

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of )  
The Cincinnati Gas & Electric Company ) Case No. 01-1228-GA-AIR  
for an Increase in its Gas Rates in its )  
Service Territory. )

In the Matter of the Application of )  
The Cincinnati Gas & Electric Company ) Case No. 01-1478-GA-ALT  
for Approval of an Alternative Rate Plan )  
for its Gas Distribution Service. )

ENTRY

The Commission finds:

- (1) Applicant, The Cincinnati Gas & Electric Company, is a natural gas company as defined by Section 4905.03 (A) (6), Revised Code, and a public utility as defined by Section 4905.02, Revised Code, and as such, is subject to the jurisdiction of this Commission pursuant to Sections 4905.04, 4905.05, and 4905.06, Revised Code.
- (2) The notice of intent to file an application for an increase in rates was received on June 28, 2001, pursuant to Section 4909.43(B), Revised Code, and in compliance with amended Chapter I of the Commission's Standard Filing Requirements, Sections A and B. This filing also includes a notice of intent to file an application for approval of an alternative rate plan for its gas distribution service. Pursuant to Section 4909.43(B), Revised Code, and Rule 4901:1-19-05 (A) Ohio Administrative Code (O.A.C.), such notices must be filed not later than thirty days prior to the filing of the applications.
- (3) The application of The Cincinnati Gas & Electric Company for an increase in rates is governed by and must meet the requirements of Sections 4909.17 to 4909.19 and 4909.42, Revised Code. The application for an alternative rate plan application is governed by and must meet the requirements of Section 4929.05, Revised Code, and Rule 4901:1-19-05, O.A.C.
- (4) For the alternative rate plan application, Standard Filing Requirements (SFRs) pursuant to Rule 4901-7-01, O.A.C., and the exhibits described in Sections 4909.18 (A) through (E), Revised Code, are required to be filed as an exhibit to the application pursuant to Rule 4901:1-19-05 (A) (2), O.A.C. To avoid unnecessary duplication, the Applicant need file only the appropriate number of copies of the SFRs required in Case No. 01-1228-GA-AIR and reference that filing in Case No. 01-1478-GA-AIR.

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- (5) Section 4909.15(C), Revised Code, provides that, unless otherwise ordered by the Commission, the test period for determining cost of service shall be the twelve-month period beginning six months prior to the date the application is filed and ending six months subsequent to that date and that in no event shall the test period end more than nine months subsequent to the date the application is filed. This section also requires that the date certain be no later than the date of filing. The Applicant moves that its test period begin January 1, 2001 and end December 31, 2001, and that the date certain be March 31, 2001. Applicant's proposed test period and date certain comply with the policy of the Commission and with Section 4909.15(C), Revised Code, and should be approved.
- (6) On May 23, 2001 in Case No. 01-1228-GA-AIR and on June 22, 2001 in Case No. 01-1478-GA-ALT, the Applicant filed requests to waive the filing of a portion of the Commission's Standard Filing Requirements. Applicant states that the information for the executive summary was provided as part of the Applicant's 1995 rate proceeding and that summary can be used to evaluate these applications. The Commission Staff is of the opinion that the requests to waive Chapter II, (B)(9), an executive summary of Applicant utility's management policies, practices, and organization (Schedule S-4.2), is reasonable and should be granted.

Granting of these waivers does not preclude the Staff from obtaining the information waived through data request if subsequently deemed necessary to complete the Staff's investigation effectively and efficiently.

It is, therefore,

ORDERED, That the test period of the Applicant, The Cincinnati Gas & Electric Company, shall begin January 1, 2001, and end December 31, 2001, and that the date certain shall be March 31, 2001. It is, further,

ORDERED, That the appropriate method for making any changes to the date certain or test period shall be the filing of a new notice of intent to file an application for an increase in rates and withdrawal of the pending application. It is, further,

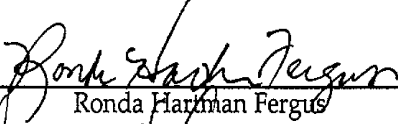
ORDERED, That the requests for waivers made by the Applicant are granted as set forth in Finding No. (6). It is, further,

ORDERED, That a copy of this Entry be served upon all parties of record.

