures also are significant in terms of potential future growth, inasmuch as many of the apartment dwellers are newly-married couples who will tend to take the electric living concept with them when they move from apartments into homes. The Company also works through its homemaking advisors to build public preference for electric appliances. In addition to cooperating with builders and project developers, more than 39,000 contacts were made in 1969 with high school home economics and English classes and women's groups. Their importance as a buying group promises a healthy stimulus to the continued growth of residential usage.

#### **Industrial Sales Continue to Climb**

While the level of business activity, as measured by

**Raymond W. Wyman, 57, Vice President-Marketing** since 1964. Manager Industrial Sales 1952-1964. joined the Company in 1937. B.S., Electrical Engineering, Case Institute of Technology.

**Residential Vitality:** This residential area of suburban Cleveland symbolizes the region's overall vitality as a market for electric power. Open countryside just 20 years ago, this area has experienced a population growth since 1950 from 3,700 to 22,000.

the Federal Reserve Board Index, increased in 1969, kilowatt-hour consumption by industrial customers in the Company's service area rose at an even greater rate.

Revenues from industrial customers totaled \$77 million, up 7.6% from 1968.

Cleveland-Northeast Ohio's automotive production complex, second largest in the nation, used more electric power in 1969 than ever before in its history, and prospects for the future are even brighter. Chevrolet Motor Division of General Motors Corporation began a multi-million dollar expansion program during 1969 at its Parma, Ohio plant. The 514,000-square-foot building will house auto drive-shaft manufacturing facilities and is scheduled for completion early in 1970. Ford Motor Company began operation of its new \$100-million engine plant expansion in Brook Park during the year; a major improvement for air pollution abatement was also completed at Ford's Cleveland Foundry.

New records in power consumption were also set by Cleveland's steel industry. At Jones & Laughlin Steel Corporation, the electric arc furnaces ran virtually all of the year with the result that kilowatt-hour consumption by the furnaces increased by 38% from 1968. Republic Steel Corporation exceeded its 1968 record production of ingot tons. It completed during 1969 a new \$75-million 64-inch cold reducing mill, and will complete in 1970 a \$125-million 84-inch hot rolling mill.

The growing use of electricity in Cleveland's industrial complex was demonstrated in a number of other areas in 1969. Companies which for years have used electric air conditioning in offices, are expanding its use into plant production areas. During the year, 31 companies installed total-plant electric air conditioning. There was also continued steady growth in the number of all-electric industrial plants or buildings during the year with 22 being constructed or committed.

#### **Commercial Sales Set New Record**

Commercial kilowatt-hour sales increased through continued promotion of the wide applications of electricity in stores and offices. Over the past decade, kilowatt-hour sales to commercial customers have grown at a compound annual rate of over 7.6%. A major reason for this increase is the growing acceptance and utilization of electric air conditioning,

heating, cooking, and higher levels of illumination in shopping centers, motels, stores, hospitals and schools. At year-end 1969, a total of 117 major all-electric installations had been completed, committed or were under construction. In the outdoor illumination field the Company's Dusk-to-Dawn Lighting Program, now produces more than \$1.6 million of revenues annually. Since the Program's inception in 1963 more than 18,000 lights have been installed, over half of these in the commercial market.

#### **Cleveland-Northeast Ohio Expansion Profile Continues**

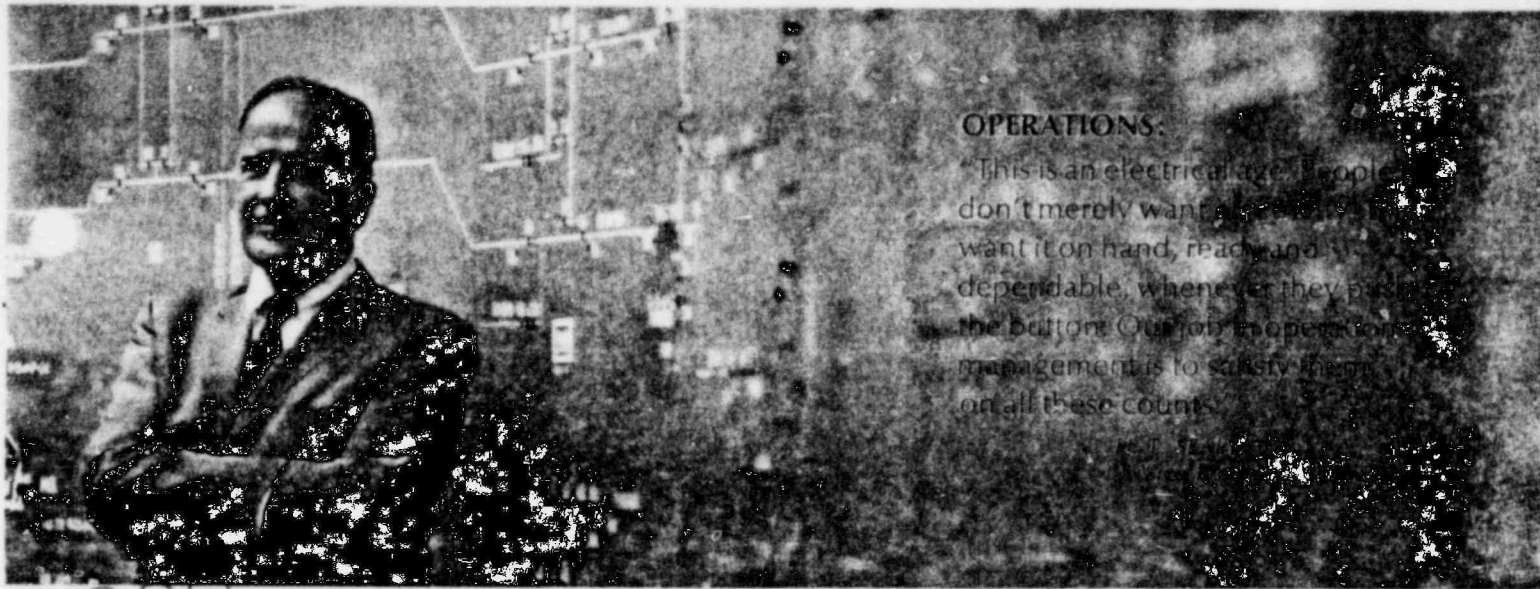
The accent was on expansion and modernization throughout the Company's service area during 1969. In downtown Cleveland, two major office buildings were opened — the Investment Plaza and Central National Bank. Construction was started on one of the two 29-story towers of The Cleveland Trust Company. Elsewhere in the downtown area, Ohio Bell completed an electrically heated long lines communications building and a major addition to one of Cleveland's downtown hotels was in the final stages of construction. Two major downtown office buildings — the Standard Building and Engineers Building — are being modernized and converted to electric heat.

Major construction was underway in the region's higher education complex, with particular progress being made in downtown Cleveland. Eight of 10 new buildings on the Cuyahoga Community College downtown campus are now occupied; the remaining two will be completed early in 1970. At Cleveland State University the first phase of a multi-million dollar construction program neared completion with one building occupied and two scheduled for occupancy in 1970. In the Company's eastern service area, Lakeland Community College began construction on the first building for its new campus in Mentor-Kirtland, and expansion was scheduled for the Ashtabula Branch Campus of Kent State University.

Ten years ago when the St. Lawrence Seaway was opened, Cleveland was one of many ports on the

*Harry T. Sealy, 61, Vice President-Operations since 1960. Vice President-Distribution 1953-1960. Joined the Company in 1938. B.C.S., New York University.*

*Power for Tomorrow: These circuit breakers at Juniper substation represent one of the several extra high-voltage transmission interconnection facilities which help assure service reliability for more than 649,000 customers served by The Illuminating Company.*



### OPERATIONS.

"This is an electrical age. People don't merely want a product, they want it on hand, ready, and dependable, whenever they push the button. Our job in operations management is to satisfy them on all these counts."

— J. T. ...

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Great Lakes gearing itself to compete for world trade. Today, under the Cuyahoga County Port Authority, it is the third largest port on the lakes with imports and exports in 1969 exceeding 984,000 tons. From this port 18 steamship lines sail to 101 overseas ports.

At Cleveland Hopkins International Airport a new \$66-million expansion program is being geared to 1980 forecasts of 18 million passengers a year. An increasing number of corporation jet and piston-driven aircraft are using the downtown Burke Lakefront Airport's expanded facilities.

#### **Lake County—A Vital Area**

Lake County, in the heart of the Company's service area, is the third fastest growing county in the State of Ohio. Its largest city, Mentor, is located 22 miles east of downtown Cleveland.

