

FILE

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BEFORE THE  
PUBLIC UTILITIES COMMISSION OF OHIO

007 APR -9 PM 4:43

PUCO

In the Matter of the Application of	:	
the Cincinnati Gas and Electric	:	Case Nos:
Company to modify its non-	:	03-0093-EL-ATA
residential generation rates to	:	05-725-EL-UNC
provide for market-based standard	:	06-1069-EL-UNC
service offer pricing and to	:	05-724-EL-UNC
establish an alternative	:	06-1068-EL-UNC
competitively-bid service rate	:	06-1085-EL-UNC
options subsequent to market	:	
development period.	:	

PREPARED TESTIMONY  
of  
RICHARD C. CAHAAN

Capital Recovery and Financial Analysis Division

Staff Exhibit \_\_\_\_

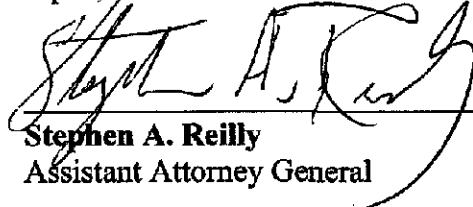
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Technician DB Date Processed 4-10-07

1. Q. Would you please state your name and position?  
A. My name is Richard C. Cahaan, and I am employed by the Public Utilities Commission of Ohio, 180 E. Broad Street, Columbus, Ohio 43215 as the Chief Economist in the Capital Recovery and Financial Analysis Division of the Utilities Department. I have testified in the previous phase of these proceedings, in testimony filed on March 9, 2007, and that testimony provides my background and qualifications.
  
2. Q. What is the purpose of the present testimony?  
A. The purpose of this testimony is to support the stipulation filed in this case. (by the Staff and ????) The Staff believes that this settlement, as a package, benefits the customers of DE-Ohio and serves the public interest and that it does not violate an important regulatory principle or practice.
  
3. Q. Please explain.  
A. The settlement consists of nine items. Only items one and five (in part) directly involve revenues. The Staff believes that the first item (which is confidential) represents a reasonable compromise among the interests of the parties involved. The fifth item adopts the calculations put forth by Staff witness Tufts in his supplemental testimony in this case, and therefore the Staff certainly believes that this element of the stipulation is reasonable

4. Q. And what of the remainder of the stipulation?
- A. These elements of the stipulation deal with “process” matters. In a sense, they address how certain problems are to be solved, and the Staff believes that these are appropriate means of addressing these problems.
5. Q. Did you, personally, have responsibility for any of these items?
- A. Yes, I was responsible for the Staff positions regarding the SRT. I also was responsible for the treatment of the so-called CWIP which was presented in Mr. Tufts testimony. The CWIP issue was discussed in my previous testimony, referenced above, where I noted that the concepts and mechanisms of the components of a market-based standard service offer are not the same as those under cost-of-service regulation.
6. Q. Does this conclude your testimony?
- A. Yes, it does.

## CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing PREPARED TESTIMONY was served by regular U.S. mail, postage prepaid, via electronic mail, or hand-delivered upon the following parties of record this 9<sup>th</sup> day of April, 2007.



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