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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 )

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**THE CINCINNATI GAS & ELECTRIC COMPANY'S  
MEMORANDUM CONTRA DOMINION RETAIL INC'S APPLICATION  
FOR REHEARING**

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Dominion Retail Inc., filed its Application for Rehearing in these cases asking the Commission to approve a bill credit for residential

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consumers.<sup>1</sup> Dominion Retail justifies its request by reminding the Public Utilities Commission of Ohio that it signed a Stipulation, supported by The Cincinnati Gas & Electric Company, Staff, and many other parties, including a seven million dollar residential bill credit to subsidize the residential competitive retail electric market.<sup>2</sup> Although CG&E offered such a bill credit as part of a Stipulation, the Commission rejected the Stipulation and ultimately adopted an Alternative Proposal that Dominion Retail did not support.<sup>3</sup>

The Alternative Proposal, modified and adopted by the Commission, did not include a residential bill credit because it contained other benefits for competitive retail electric service providers designed to stimulate the competitive retail electric market. Those benefits include the elimination of the five percent residential generation rate decrease worth approximately fifteen million dollars annually and avoidability of the System Reliability Tracker, Annually Adjusted Component, and the Rate Stabilization Charge for the first twenty-five percent of residential load to switch. Finally, the Commission may permit additional avoidance of the System Reliability Tracker during future years.<sup>4</sup> Under these circumstances CG&E does not agree to subsidize residential competitive retail electric service providers through a bill credit.

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<sup>1</sup> *In re CG&E's MBSSO*, Case No. 03-93-EL-ATA (Dominion Retail's Application for Rehearing at 1-2) (December 23, 2004).

<sup>2</sup> *Id.* at 1.

<sup>3</sup> *In re CG&E's MBSSO*, Case No. 03-93-EL-ATA (Entry on Rehearing at 14) (November 23, 2004).

<sup>4</sup> *Id.* at 8-14.

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.<sup>5</sup> The Alternative proposal reduces the market price agreed to by many parties under the Stipulation. The Alternative proposal reduced the market price for competitive retail electric service provided by CG&E through increased avoidability and price reduction to cost recovery.

CG&E does not consent to further reduce the market price of its market-based standard service offer by providing a residential bill credit. The Commission does not retain jurisdiction over the market price of competitive retail electric service after the market-development period.<sup>6</sup> After two years of litigation and negotiation CG&E suggests that the Commission deny Dominion Retail's Application for Rehearing and retain the modified Alternative Proposal adopted by the Commission on rehearing.

CG&E has accepted the Commission's market price for a rate stabilization plan, including the avoidability of price components and the end of the five percent residential generation rate decrease. CG&E

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<sup>5</sup> *In re CG&E's MBSSO*, Case No. 03-93-EL-ATA (Entry on Rehearing at 14) (December 21, 2004).

<sup>6</sup> Ohio Rev. Code Ann. § 4928.05 (Baldwin 2004).

cannot accept the change proposed by Dominion Retail in its Application for Rehearing.

CG&E asks that the Commission deny Dominion Retail's Application for Rehearing so that CG&E retains the level of the revenues it will collect during the rate stabilization period. It makes no difference to CG&E whether Dominion Retail or the Ohio Marketers' Group is correct in its assertion regarding the reaction of the market. CG&E cannot afford, and does not agree, to an additional subsidy.

CG&E suggests that it has taken almost two years to arrive at a market price acceptable to CG&E and the Commission. Dominion Retail 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 alone. CG&E respectfully requests the Commission deny Dominion Retail's Application for Rehearing.

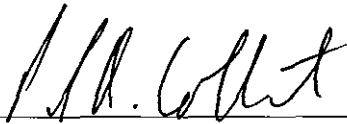
Respectfully submitted,



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CERTIFICATE OF SERVICE

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

  
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