The Company long has recognized and promoted the potential of the Mentor area. A number of years ago, it acquired a 700-acre tract of land for industrial development there. This foresight has had proven results. By year-end 1969, ten new industrial plants occupying 2.5 million square feet with an ultimate employment of 7,000 people had located in this 700-acre complex. The latest addition has been the National Screw & Mfg. Co., Division of Monogram Industries, Inc. which completed a 500,000-square-foot plant in 1969. Towmotor Division of Caterpillar Tractor Company currently is completing a 1.1-million-square-foot facility.

Such industrial development was a major factor in the earlier establishment of a 114-acre regional Great Lakes Mall Shopping Center in Mentor which includes such major department stores as The Higbee Company, The May Company, Sears Roebuck & Company, and the J. C. Penney Company. Supplementing these major department stores are 92 specialty shops and stores comprising the mall complex, with an additional 35 stores to be added during 1970. Total employment will exceed 2,500 in the Great Lakes Mall and the complex will soon be one of the largest shopping centers in Ohio.

#### **New System Operations Center Planned**

The electric utility industry has long been oriented toward providing continuously improved customer service. Today, as the result of rapid advances in science and technology, customers are not only expecting but requiring faster and more reliable service.

To help ensure this greater reliability of service, the Company completed plans during 1969 for a new system operations center, scheduled for service during 1972. This new complex, described as a "bridge to the future", will feature sophisticated computers and electronic control equipment of the most advanced design found anywhere in the electric light and power industry. It will incorporate a modern microwave communications system linking power plants and major substations throughout the Company's service area.

#### **Underground Distribution Program Expands**

The Company's relationship to its physical environment involves fields as varied as underground distribution and pollution abatement. Considerable progress is being made in the underground residential service program as a result of the Company, homeowners, developers and public officials giving more attention to residential beautification. Since 1965, when the program began receiving wide attention, the number of residential sublots with underground service has been increased from 678 to more than 10,000.

#### **Environmental Improvement**

Abatement of air and water pollution is one of the leading challenges facing American industry today. The Illuminating Company, as a responsible corporate citizen, is very mindful of its obligations in this regard. It is significant to note, however, that electric utilities for years have led the nation in research projects and installations aimed at solving the problem of air pollution, and The Illuminating Company has been a partner in this effort. A comparison of the Company's clean air efforts over the last 10-year period with those of the previous decade shows that while generating capacity increased 70% and the quantity of coal burned increased 48%, dust emission was reduced by 40%.

The Company has long committed itself to improving the quality of air in its service area. Each new plant has been equipped with progressively

**Harold L. Williams**, 43. Vice President-Engineering since 1962. Manager Civil and Mechanical Engineering Department 1961-1962. Manager Transmission and Distribution Engineering Department 1958-1961. Joined the Company in 1947. B.S., Electrical Engineering, Tufts University; M.S., Industrial Engineering, Case Institute of Technology

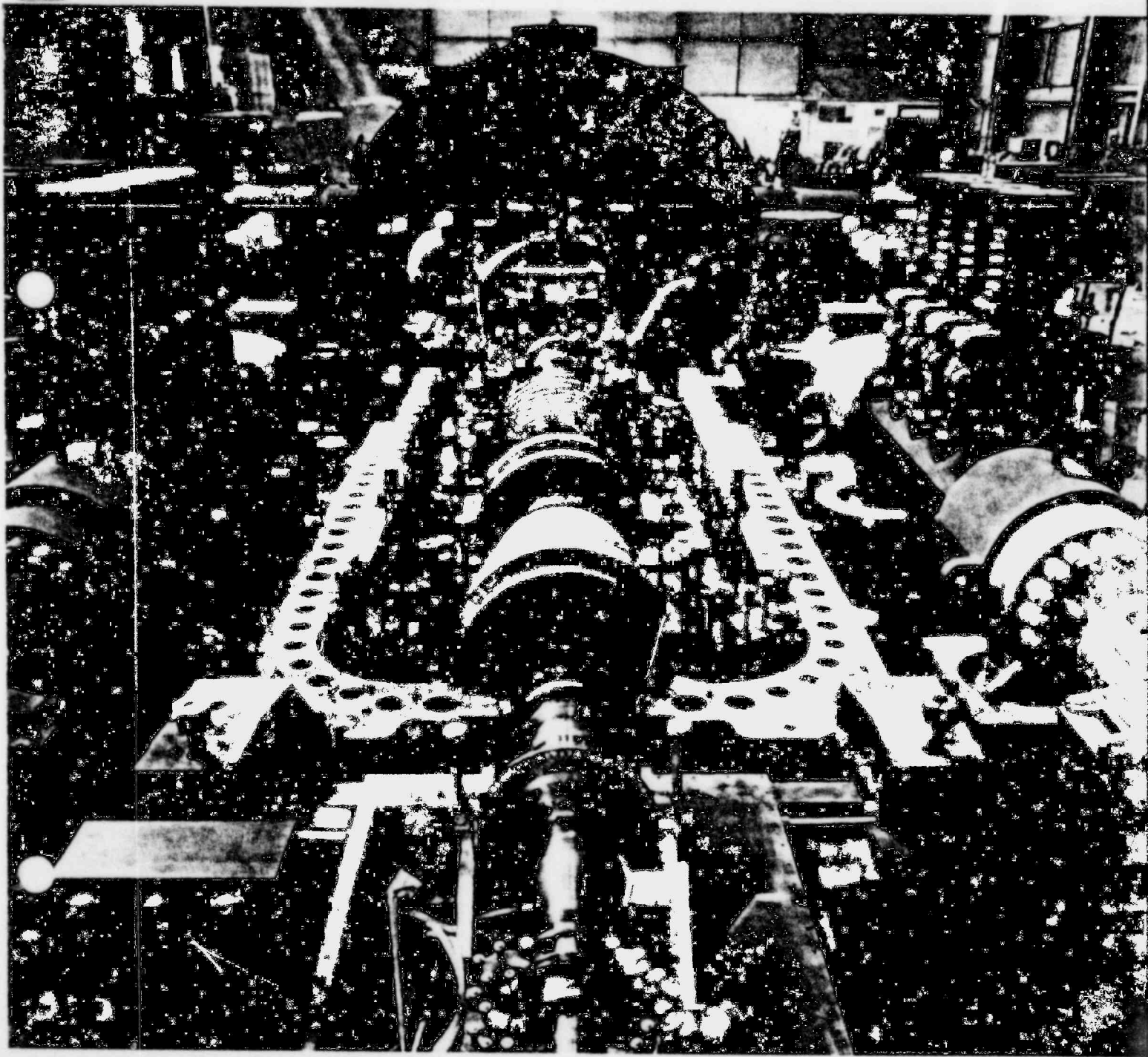
**Capacity to Serve:** This new 650,000-kilowatt turbo-generator at the Avon Lake Power Plant, scheduled for operation by mid-1970, will double the plant's capacity.

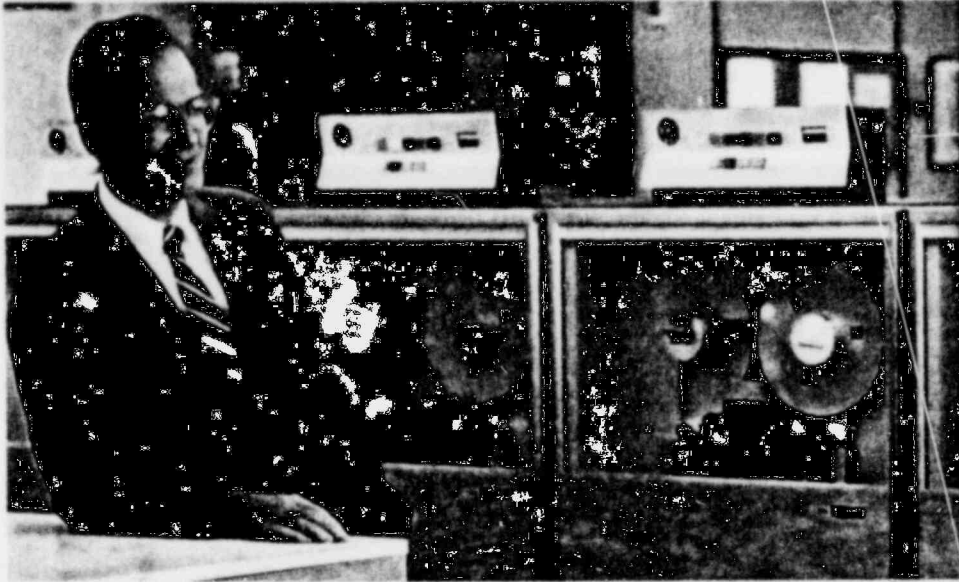
**ENGINEERING:**

"We serve one of the major growth regions in the country, and its power demands are growing with it. The job of engineering management is to forecast these demands, and have the equipment ready to meet it when the time comes."