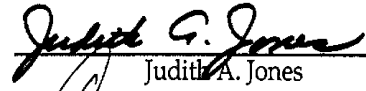
THE PUBLIC UTILITIES COMMISSION OF OHIO



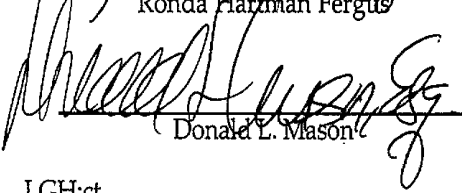
Alan R. Schriber, Chairman



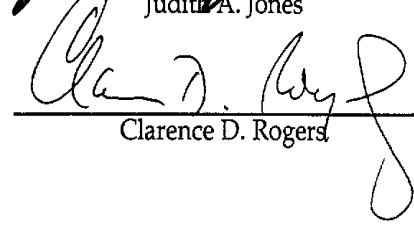
Ronda Hartman Fergus



Judith A. Jones



Donald L. Mason



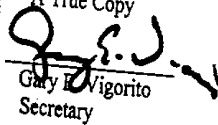
Clarence D. Rogers

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Entered in the Journal

JUL 26 2001

A True Copy



Gary L. Vigorito  
Secretary

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of The )  
Cincinnati Gas & Electric Company for )  
Authority to Execute and Deliver )  
Long-Term Loan Agreements to Borrow ) Case No. 01-1723-GE-AIS  
Up to a Maximum of \$13 Million from )  
The Ohio Air Quality Development )  
Authority. )

FINDING AND ORDER

The Commission finds:

- (1) Applicant, Cincinnati Gas & Electric Company, is an Ohio corporation and public utility, as defined in Section 4905.02, Revised Code, subject to the jurisdiction of this Commission.
- (2) This Application, as amended (hereinafter, the "Application"), is filed under the provisions of Sections 4905.40 and 4905.41, Revised Code.
- (3) Applicant is requesting consent and authority to enter into one or more Loan Agreements with the Ohio Air Quality Development Authority (the "Authority"), pursuant to which the Authority will issue up to \$13 million aggregate principal amount of its revenue bonds (the "Authority Bonds"), in one or more series, consistent with the terms and conditions as set forth in the Application and Exhibits.
- (4) The arrangements between the Applicant and the Authority will provide for the repayment by the Applicant to the Authority of amounts sufficient to pay principal and interest on the Authority Bonds issued by the Authority.
- (5) To evidence such repayment obligation, Applicant may issue first mortgage bonds or may grant some other lien on its assets (the "Company Bonds") to secure some or all of the Authority Bonds as described in the Application. The Authority Bonds or any series thereof may be entitled to the benefit of one or more Letters of Credit, one or more municipal bond insurance, or may be issued without the benefit of such policies.
- (6) The terms of the Authority Bonds will correspond to the terms of the Company Bonds.
- (7) The interest rate applicable to the Authority Bonds may be either fixed or subject to adjustment at varying periods, but in either case not to exceed 8.5% per annum at time of initial issuance and in no event will exceed 10% per annum, as described in the Application and Exhibits.

