

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application )  
of The Cincinnati Gas & Electric )  
Company to Adjust and Set its ) Case No. 05-724-EL-UNC  
System Reliability Tracker )  
Market Price )

FILE

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**APPLICATION TO ESTABLISH THE CINCINNATI GAS & ELECTRIC  
COMPANY'S 2006 SYSTEM RELIABILITY COMPLIANCE PLAN AND  
SYSTEM RELIABILITY TRACKER, AND TO REVIEW THE 2005  
COMPLIANCE PLAN AND TRACKER**

TO THE HONORABLE  
THE PUBLIC UTILITIES COMMISSION OF OHIO:

1. The Cincinnati Gas & Electric Company (CG&E) is an Ohio corporation engaged in the business of supplying electric transmission, distribution, and generation service in Adams, Brown, Butler, Clinton, Clermont, Hamilton, Montgomery, and Warren Counties in Southwestern Ohio to approximately 642,000 consumers, and supplying electric transmission and distribution service to approximately 23,000 consumers that receive generation service from Competitive Retail Electric Service (CRES) Providers, all of whom will be affected by this Application.

2. CG&E is a "public utility" as defined by R. C. 4905.02 and 4905.03; and an "electric distribution company," "electric light company," "electric supplier," and an "electric utility" as defined by R. C. 4928.01.

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3. This application is made pursuant to the Public Utilities Commission of Ohio's Entry of February 9, 2005, in Case No. 04-1820-EL-ATA.

4. On November 23, 2004, in Case Nos. 03-93-EL-ATA, 03-2079-EL-AAM, 03-2081-EL-AAM, and 03-2080-EL-ATA (RSP Case), the Public Utilities Commission of Ohio (Commission) issued its Entry on Rehearing. In paragraph 13 of its Entry on Rehearing, the Commission directed CG&E to make an initial filing relating to the System Reliability Tracker (SRT) component of CG&E's MBSSO set forth in CG&E's alternative rate stabilization plan.

5. On December 3, 2004, CG&E filed its SRT application for 2005 in Case No. 04-1820-EL-ATA to permit CG&E to track and recover its costs of purchasing power to provide reliable provider of last resort (POLR) service, including an adequate reserve margin.

6. On December 21, 2004, the Commission approved, on an interim basis, CG&E's SRT application as filed on December 3, 2004, pending further staff review, and subject to a true-up. The Commission found that for 2005 the POLR charge was unavoidable, except for those consumers receiving shopping credits.

7. On February 9, 2005, the Commission issued its finding and order in Case No. 04-1820-EL-ATA (February Order) upholding CG&E's initial SRT application and related charges, except for CG&E's request for quarterly adjustments, and ordered that a further

proceeding be commenced no later than July 1, 2005 to determine whether or not the SRT charges should be unavoidable in light of the commencement of the Midwest Independent System Operator (MISO) Day 2 market.

8. The February Order stated that CG&E is to submit the costs to be included in the SRT calculations, the method for calculating the SRT, the allocation of the SRT to customer classes, and the determination of the SRT market price within the customer classes in the proceeding.

9. On April 6, 2005, the Commission issued its Rehearing Order upholding its February Order and denying rehearing.

10. The SRT charges should be unavoidable for the years after 2005. Currently, the MISO does not administer a capacity market. Moreover, the MISO is under no obligation to provide POLR services. Pursuant to R.C. 4928.14, CG&E is statutorily obligated to provide POLR services to load and, as such, must maintain adequate reserves.

11. The schedules supporting CG&E's calculation of the SRT are attached hereto. Schedule A contains the SRT market prices, by rate schedule, commencing with the initial billing cycle for January, 2006. Schedule B describes CG&E's Resource Plan, including the type and cost of the various supply-side options.

12. CG&E developed this Resource Plan after weighing the nature of CG&E's firm obligation to provide POLR service, the cost-effectiveness of available supply-side resources, and firm deliverability considerations, such as the possibility of Transmission Load Relief (TLR) events and the amount of Available Transmission Capacity into Cinergy from any directly interconnected companies.

13. The attached Resource Plan is based on CG&E's expected peak demand for native load consumers, including switched load, and available generating capacity for summer 2005. Accordingly, the plan does not include the demand or the generating assets associated with CG&E's transfer of East Bend, Miami Fort 6 and Woodsdale to The Union Light, Heat and Power Company, because the closing for this transaction is expected to occur by August 1, 2005.

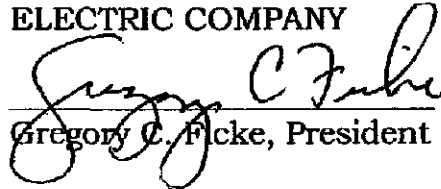
14. CG&E also requests that the Commission permit it to make quarterly adjustments to the SRT to avoid volatility in the SRT price that is detrimental to consumers and the competitive retail electric market. Quarterly adjustments permit CG&E to make incremental changes to the SRT market price that reflect actual costs instead of projected costs. Such adjustments result in a transparent energy market and therefore encourage the development of the competitive retail electric market.

WHEREFORE, CG&E respectfully requests that the Commission approve the attached Resource Plan for CG&E's System

Reliability Tracker Demand charges and charges per kWh, which charges shall be effective for all switched and non-switched residential and non-residential consumers for service rendered beginning with the first billing cycle of January 2006. CG&E also requests that the Commission permit CG&E to file quarterly updates of the System Reliability Tracker charges

Respectfully submitted,

THE CINCINNATI GAS &  
ELECTRIC COMPANY

  
Gregory C. Ficke, President

  
Wendy L. Aumiller, Treasurer

#### VERIFICATION

STATE OF OHIO           )  
                                  )  
COUNTY OF HAMILTON )

I, Gregory C. Ficke, President, and I, Wendy L. Aumiller, Treasurer, of The Cincinnati Gas & Electric Company, being first duly sworn, hereby verify that the information contained in this Application is true and correct to the best of our knowledge and belief.

  
Gregory C. Ficke

  
Wendy L. Aumiller, Treasurer

Sworn to and subscribed in my presence this 3/5 day of May,  
2005.

  
Notary Public


Company official to be contacted  
regarding the application:

Gregory C. Ficke  
President  
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**ANITA M. SCHAFER**  
Notary Public, State of Ohio  
My Commission Expires  
November 4, 2009

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