**AL L. WILLIAMS**  
Vice President-Engineering

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**GENERAL SERVICES**

*"A company lives as good as its people — and our management job in General Services is not only to get good people, but provide them with opportunities for permanent development. From them we draw the future management talent of the Company."*

**R. M. GREN**

*Vice President-General Services*



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better pollution abatement equipment. Although \$15,000,000 already has been invested in air pollution controls, the Company realizes that it must do more as technology advances. And it fully intends to. Each of the 650,000-kilowatt units currently being built at the Eastlake and Avon Lake Plants, respectively, will not only have the most modern technological devices available to combat air pollution, but each will have a 600-foot stack to further disperse gaseous discharges.

Although the Company is one of the largest water users on Lake Erie, the water, used primarily for cooling purposes in the generating plants, is screened to eliminate foreign matter and returned to the lake cleaner than received. Also, the water discharged into the lake from the turbines is only from 5 to 10 degrees higher than normal lake temperature — not enough higher to hurt and often beneficial to marine life.

But past accomplishments are only a beginning. The Company recognizes the increasing concern of our society for all forms of environmental improvement as valid and desirable objectives. Accordingly, the Company — on its own, through the Edison Electric Institute, and along with other concerned industries — has stepped up the pace of research to maintain the highest possible environmental standards.

The Company continually strives to improve its techniques for transmitting and distributing electric power attractively. Included in such methods are low-profile substations and service centers attractively landscaped, undergrounding of new distribution lines and transformers, modern design steel poles, painted wood poles with armless construction, and promotion of its Master Street Tree Program for improving the beauty of Cleveland-Northeast Ohio.

#### **Dynamic Growth in 70's Seen by CAPCO Companies**

Long-range forecasting, a key management tool for anticipating future power demands, points to a

dynamic growth pattern in the 1970's for regions in Ohio and western Pennsylvania served by CAPCO (Central Area Power Coordination Group).

To meet this growth, CAPCO announced in the fall of 1969 a new project for its already active construction program. Two coal-fired electric generating units each with a capacity of 880,000 kilowatts will be built near Shippingport, Pennsylvania on the Ohio River. The units will be owned by CAPCO members — The Illuminating Company, Duquesne Light Company, The Toledo Edison Company, Ohio Edison Company, and Pennsylvania Power Company — and will be operated by the latter company. They are due for completion in the mid-70's.

CAPCO is a five-company power pooling group formed in 1967. The purpose of the group is to coordinate the development of generating capacity and transmission in order to attain greater service reliability and economy of operation in its combined service area.

Progress continued during the year on two CAPCO-related Illuminating Company projects. At the Eastlake Plant, foundation construction and steel erection began on the boiler house for the new 650,000-kilowatt unit being built jointly by the Company and Duquesne Light Company. The Company will own 68.8% of this unit. For the Davis-Besse Nuclear Power Station, major components are on order and site preparation work is scheduled to start early in 1970. This station, to be built jointly with The Toledo Edison Company, will be located on Lake Erie about 20 miles east of Toledo, Ohio and initially will be licensed by the Atomic Energy Commission to generate 872,000 kilowatts when completed in 1974. After satisfactory performance at this rating, it is expected the station will be licensed for an ultimate capability of 906,000 kilowatts. The Company will own 47.5% of this station.

Significant headway was made on two other major Company projects during the year. At the Avon Lake Plant, construction is in final stages on the new 100% Company-owned 650,000-kilowatt unit. This unit is scheduled for commercial operation in the spring of 1970. The Seneca Power Plant was placed in service on January 14, 1970. This 380,000-kilowatt pumped-storage hydroelectric plant, a joint effort with the Pennsylvania Electric Company, is located near Warren, Pennsylvania. The Company owns 80% of this plant.

**Robert M. Ginn, 46.** (Elected Executive Vice President as of January 1, 1970.) Vice President-General Services 1963-1969. Manager Area Development Department 1962-1963. Controller 1959-1962. Joined the Company in 1948. B.S. and M.S., Electrical Engineering, University of Michigan.

**People for Tomorrow:** Company recruiters visit college campuses throughout the nation interviewing top young people planning future careers. Here, Claybron O. Wisham, (left), Company employment supervisor, and Dale E. Barbee, (center), placement director, Case Western Reserve University, discuss job opportunities with a graduating engineer and prospective employee, (right).

### **Interconnection System Expanding**

Supplementing these projects is an expanding interconnection system. Three extra-high voltage (345 KV) interconnections are in operation, with a new one due to go into service early in 1970. Three high voltage (132 KV) interconnections are operating, with a new one planned. Construction continued on transmission lines throughout the Company's system. This strengthening of transmission lines and ties, not only by the Company but also by the entire electric utility industry, is aimed at meeting the nation's growing demand for electric power and for reliable service. It is exemplified by power-pooling groups such as CAPCO, regional coordinating groups such as the East Central Area Reliability Coordination Group (ECAR) and on a nationwide level by the National Electric Reliability Council (NERC).

### **Research and Development**

The importance of research throughout the electric utility industry today is reflected in the Company's participation in a number of major projects. The Company continues to support nuclear power developments through the East Central Nuclear Group, Westinghouse Atomic, and Atomic Power Development Associates.

It is also participating in the development of both concepts and equipment for extra high voltage (345 KV) substations which can be located in congested urban areas where space and aesthetics are important considerations.

In these and other areas of research and development, investor-owned electric utility companies are continuing to meet the needs of the nation's growing demand for electric power. Advances are being made in fast-breeder reactor technology. An important research effort has been approved to explore the use of plutonium in water reactors, and work is progressing on the development of high-voltage underground transmission cables and insulation.

### **Management Philosophy is Employee-Oriented**

The overall management philosophy of The Illuminating Company is based on people — on the belief that competent people, given the opportunity to develop to the full range of their abilities, will achieve high standards of performance both for themselves and for the Company. The Company's

business is one that demands many professionals, many technical specialists, many skilled workers in a variety of fields. To obtain these people the Company maintains an active program aimed at attracting the highest calibre of employees to add to the more than 500 college graduates now employed. To solve the problem of motivating employees, the Company attempts to create an exciting atmosphere — one which offers each person the opportunity to perform challenging work, to accept increasing responsibility, to be recognized for good performance and to advance to the limits of his capabilities. At the same time an extensive Personal Development Program, open to all employees, is conducted within the Company. Nearly one of every five employees participates in the Program's after-hour courses. As management personnel acquire both knowledge and experience in operating situations, they are selected to participate in advanced management programs offered at a number of universities and conferences. Employees are also encouraged to work toward graduate and undergraduate degrees through the Tuition Refund Program which pays one-half or more of tuition costs. Since 1961, 104 employees have earned undergraduate or graduate degrees from the many fine colleges and universities in the Company's service area.

Employee interest in the Company's progress is high, and is reflected in many ways. In the 1969 Operations Improvement Program, for example, over 2,400 employees offered 6,000 constructive proposals on how to perform their jobs more efficiently. In addition, more than 1,200 reports were made to improve service under the Service Improvement Reporting Program.

Since 1953 when the first of the employee stock plans was initiated, employees have invested over \$20 million in Common Stock of the Company — an impressive indication of their faith in the Company's future. In the summer of 1969, a new employee stock purchase and savings plan was offered to salaried employees which not only incorporates basic elements of the former plans, but offers alternate investment and savings features.