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- (8) The proceeds from the issuance of the Authority Bonds will be used to refinance portions of Applicant's cost of acquiring and construction of certain pollution control facilities and solid waste disposal facilities to convert scrubber sludge into gypsum at its Zimmer generating station in Clermont County, as described in the Application.
- (9) Applicant states that each transaction described herein is and shall remain in compliance with the Commission's Order in Case No. 00-1658-EL-ETP approving Applicant's Transition Plan.
- (10) The effect of the issuance of the Company Bonds on Applicant's revenue requirements will be considered in the determination of required revenues in rate proceedings in which all factors affecting rates are taken into account according to law
- (11) Applicant is requesting authorization to issue the Company Bonds without mentioning a definite time limit for such issuance. However, the Commission is of the opinion that the authorization should be limited to a time period ending July 25, 2002, for the following reasons: (1) uncertainty of interest rates beyond a 12-month period, and (2) difficulty in predicting financial market conditions over a longer time period.
- (12) The proposed guidelines or parameters set forth in the Application are intended to facilitate the issuance of the Company Bonds on the best terms possible and at lowest cost. The authorization to issue Company Bonds, within the parameters set forth in the Application and Exhibits, in no way relieves the Applicant of its responsibilities to negotiate and obtain the best terms available.
- (13) The aggregate amount of the Company Bonds, the terms thereof, and the probable cost to Applicant, within the parameters set forth in the Application and Exhibits, do not appear to be unjust and unreasonable.
- (14) Applicant shall report to the Commission the full details of each transaction completed pursuant to the authority granted under this Order. The report should include, but not be limited to, a detailed description of the transaction, the rationale for the transaction and a quantification of the benefit of the transaction.
- (15) Based on the information contained in the Application, the Exhibits thereto, and other documentary information to which the Commission has access, the purposes to which the proceeds from the issuance of the Company Bonds shall be applied appear to be reasonably required by Applicant to meet its present and prospective obligations to provide utility service and the Commission is satisfied that consent and authority should be granted.

It is, therefore,

ORDERED, That Applicant, Cincinnati Gas & Electric Company, is authorized to enter into one or more Loan Agreements, through July 25, 2002, with the Ohio Air Quality Development Authority, pursuant to which the Authority will issue up to \$13 million aggregate principal amount of its revenue bonds, in one or more series, to issue Applicant's first mortgage bonds and grant some other lien on its assets, if cost effective; and to enter into arrangements wherein the Authority Bonds and any series thereof may be entitled to the benefit of letters of credit or bond insurance, as set forth in the Application and Exhibits. It is, further,

ORDERED, That the net proceeds from the issuance of the Authority Bonds shall be used by Applicant as set forth in this Order and otherwise pursuant to the provisions of Section 4905.40, Revised Code. It is, further,

ORDERED, That after the Company Bonds authorized by this Order are issued, Applicant shall report to this Commission, as soon as practicable, the terms and full particulars regarding the issuance. It is, further,

ORDERED, That Applicant shall account for the issuance of the Company Bonds as prescribed in the Federal Energy Regulatory Commission Uniform System of Accounts as currently in effect. It is, further,

ORDERED, That the transactions authorized herein shall be in compliance with Applicant's transition plan, as approved by this Commission in Case No. 99-1658-EL-ETP. It is, further

ORDERED, That nothing in this Order shall be construed to imply any guaranty or obligation by this Commission as to the Company Bonds or the interest thereon on the part of the State of Ohio. It is, further,

ORDERED, That nothing in this Order shall be construed to imply any guaranty or obligation by this Commission to assure completion of any specific construction project of the Applicant. It is, further,

ORDERED, That nothing in this Order shall be deemed to be binding upon this Commission in any future proceeding or investigation involving the justness or reasonableness of any rate, charge, rule or regulation of the Applicant. It is, further,

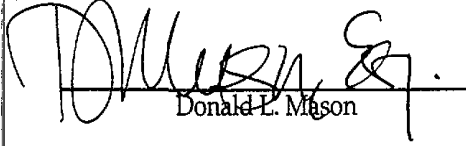
ORDERED, That a copy of this Order be served upon all parties of record.

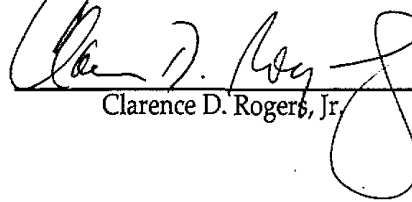
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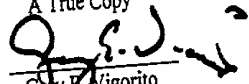
  
Clarence D. Rogers, Jr.

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**JUL 26 2001**

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Gary E. Vigorito  
Secretary