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BEFORE

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THE PUBLIC UTILITIES COMMISSION OF OHIO PUCO

In the Matter of the Application)
of The Cincinnati Gas & Electric)
Company to Modify its Non-)
Residential Generation Rates to)
Provide for Market-Based) Case No. 03-93-EL-ATA
Standard Service Offer Pricing)
and to Establish a Pilot)
Alternative Competitively-Bid)
Service Rate Option Subsequent)
to Market Development Period)

In the Matter of the Application of The)
Cincinnati Gas & Electric Company for)
Authority to Modify Current Accounting)
Procedures for Certain Costs Associated) Case No. 03-2079-EL-AAM
With The Midwest Independent)
Transmission System Operator)

In the Matter of the Application of The)
Cincinnati Gas & Electric Company for)
Authority to Modify Current Accounting)
Procedures for Capital Investment in its) Case No. 03-2081-EL-AAM
Electric Transmission And Distribution) Case No. 03-2080-EL-ATA
System And to Establish a Capital)
Investment Reliability Rider to be)
Effective After the Market Development)
Period)

**THE CINCINNATI GAS & ELECTRIC COMPANY'S
MEMORANDUM CONTRA MIDAMERICAN ENERGY COMPANY'S
APPLICATION FOR REHEARING**

MidAmerican Energy Company filed its Application for Rehearing
in these cases asking the Commission to permit non-residential
consumers to choose to pay the Rate Stabilization Charge, the Annually

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Adjusted Component, and the System Reliability Tracker, and return to CG&E's fixed price market-based standard service offer instead of the highest hourly cost of power market-based standard service offer.¹ MidAmerican justifies its request by stating that "all customers should have choices of suppliers and electric services."² The Cincinnati Gas & Electric Company offered such choices in its initial filing in these cases.³

CG&E's application, known as the Competitive Market Option, was not supported by MidAmerican or any other competitive retail electric service provider because they did not want to compete against CG&E. They wanted consumers to have choices of suppliers and electric services as long as CG&E was not one of the suppliers and could provide only a fully regulated and fixed above market price market-based standard service offer.

The Commission asked CG&E to provide a rate stabilization plan as its market-based standard service offer. CG&E advanced several rate stabilization plans at a market price as its market-based standard service offer. Ultimately, with some modification, the Commission approved the rate stabilization plan known as the Alternative Proposal, in its Entry on Rehearing issued November 23, 2004.⁴

¹ *In re CG&E's MBSSO*, Case No. 03-93-EL-ATA (MidAmerican's Application for Rehearing at 5) (December 21, 2004).

² *Id.* at 3.

³ *In re CG&E's MBSSO*, Case No. 03-93-EL-ATA (CG&E's Application) (January 10, 2003).

⁴ *In re CG&E's MBSSO*, Case No. 03-93-EL-ATA (Entry on Rehearing at 14) (December 21, 2004).

One of the modifications made by the Commission is that “CG&E will charge any returning, nonresidential shopper, for each hour it provides service to the returned shopper, the highest hourly cost of power that CG&E incurs for that hour.”⁵ In its Entry approving CG&E’s legal notice to consumers providing consumers with the information they need to avoid certain charges the Commission clarified its intent stating that shopping credit consumers could, during 2005 and at the end of their contract with a competitive retail electric service provider, return to CG&E’s market-based standard service offer at the fixed price option.⁶ The Commission made no other exceptions permitting a consumer to return at any price other than the highest hourly cost of power incurred by CG&E for each hour served.

CG&E has accepted the Commission’s market price for a rate stabilization plan, including the ability to charge all returning consumers, except shopping credit customers returning during 2005 at the end of their contract, its highest hourly cost of power. Under the rate stabilization plan approved by the Commission, consumers simply decide to remain on the fixed price market-based standard service offer or switch, and if they return, return at the highest hourly cost of power incurred by CG&E. The approved market price for the rate stabilization service provides consumers that stay with CG&E rate certainty, CG&E revenue certainty, and encourages the development of the competitive

⁵ *Id.* at 19.

⁶ *In re CG&E’s MBSSO*, Case No. 03-93-EL-ATA (Entry at 3) (December 15, 2004).

retail electric market by providing a disincentive for consumers to return to CG&E.

CG&E asks that the Commission deny MidAmerican's Application for Rehearing so that CG&E retains certainty of the revenues it will collect and consumers understand their choices. Additionally, MidAmerican is wrong in its assertion that there will be no additional administrative costs associated with providing consumers additional choices to pay provider of last resort charges and return at the fixed price market-based standard service offer. While CG&E can provide this service manually for a small number of consumers, it would be very time consuming and expensive to make the changes necessary to offer such options to large numbers of consumers. The rate stabilization plan is effective only through December 31, 2008. It does not make sense to pay for billing system changes that cannot be implemented for a year and that will be effective for only another three years.

CG&E suggests that it has taken almost two years to arrive at a market price acceptable to CG&E and the Commission. MidAmerican has had its opportunity to be heard throughout the process, and is attempting to reopen issues that have already been decided by this Commission. It is time to end the process and leave the market price and the service alone. CG&E respectfully requests the Commission deny MidAmerican's Application for rehearing.

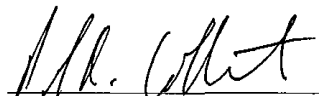
Respectfully submitted,



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CERTIFICATE OF SERVICE

I certify that a copy of the foregoing The Cincinnati Gas & Electric Company's Memorandum Contra MidAmerican's Application for Rehearing was electronically served on the following parties this 30th day of December 2004.



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