*Lee C. Howley, 59, Vice President & General Counsel since 1954; General Counsel 1952-1954. Joined the Company in 1951. Former Cleveland Law Director and Assistant United States District Attorney. A.B., Wittenberg University; LL.B., Western Reserve Law School.*

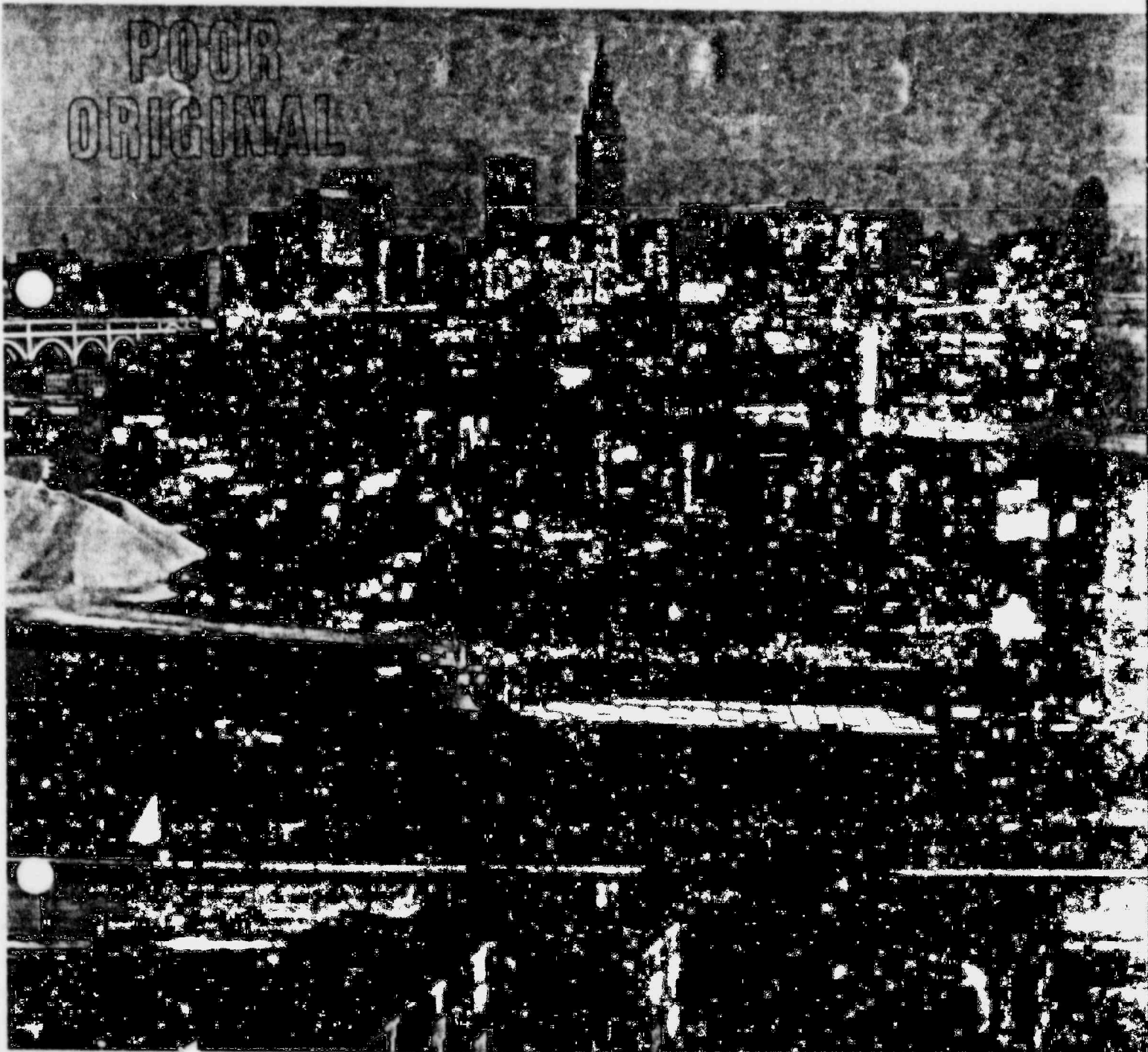
*Midwest Giant: Downtown Cleveland, Ohio's largest city and one of the major corporation headquarters-centers in the nation, lifts its growing skyline above the industrial valley of the Cuyahoga River.*



**PUBLIC INFORMATION AND LEGAL:**

"We bring electric power to some 649,000 customers in this region. This means we're directly involved in their homes, their businesses, the government of their communities. We have an obligation to them, therefore, of being a good corporate citizen, and our management efforts are directed toward this end."

**L. C. HOWLEY**  
*Vice President & General Counsel*



### Company Job Structure is Well Balanced

The Company's organizational structure has both depth and balance. Of its nearly 4,700 employees, over 1,700 have been with the Company 20 or more years and more than 1,700 less than five years. This represents not only a pool of experience and skill, but also one of fresh talent preparing for a future with the Company. In the upper management echelons, the Company's standard of advancement, based on a policy of promotion from within, is to have at least one man ready for every top position, and at least two men qualified for every other key position. Stability plus experience characterize these job levels. Executives comprising the top 1% of the Company's work force at year-end averaged 49 years of age, but averaged over 23 years of Company service, including 6 years in their present jobs.

### Director, Officer and Principal Executive Changes

At the 1969 Annual Meeting in April, share owners elected Morton L. Mandel, President of Premier Industrial Corporation, to replace Severance A. Millikin as a member of the Board of Directors. Mr. Mandel is active in community affairs and serves on a number of Cleveland's civic organizations.

Mr. Millikin did not stand for re-election in accordance with the director retirement plan adopted in 1963 by the Board of Directors. His tenure on the Board exceeded 23 years. During that time, he was a valued member of the Board. The entire Company benefited greatly from his special competencies and wise counsel.

At the organization meeting of the Board of Directors following the Annual Meeting in 1969, Richard A. Miller, previously Controller, was elected Vice President-Finance to succeed F. Warren Brooks who retired from the Company on May 27 after more than 41 years of dedicated service. Succeeding Mr. Miller as Controller was Thornton L. Thurber, who had been general supervisor of the Company's budget and statistical operation.

Effective January 1, 1970, Robert M. Ginn, previously Vice President-General Services, was elected Executive Vice President. At the same time, Philip B. Perry, formerly General Superintendent, Distribution Division, was elected Vice President-General Services



**Philip B. Perry**  
*elected Vice President-  
General Services, effective  
January 1, 1970*

to replace Mr. Ginn. Mr. Perry was succeeded by John J. Mistic who had been Superintendent of the Miles District Department. Earlier in the year, Newton D. Flack succeeded Charles E. Richards as General Superintendent of the Steam Power Division. Mr. Richards retired in July after 40 years of service with the Company. Mr. Flack was formerly Superintendent of the Avon Lake Plant Department.

### Company Aims at Good Corporate Citizenship

While the Company's objective is to supply reliable, low-cost electric service, it has always recognized that it has responsibilities which go far beyond this. These involve the well-being of its service area, and take the form of direct participation in a wide variety of activities. This participation not only serves to integrate the Company with the many communities in its area, but also gives substance to its image as a good corporate citizen.

