BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of Interruptible Electric Service Guidelines and the Application of the Cincinnati Gas & Electric Company for Approval of Interruptible Electric Service Rider EOP-RTP	)))))	Case No. 95-866-EL-UNC Case No. 96-595-EL-ATA Case No. 96-596-EL-ATA

FINDING AND ORDER

The Commission finds:

(1) The Applicant, Cincinnati Gas and Electric 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 filed its Original Application for Interruptible Electric Service with the Buy-Through provision via its Energy Call Option Rider to its Real Time Pricing (EOP-RTP) tariff on June 14, 1996. At the same time, the Applicant filed for approval to amend and upgrade its existing RTP tariff, (Case No. 96-596-EL-ATA) and for approval to freeze the availability and withdraw its Rider CP, Curtailable Power (Case No. 96-595-EL-ATA).

(3) On July 12, 1996, several parties filed comments and objections to the Applicant's proposed Rider EOP-RTP tariff. The Applicant filed reply comments on August 9, 1996 describing several areas where the Rider could be improved with additional or modified language. Discussions and negotiations commenced between the Applicant and Industrial Energy Users-Ohio (IEU) after the filing of the reply comments by the Applicant. These discussions and negotiations resulted in the amended version of the Applicant's Rider on November 12, 1996.

(4) On July 15, 1996, the Staff submitted Data Requests to the Company regarding the Applicant's proposed EOP-RTP tariff. The Applicant filed responses to these Data Requests on July 29, 1996.

(5) The amended version of the Applicant's tariff rider incorporated "marginal cost" definitions as requested by IEU. The basic premise of how the Applicant's interruptions would be called under this rider would be economic in nature and not

physical. Customers would agree to provide the Applicant a "Call Option" to sell back energy at an agreed upon "Strike Price". The Strike Price means the price at which the Applicant may invoke its Call Option to purchase energy from the customer and is equivalent to the Applicant's expected marginal operating costs. The Call Option will generally occur when the Applicant's hourly marginal operating costs are projected to be equal to or greater than the Strike Price. The Call Option will be limited to weekdays during the months of June through September, excluding holidays. When such a Call Option is exercised, it will be for the eight-hour period beginning at 12:00 noon and ending at 8:00 p.m. The applicant and the customer may agree by contract on alternative arrangements regarding the start and end times for the exercise of Call Options. Customers may designate a buy-out source of energy other than the Applicant's. Customers may also specify, at a minimum, five designated sources. Customers whose 15-minute demands are less than 500 kW may also subscribe to this service if they are willing to pay for the incremental cost of installing the real time metering equipment.

(6) The Commission commends the Applicant for expanding the EOP-RTP tariff rider to include customers below the 500 kW demand level. Under the EOP-RTP tariff, customers will have the choice to pre-designate third-party purchases to supply the buy-out energy. A scheduling fee of $100.00 will be billed for each day that the designated buy-out energy from a third-party has been scheduled for delivery during a requested call option. No scheduling fee shall be imposed until the company submits a cost-based analysis for such a fee backed up with the appropriate documentation. the Commission reserves in this entry the right to require the company to impose a scheduling fee at such time the information provided sufficiently demonstrates the appropriate costs for providing this ancillary service. The Commission is also concerned with the provisions of the tariff which require certain customers to purchase the appropriate metering equipment to take part in the RTP service. The Commission finds that the Applicant should revise its tariff to allow for other competitors to sell meters to customers who are eligible for this service provided that the meters meet the minimum standards acceptable under this program. All new customers who take service under the RTP tariff should be required to

pay for total load profile metering costs necessary for this service less an appropriate credit which effects amounts the customer is already paying in rates for its existing meter. In those cases, where the Applicant is providing the meter to new customers, it should provide various options for the payment of the meter, including one option for monthly payments. The Applicant should also provide customers with the option to purchase or lease the meter. Applicant shall work with the staff to develop tariffs in conformity with these requirements.

(7) The Applicant is also requesting that its Rider CP Curtailable Power be withdrawn and its availability be grandfathered to only those customers who are currently served under that arrangement. The reason the Applicant is withdrawing this Rider for new customers is that the discounts given are currently above the market costs of purchasing combustion turbine capacity. The Commission finds the request to withdraw the availability of this Rider for new customers is reasonable. Customers presently served under this Rider have the option to switch to the EOP-RTP tariff and take service under the terms and conditions of that tariff to obtain buy-through service.

(8) Enron Capital and Trade Resources has commented that the duration of an interruption or notice to resume to firm service after the interruption should be addressed in interruptible tariffs or riders for each utility. The Commission finds that this issue does not apply to the Applicant. The Applicant's Rider EOP-RTP already provides for the start and stop times of an interruption on a clock hour basis when a call-option is issued. The Ohio Consumers' Counsel asserts that the Applicant's tariff needs to reflect the circumstances under which customers taking service pursuant to this tariff can return to firm service. The Applicant's tariff does state that the Call Option will be in effect for a one-year period and that the Applicant and the customer may mutually agree to enter into additional one-year Call Options. The Commission realizes that the Applicant's proposed Rider contemplates primarily economic interruptions in nature and is not necessarily for capacity planning consideration, even though this objective may be achieved as well. Inasmuch as this Rider primarily reflects the short-term spot market for capacity rather than the deferral of capacity, there should be no

additional costs incurred if a customer returns to firm tariff service after a one-year call option. Therefore, we find the one-year period to be reasonable.

(9) The revised application is not for an increase in any rate, joint rate, toll, classification, charge or rental.

(10) Staff has examined the revised application and is of the opinion that the proposed tariffs are reasonable with the modifications discussed by the Commission above.

(11) The Commission finds that the applications and the revised tariffs, with the modifications discussed by the Commission set forth above, do not appear to be unjust or unreasonable and should approved pursuant to Section 4909.18, Revised Code.

It is, therefore,

ORDERED, That the proposed amended tariff schedules filed by the Applicant be approved subject to the above changes. It is, further,

ORDERED, That the Applicant is authorized to file in final form, within ten days of the issuance of this order four complete printed copies of tariffs consistent with the findings of this Finding and Order. One copy shall be filed in this case docket, one copy shall be filed with Applicant's TRF docket and the remaining two copies shall be designated for distribution to the Commission Staff. It is, further,

ORDERED, That the effective date of the proposed schedules shall be a date not earlier than both the date of this Finding and Order and the date upon which the copies of the schedules are filed with the Commission. It is, further,

ORDERED, That the Applicant shall commence notification of all customers affected by the tariff change pursuant to Rule 4905:1-1-03, O.A.C., within 90 days of the effective date of the proposed tariff. 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	Richard M. Fanelly
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RRG/GS/pdc

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A True Copy

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