

THE PUBLIC UTILITIES COMMISSION OF OHIO

ENTRY

- (1) On October 27, 2000, The Cincinnati Gas & Electric Company (CG&E) filed its quarterly Gas Cost Recovery (GCR) rate for the effective period of November 29, 2000 through February 28, 2001. The GCR provides for the dollar-for-dollar recovery of costs incurred by a natural gas company to purchase and deliver natural gas to its system.
- (2) Since the initial filing of its GCR filing, CG&E has experienced a significant increase in its purchase gas costs for gas obtained from the market for the period of January and February 2001. The Company believes these increases are due to lower than normal storage levels, cold temperatures and concerns of declining production in the United States and Canada. In October when CG&E calculated its Expected Gas Cost (EGC) component (a major component of its GCR), the market price of natural gas was approximately \$5.10 per DTH for natural gas deliveries in January and February of 2001. Based on December 6, 2000, published prices for January and February 2001 deliveries, the prices of natural gas has increased to approximately \$8.00 per Dth. This is an increase of \$2.90 per MCF.
- (3) On December 8, 2000, CG&E filed an application containing revised GCR schedules to incorporate the increase in the market price of gas in its EGC calculation.
- (4) Approval of CG&E's application will increase the October 27-filed GCR rate from \$5.829 per MCF to \$7.414 per MCF. This is an increase of \$ 1.585 per MCF from the October filed rate. Approval of the revision will more closely match revenues with expected costs and reduce the likelihood of a large future adjustment for any under-recovery of its gas costs resulting from

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its initially filed GCR rate. Approval of this application will also more closely reflect the prevailing market prices of natural gas and pricing by natural gas suppliers participating in the CG&E customer choice program.

- (5) CG&E's application is reasonable and should be approved. The Commission believes that granting the application under the circumstances will be in the best interest of both CG&E and its customers.

It is, therefore,


ORDERED, That the revision to Cincinnati Gas & Electric's Gas Cost Recovery rate contained in the schedules filed October 27, 2000, shall be effective for bills rendered after January 2, 2001. It is, further,

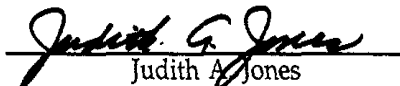
ORDERED, That the effect of this revision be reviewed during the annual financial audit of the Gas Cost Recovery mechanism which covers the effective period of these rates. It is further,

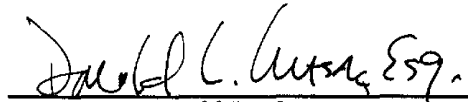
ORDERED, That a copy of this Finding and Order be served upon the Company.

THE PUBLIC UTILITIES COMMISSION OF OHIO


Alan R. Schriber, Chairman


Ronda Hartman Fergus


Judith A. Jones


Donald L. Mason

RS:jc

Entered in the Journal

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A True Copy


Gary E. Vigor
Secretary