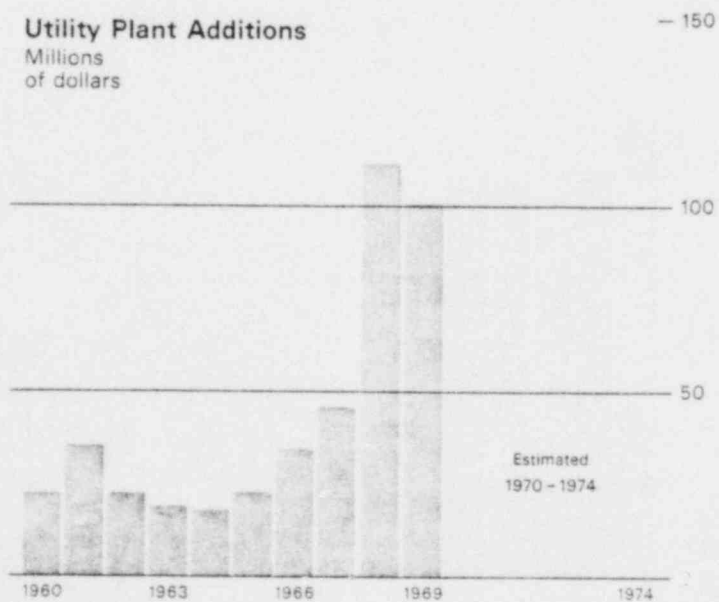
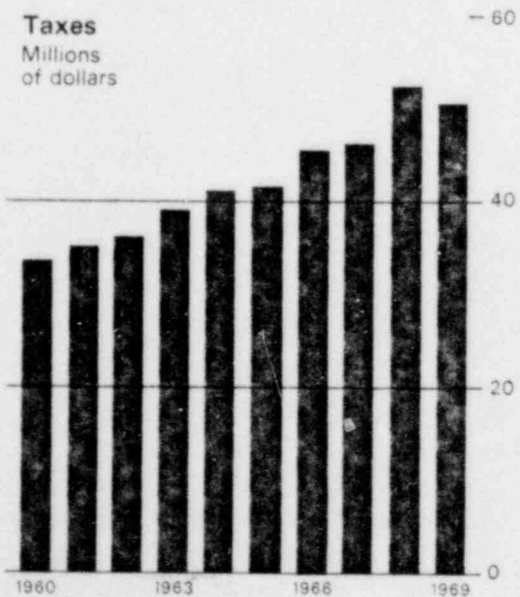
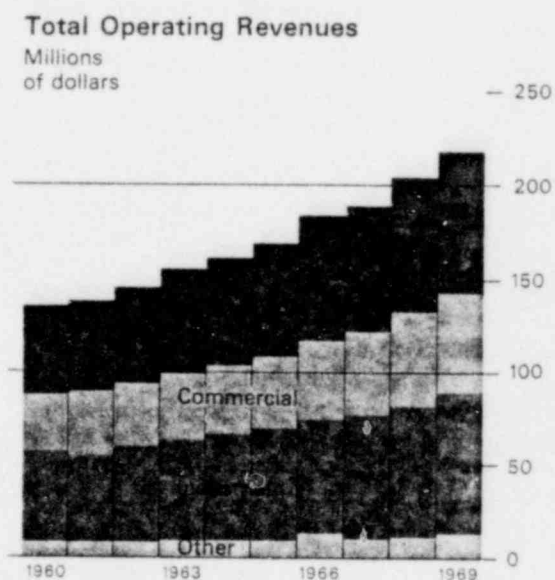
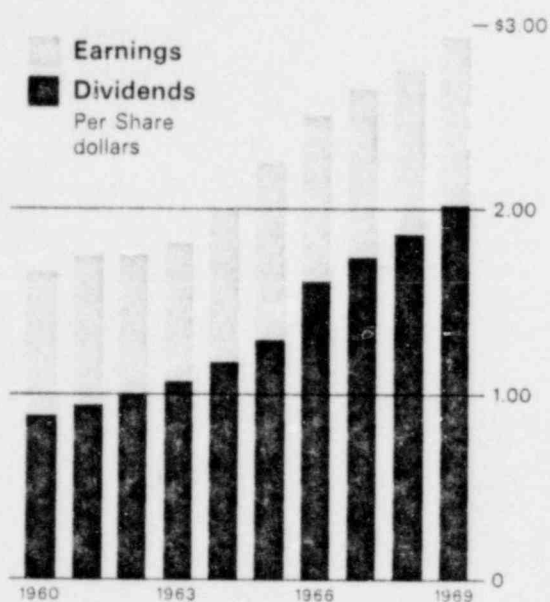
The Company maintains strong communications programs on television and radio and in the press. Through its Master Street Tree Program it assists communities in improving the beauty and minimizing the upkeep of street tree plantings. Its Speakers Bureau and film library serve organizations throughout the region. This year, as in other recent years, the Company sponsored the attendance of 12 outstanding science students from the Cleveland-Northeast Ohio area at the National Youth Conference on the Atom held in Chicago.

Management has sometimes been defined as the art of getting things done through people. At The Illuminating Company we believe that Management is a partnership of many and diverse talents working together, and that things can be done better, not through, but with the active cooperation of people.

On the job it is the skills, the dedication and professional knowledge of employees which are largely responsible for the Company's strength. Off the job it is their contributions of leadership and service to the communities, schools, churches, and to a wide range of business and civic programs which enhance the Company's reputation as a good corporate citizen throughout its service area.

Looking ahead to the 1970's, we are confident that, in the strength of this partnership, the Company will continue to serve this region of Cleveland-Northeast Ohio — both as its prime supplier of electric power, and as a source of leadership in increasing its stature as The Best Location in the Nation.

# Financial Statements and Financial and Statistical Review 1969-1959



## Statement of Source and Application of Funds

	YEAR	
	1969	1968
<b>SOURCE OF FUNDS</b>		
Net income . . . . .	\$ 39,241,136	\$ 37,305,967
Depreciation and other noncash charges against income — net . . . . .	20,311,274	20,550,974
Liquidation of temporary cash investments . . . . .		20,237,868
Sale of first mortgage bonds . . . . .	95,000,000	
Sale of common stock to employees . . . . .	1,952,907	1,639,802
Short-term borrowing . . . . .	2,175,000	42,300,000
Increase in payables other than short-term borrowing . . . . .	3,271,642	14,712,086
Other changes — net . . . . .	5,025,039	4,056,984
Total Funds Available . . . . .	<u>\$166,976,998</u>	<u>\$140,803,681</u>
<b>APPLICATION OF FUNDS</b>		
Utility plant expenditures . . . . .	\$100,446,153	\$110,980,378
Capital advance to Ohio Edison Company for the use of generation and transmission facilities . . . . .	39,073,980	2,062,503
Treasury stock purchases . . . . .		2,411,418
Dividends . . . . .	27,456,865	25,349,382
Total Funds Applied . . . . .	<u>\$166,976,998</u>	<u>\$140,803,681</u>

## Opinion of Independent Accountants

To the Board of Directors and the Share Owners of  
The Cleveland Electric Illuminating Company:

In our opinion, the accompanying 1969 statements of financial position at December 31, results of operations, earnings retained in the business and source and application of funds present fairly the consolidated financial position of The Cleveland Electric Illuminating Company and its subsidiary companies at December 31, 1969 and the consolidated results of their operations and the supplementary information on funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

PRICE WATERHOUSE & CO.

Cleveland, Ohio  
January 30, 1970

## Results of Operations

	YEAR	
	1969	1968
OPERATING REVENUES		
Sales of electric service . . . . .	\$214,867,157	\$200,258,168
Sales of steam service . . . . .	3,630,454	3,582,123
Total Operating Revenues . . . . .	<u>218,497,611</u>	<u>203,840,291</u>
OPERATING EXPENSES		
Operation . . . . .	86,356,635	77,268,417
Maintenance . . . . .	14,370,424	13,056,760
Provision for depreciation and amortization . . . . .	19,926,083	20,048,281
Taxes, other than Federal income taxes . . . . .	25,280,000	23,316,000
Federal income taxes (Notes A & B) . . . . .	26,844,416	29,815,348
Net transfers from accumulated credits for future Federal income taxes . . . . .	( 1,391,000)	( 1,303,000)
Investment tax credit adjustments (net) (Note B) . . . . .	796,016	904,184
Total Operating Expenses . . . . .	<u>172,182,574</u>	<u>163,105,990</u>
NET OPERATING INCOME . . . . .	46,315,037	40,734,301
OTHER INCOME net, after income taxes . . . . .	433,146	298,486
MISCELLANEOUS INCOME DEDUCTIONS, after income taxes . . . . .	( 306,001)	( 145,928)
GROSS INCOME . . . . .	<u>46,442,182</u>	<u>40,886,859</u>
INTEREST CHARGES		
Interest on first mortgage bonds . . . . .	10,975,208	6,487,500
Interest on bank loans and commercial paper . . . . .	3,071,561	832,179
Amortization of debt premium and expense (net) . . . . .	( 15,777)	
Interest during construction charged to utility plant . . . . .	( 6,829,946)	( 3,738,787)
Total Interest Charges . . . . .	<u>7,201,046</u>	<u>3,580,892</u>
NET INCOME (Note C) . . . . .	<u>\$ 39,241,136</u>	<u>\$ 37,305,967</u>
EARNINGS PER COMMON SHARE, average outstanding shares . . . . .	\$ 2.92	\$ 2.78

## Earnings Retained in the Business

	1969	1968
BALANCE BEGINNING OF YEAR	\$ 79,490,688	\$ 69,086,907
ADDITIONS		
Net income resulting from operations . . . . .	39,241,136	37,305,967
DEDUCTIONS		
Dividends declared — common stock . . . . .	27,456,865	25,349,382
Treasury stock purchases — cost less stated common stock value . . . . .		1,552,804
Organization expense (Federal Power Commission recommendation) . . . . .	120,436	
Total Deductions . . . . .	<u>27,577,301</u>	<u>26,902,186</u>
BALANCE END OF YEAR . . . . .	<u>\$ 91,154,523</u>	<u>\$ 79,490,688</u>

## Financial Position at December 31

Assets	1969	1968
PROPERTY AND PLANT		
Utility Plant (Note D)		
Electric . . . . .	\$885,086,587	\$795,010,481
Steam . . . . .	15,381,369	14,953,630
	<u>900,467,956</u>	<u>809,964,111</u>
Less: Accumulated provisions for depreciation and amortization . . . . .	269,064,003	258,233,922
	<u>631,403,953</u>	<u>551,730,189</u>
Generation and transmission facilities — capital advance to Ohio Edison Company (Repayment due June 1, 1970) . . . . .	41,136,483	2,062,503
	<u>672,540,436</u>	<u>553,792,692</u>
Other property, less accumulated provision for depreciation . . . . .	4,775,427	4,398,131
	<u>677,315,863</u>	<u>558,190,823</u>
CURRENT ASSETS		
Cash . . . . .	4,177,704	3,477,481
Amounts due from customers and others, less provision for losses . . . . .	17,180,031	15,186,015
Materials and supplies . . . . .	8,619,354	8,051,411
Fuel . . . . .	3,504,301	6,483,957
Taxes applicable to subsequent years . . . . .	22,582,377	20,877,661
	<u>56,063,767</u>	<u>54,076,525</u>
OTHER ASSETS . . . . .	7,712,007	6,129,228
	<u>\$741,091,637</u>	<u>\$618,396,576</u>

### Notes to 1969 Consolidated Financial Statements

NOTE A—For Federal income tax purposes the Company claims deductions for liberalized depreciation on additions to its facilities while using the straight-line method for accounting purposes. Tax reductions resulting from liberalized depreciation are subject to flow-through accounting treatment on the books of the Company, by order of the Public Utilities Commission of Ohio.

NOTE B—The liability for Federal income tax has been reduced by investment tax credits of \$953,652 in 1969 and \$1,021,758 in 1968. Pursuant to orders of the Public Utilities Commission of Ohio, these amounts have been deferred through a charge to expense and are being amortized over the estimated life of the property involved.

NOTE C—Commencing January 1, 1969, the Company reduced its annual electric property depreciation rate from 3.15% to 3.00% to give effect to the latest estimates of useful life for depreciable electric property, increasing net income for the year 1969 by \$1,011,000, or eight cents per share.

NOTE D—Utility Plant, at December 31, 1969, includes the cost of the portion of the Lake Shore Plant, located on artificially filled land, estimated at approximately \$54,796,000. Such land has been occupied since 1910, subject to such rights as the State of Ohio or the City of Cleveland may have.

NOTE E— First Mortgage Bonds:	1969	1968
3% Series due 1970*	\$ 50,000,000	\$ 50,000,000
3% Series due 1972	20,000,000	20,000,000
2¾% Series due 1965	25,000,000	25,000,000
3¾% Series due 1982	25,000,000	25,000,000
3% Series due 1989	20,000,000	20,000,000
3% Series due 1990	60,000,000	60,000,000
6% Series due 1991	35,000,000	35,000,000
3½% Series due 1993	30,000,000	30,000,000
4½% Series due 1994	25,000,000	25,000,000
Total	<u>\$290,000,000</u>	<u>\$195,000,000</u>

\*It is the intention of the Company to refund the 3% bonds due July 1, 1970 on a long-term basis.

## The Cleveland Electric Illuminating Company and Subsidiaries

Capitalization and Liabilities	1969	1968
FIRST MORTGAGE BONDS (Note E) . . . . .	\$290,000,000	\$195,000,000
COMMON STOCK		
No par value — shares outstanding:		
13,486,399 in 1969 and 13,423,538 in 1968;		
after deducting 700,400 shares in Treasury (Note F) . . . . .	182,676,334	180,723,427
EARNINGS RETAINED IN THE BUSINESS . . . . .	91,154,523	79,490,688
Total Common Stock Equity . . . . .	<u>273,830,857</u>	<u>260,214,115</u>
ACCUMULATED CREDITS FOR FUTURE FEDERAL INCOME TAXES, resulting from		
defense facility amortization . . . . .	23,363,000	24,754,000
NOTES PAYABLE, maturing 1971-1976 . . . . .	2,801,287	13,684,583
CURRENT LIABILITIES		
Notes payable to banks and others . . . . .	45,104,198	42,805,804
Amounts owed to suppliers and employees (Note G) . . . . .	31,905,493	17,873,949
Federal income taxes . . . . .	21,755,807	18,293,506
Other taxes . . . . .	40,698,332	38,499,808
Interest . . . . .	3,881,198	1,395,883
Other . . . . .	1,598,701	1,433,275
	<u>144,943,729</u>	<u>120,302,225</u>
DEFERRED CREDITS (Note B) . . . . .	5,020,850	3,895,460
CONTRIBUTIONS IN AID OF CONSTRUCTION . . . . .	1,131,914	546,193
	<u>\$741,091,637</u>	<u>\$618,396,576</u>

NOTE F— At December 31, 1969, outstanding options under the Employee Stock Option Plan covered 92,940 shares of Common Stock at prices ranging from \$23.75 to \$39.25 per share (95 percent of market on the date of grant for options granted prior to 1964, and 100 percent of market on the date of grant for options granted in 1964 and subsequently). In 1969 options for 21,090 shares, at option prices ranging from \$23.75 to \$34.00, were exercised and options covering 3,990 shares expired or were surrendered.

At December 31, 1969, 130,653 shares of Common Stock were reserved for the Employee Thrift Plan. In 1969, 40,995 shares were sold under the Plan.

On April 22, 1969, the share owners approved an Employee Savings Plan for salaried employees and a Key Employee Incentive Stock Plan for key employees of the Company. Of the 400,000 shares reserved for the Employee Savings Plan, 776 shares were sold as of December 31, 1969. Of the 400,000 shares reserved for options under the Key Employee Incentive

Plan, options for 128,000 shares were granted on May 27, 1969, at market value (\$38.75 per share). An option for 600 shares has been surrendered. None of the options granted under this plan were exercisable at December 31, 1969.

NOTE G— Unrecorded purchase commitments for materials and services in connection with the construction program amounted to approximately \$92,100,000 at December 31, 1969.

NOTE H— The Company's pension plan provides retirement benefits for all regular employees, with at least ten years of service, based primarily on length of service and total earnings. The plan also provides for certain early retirement, disability and death benefits. The pension provisions were computed as a percentage of payroll based on actuarial estimates. The 1969 and 1968 provisions amounted to \$2,900,000 and \$2,630,000, respectively. The Company's policy is to fund pension cost accrued. At the end of 1969, the value of the pension fund adequately covered all prior service liability.

The Cleveland Electric  
Illuminating Company and Subsidiaries

Financial and Statistical  
Review 1969-1959

Results of Operations  
(Thousands of Dollars)

Financial Position Year-End  
(Thousands of Dollars)

Operating Statistics

(a) Does not include \$2,062,503 in 1968 and \$39,073,980 in 1969 advanced to the Ohio Edison Company for approximately one half of the cost of that Company's Sammis #6 Unit. The Company will be entitled to one half of the net capability of the unit until June 1, 1970 when its own Avon #9 Unit is expected to be in operation.

(b) Years 1959 through 1962 — Restated to reflect a 2-for-1 stock split on May 20, 1963.

(c) After deducting shares in Treasury: 72,200, 243,300, 530,400, 636,300 in 1964-5-6-7, respectively, and 700,400 in 1968 and 1969.

(d) Includes 822,035,000 KWHR and \$3,470,000 Revenue — sales for resale to other utilities.

(e) Reflects redemption of Preferred Stock, \$4.50 Series, at \$107 per share, effective October 1, 1963.

(f) Net after reductions of: \$2,216,000, \$53,000 and \$132,000 in 1964-5-6, respectively, for price adjustments due to anti-trust settlements, and \$107,815 in 1967 reflecting Acquisition Adjustments for all prior years' acquisitions. Also, reflects reclassification in 1965 of a portion of improvements to Leased Property as Utility Plant, \$1,053,000.

(g) Earnings per share decreased one cent each for the years 1964, 1966 and 1967 as a result of adopting average outstanding shares for this computation.

(h) Includes 125,000 KW, the Company's share of Seneca Plant, which is in partial operation.

	1969
TOTAL OPERATING REVENUE . . . . .	218,498
Residential . . . . .	75,327
Commercial . . . . .	54,080
Industrial . . . . .	77,07
Other Electric . . . . .	8.3
Steam Heating . . . . .	3,630
TOTAL OPERATING EXPENSES . . . . .	172,183
Operating Payroll . . . . .	32,294
Fuel and Purchased Power . . . . .	48,145
Other Operating Expenses . . . . .	20,289
Depreciation and Amortization . . . . .	19,926
Taxes, Other Than Federal income taxes . . . . .	25,280
Federal Income Taxes . . . . .	26,844
Provision for Future Federal Income Taxes . . . . .	—
Transfers from Accum. Crs. for Future Fed. Inc. Taxes . . . . .	(1,391)
Investment Tax Credit Adjustments (Net) . . . . .	796
NET OPERATING INCOME . . . . .	46,315
OTHER INCOME net, after income taxes . . . . .	433
MISCELLANEOUS INCOME DEDUCTIONS, after income taxes . . . . .	(306)
GROSS INCOME . . . . .	46,442
INTEREST CHARGES . . . . .	7,201
Long Term Debt and Other Interest . . . . .	14,031
Interest Charged to Construction . . . . .	(6,830)
NET INCOME . . . . .	39,241
EARNINGS PER SHARE — Common — (b) (g) . . . . .	\$ 2.92
DIVIDENDS PER SHARE — Common — (b) . . . . .	\$ 2.04

TOTAL ASSETS . . . . .	741,092
Utility Plant — Total . . . . .	941,604
Accum. Utility Plant Deprec. and Amort. . . . .	(269,064)
Other Plant, less accumulated depreciation . . . . .	4,776
Current and Other Assets . . . . .	63,776
TOTAL CAPITALIZATION AND LIABILITIES . . . . .	741,091
First Mortgage Bonds . . . . .	290,00
Preferred Stock . . . . .	—
Common Stock Equity . . . . .	273,831
Accum. Credits for Future Fed. Inc. Taxes . . . . .	23,363
Current Liabilities and Other Credits — . . . . .	153,898
UTILITY PLANT ADDITIONS — (a) . . . . .	100,446
UTILITY PLANT RETIREMENTS . . . . .	9,943
NUMBER OF COMMON SHARES — (b) (c) . . . . .	13,459,864
NUMBER OF PREFERRED SHARES . . . . .	—

KWHR SALES (Thousands) . . . . .	13,291,779
Residential . . . . .	3,147,720
Commercial . . . . .	2,717,356
Industrial . . . . .	6,937,738
Other . . . . .	488,965
ELECTRIC CUSTOMERS — YEAR END . . . . .	649,233
Residential . . . . .	593,993
Commercial . . . . .	47,569
Industrial . . . . .	7,150
Other . . . . .	521
RESIDENTIAL SALES DATA . . . . .	
Average Kwhr per Customer . . . . .	5.132
Average Revenue per Customer . . . . .	\$ 122.76
Average Revenue per Kwhr . . . . .	2.39c
ELECTRIC PRODUCTION . . . . .	
Net Available for Service Area (Thousands) . . . . .	14,308,764
Net Generation . . . . .	12,342,226
Net Received from Others . . . . .	1,966,538
BTU per KWHR of Net Output . . . . .	10,591
Fuel cost per Million BTU . . . . .	28.11c
Coal Cost per Ton . . . . .	\$ 6.57
Net 60-Min. Max. Load — KW — Excl. Interruptibles . . . . .	2,411
Net Demonstrated Capability — KW — Year End . . . . .	2,405,00
STEAM HEATING . . . . .	
Sales — Pounds (Thousands) . . . . .	2,366,061
Customers — Year End . . . . .	474
POPULATION SERVED . . . . .	2,138,000
EMPLOYEES — YEAR END . . . . .	4,691



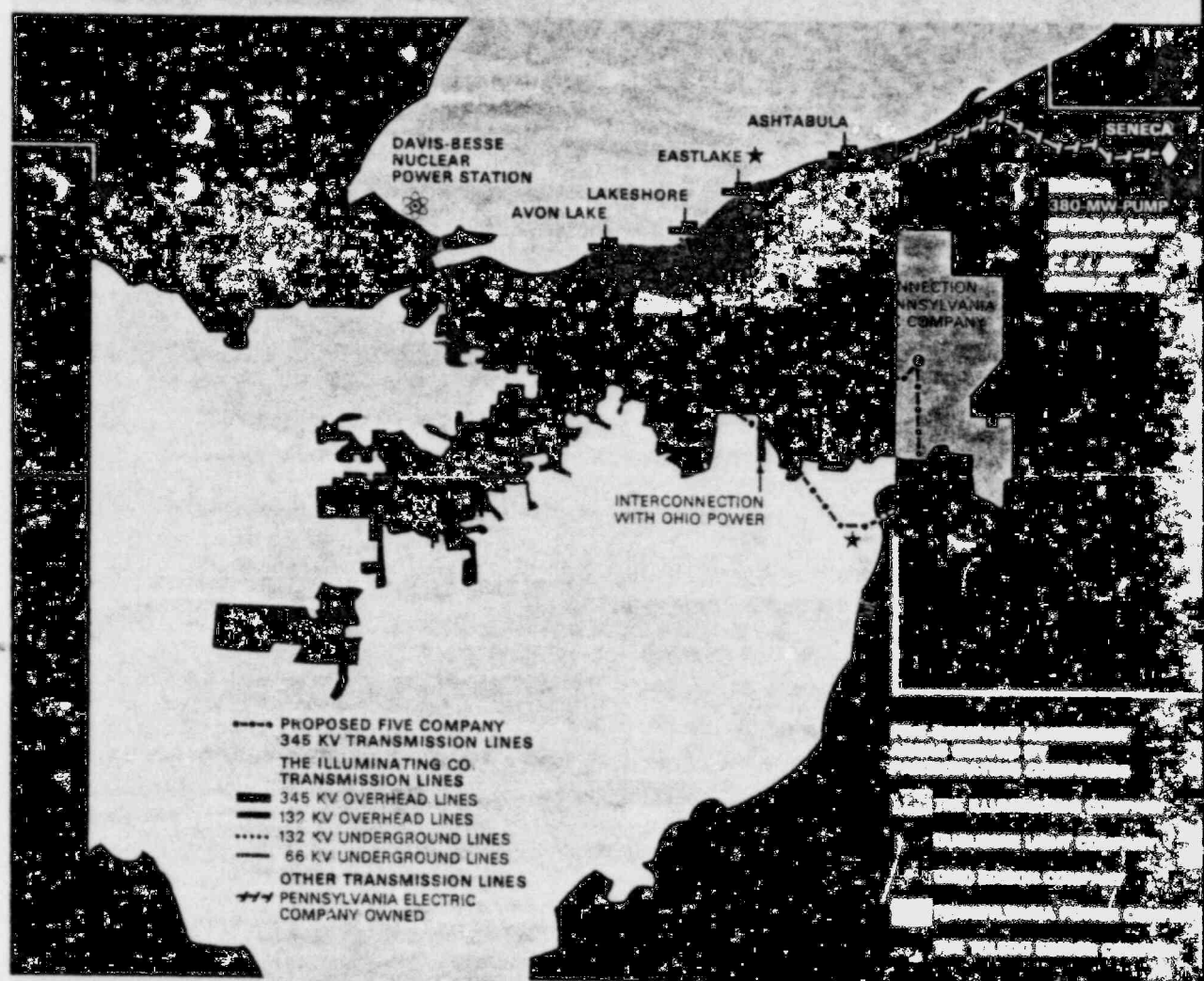
# POOR ORIGINAL!

Serving The Best Location in the Nation



**The Illuminating Company's** service area, Cleveland-Northeast Ohio, is a strategic, central location around which 21 of the nation's "one-billion-dollar or more" industrial markets are clustered within 500 miles. It is a location with four world ports, five major rail lines, 250 trucklines, an international airport, a downtown business airport, plus 13 business and private aircraft facilities dispersed throughout four counties.

1968
203,840
70,335
50,394
71,653
7,874
3,582
163,106
30,475
40,998
18,852
20,048
23,316
29,816
239
(1,542)
904
40,734
299
(146)
40,887
3,581
7,320
(3,739)
37,306
\$ 2.78
\$ 1.89
618,397
812,027
(258,234)
4,398
60,206
618,397
195,000
260,214
24,754
138,429
110,980
10,923
13,423,538
12,360,792
2,904,191
2,518,958
6,444,028
493,615
638,685
585,224
45,808
7,127
526
4,809
\$ 116.42
2.42¢
13,296,025
11,592,344
1,703,681
10,517
26.60¢
\$ 6.26
2,266,000
2,259,000
2,342,745
484
2,116,000
4,528



- FIVE-COMPANY GENERATING UNITS PLANNED OR UNDER CONSTRUCTION BY TYPE**
- ★ **COAL FIRED**  
 EASTLAKE #5-650-MW UNIT  
 (OWNERSHIP: C. E. I. 68.8%; DUQUESNE 31.2%)  
 SAMMIS #7-650-MW UNIT  
 CAPCO #5-880-MW UNIT  
 CAPCO #6-880-MW UNIT
  - ☼ **NUCLEAR**  
 DAVID-BESSE-872-MW UNIT  
 (OWNERSHIP: C. E. I. 47.5%; TOLEDO 52.5%)  
 BEAVER VALLEY-847-MW UNIT
  - THE ILLUMINATING COMPANY GENERATING UNIT CURRENTLY UNDER CONSTRUCTION**  
 AVON LAKE #9-650-MW-COAL FIRED

**The Five-Company Power Pool . . .** is an agreement among regional utility companies to assure greater reliability of interconnections, backup in case of emergencies, and better economies of operation. Members include The Illuminating Company, The Toledo Edison Company, Ohio Edison Company, Pennsylvania Power Company and Duquesne Light Company. The agreement among members includes the joint development of power generation and transmission facilities for all five companies, and requires a total investment in excess of \$1-billion over the next six years.

## The Board of Directors

### RALPH M. BESSE

*Chairman of the Board*

### JOHN E. KUSIK

*Vice Chairman of the Board  
The Chesapeake & Ohio Railway Co.*

### JOHN LANSDALE, JR.

*Partner in the law firm of  
Squire, Sanders & Dempsey*

### ELMER L. LINDSETH

*Chairman of the Executive  
Committee of the Board*

### HUGH D. LUKE

*President  
The Reliance Electric Company*

### MORTON L. MANDEL

*President  
Premier Industrial Corporation*

### DR. ROBERT W. MORSE

*President  
Case Western Reserve University*

### KARL H. RUDOLPH

*President*

### CHARLES E. SPAHR

*Chairman and Chief Executive Officer  
The Standard Oil Company (Ohio)*

### RICHARD B. TULLIS

*President  
Harris-Intertype Corporation*

### JOHN C. VIRDEN

*Honorary Director  
Eaton Yale & Towne Inc.*

### Auditors

Price Waterhouse & Co.  
Union Commerce Building  
Cleveland, Ohio 44115

### Common Stock

Listed on the New York, Midwest and Pacific  
Coast Stock Exchanges; unlisted trading on the  
Boston Stock Exchange, New York Stock  
Exchange Symbol — CVX

### Transfer Agents

#### For Common Stock

The Cleveland Electric Illuminating Company  
P.O. Box 5000, Cleveland, Ohio 44101  
Manufacturers Hanover Trust Company  
Four New York Plaza, New York, N. Y. 10015

### Secretary

#### For Common Stock

The Cleveland Trust Company  
Euclid Avenue and East 9th Street  
Cleveland, Ohio 44114  
Bankers Trust Company  
16 Wall Street, New York, N. Y. 10015

### Bond Paying Agents

Manufacturers Hanover Trust Company  
40 Wall Street, New York, N. Y. 10015  
Morgan Guaranty Trust Company of New York  
23 Wall Street, New York, N. Y. 10015  
The Cleveland Trust Company  
Euclid Avenue and East 9th Street  
Cleveland, Ohio 44114

### Administrative Offices

Communications regarding stock transfer  
requirements or lost certificates may be  
directed to either Stock Transfer Agent. All  
communications regarding dividends and  
changes of address should be directed to the  
Office of the Secretary, 55 Public Square,  
P.O. Box 5000, Cleveland, Ohio 44101.

### Stock Transfer Agent

Illuminating Building  
55 Public Square  
Cleveland, Ohio  
Mail Address  
Post Office Box 5000  
Cleveland, Ohio 44101

## Principal Officers and Executives

### RALPH M. BESSE

*Chairman of the Board*

### KARL H. RUDOLPH

*President*

### ROBERT M. GINN\*

*Vice President-General Services*

### LEE C. HOWLEY

*Vice President & General Counsel*

### RICHARD A. MILLER

*Vice President-Finance*

### HARRY T. SEALY

*Vice President-Operations*

### HAROLD L. WILLIAMS

*Vice President-Engineering*

### RAYMOND W. WYMAN

*Vice President-Marketing*

### CLEMENT T. LOSHING

*Treasurer*

### THORNTON L. THURBER

*Controller*

### WILLIAM R. VOGELSANG

*Secretary*

### PHILIP B. PERRY\*\*

*General Superintendent  
Distribution Division*

### NEWTON D. FLACK

*General Superintendent  
Steam Power Division*

\*Elected Executive Vice President, effective January 1, 1970.

\*\*Elected Vice President-General Services, effective  
January 1, 1970. At the same time, John J. Mistic was  
appointed General Superintendent Distribution Division  
to replace Mr. Perry.

## Area Development Anniversary

LAND FOR NEW INDUSTRY rolls under the plastic bubble of the helicopter while a member of the Company's area development team studies the location requirements of a new industrial prospect.

For 25 years The Illuminating Company has been studying Cleveland-Northeast Ohio and promoting its advantages nationwide.

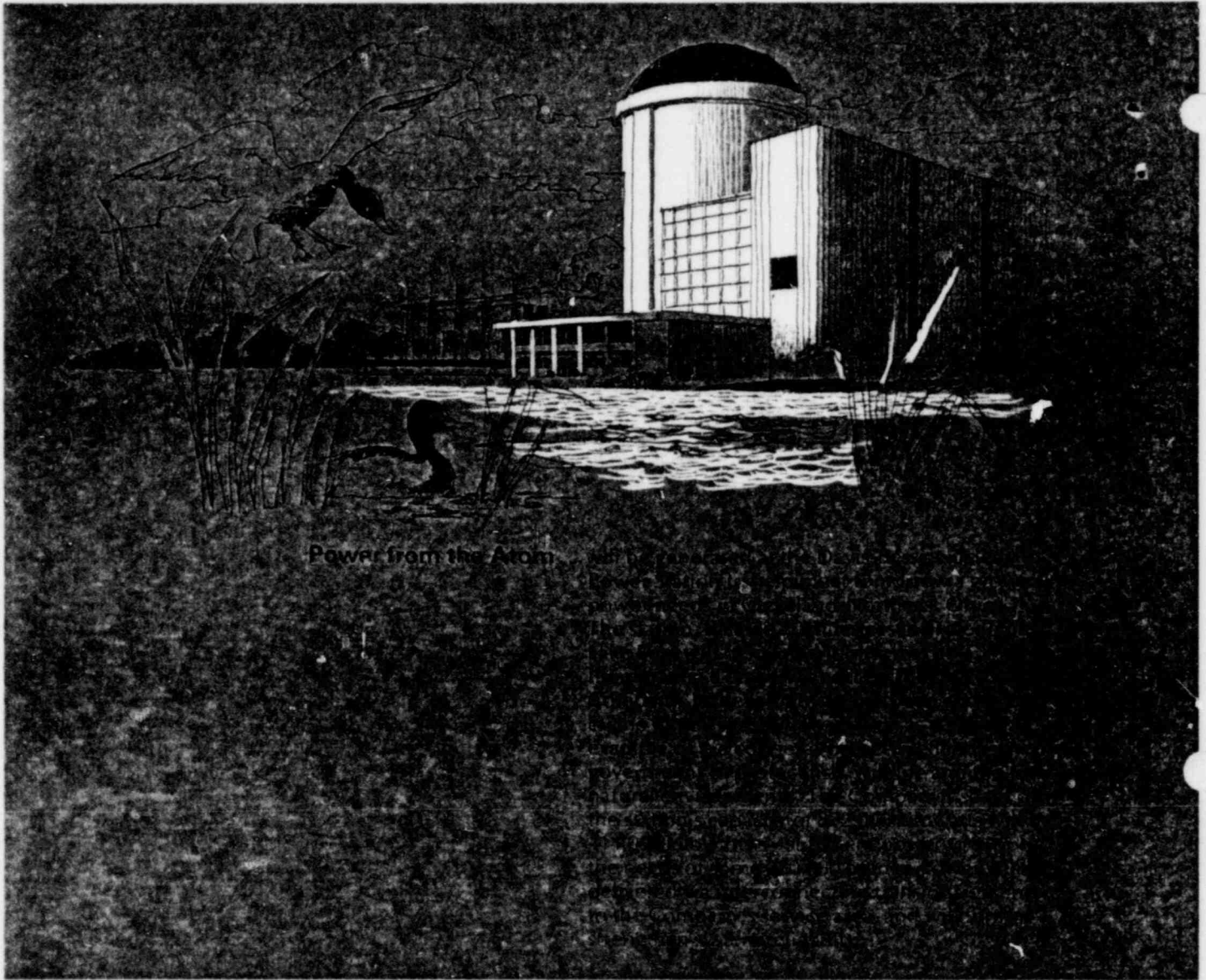
In the course of these years it has assisted some 463 companies to locate 533 new plants in its service area. These companies today employ nearly 132,000 persons with an annual payroll of \$955-million. This employment,



# POOR ORIGINAL

in turn, has generated sufficient purchasing power to support over 5,200 retail establishments, more than 110,000 additional non-manufacturing jobs, and purchase or rental of thousands of homes or apartments. All of this means, for the Company, load growth and an expanding market for power.

This year, with a quarter-century of progress behind it, the Company's Area Development Department, in its efforts to build continuing progress into the future, moves forward toward the goal of further economic vigor for Cleveland-Northeast Ohio.



Power from the Atom

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY  
P. O. Box 5000 • Cleveland, Ohio 44101

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PERMIT No. 409

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