

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of The)
Cincinnati Gas & Electric Company to Modify)
Its Nonresidential Generation Rates to)
Provide for Market-Based Standard Service) Case No. 03-93-EL-ATA
Offer Pricing and to Establish an Alternative)
Competitive-Bid Service Rate Option Sub-)
Sequent to the Market Development Period.)

In the Matter of the Application of The)
Cincinnati Gas & Electric Company for)
Authority to Modify Current Accounting) Case No. 03-2079-EL-AAM
Procedures for Certain Costs Associated 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 System) Case No. 03-2080-EL-ATA
And to Establish a Capital Investment)
Reliability Rider to be Effective after the)
Market Development Period.)

FINDING AND ORDER

The Commission finds:

- (1) The applicant, The Cincinnati Gas & Electric Company (CG&E), filed applications in Case Nos. 03-93-EL-ATA, 03-2079-EL-AAM, 03-2081-EL-AAM, and 03-2080-EL-ATA (03-93) to modify its nonresidential generation rates to provide for market-based standard service offer pricing and to establish an alternative competitive bid process subsequent to the end of the market development period, to permit it to defer costs and investments, and to establish a rider to recover certain capital investments.

This is to certify that the images reproduced are an accurate and complete reproduction of a case file document delivered in the regular course of business.
Technician JH Date Processed MAR 2 2006

- (2) On December 14, 2004, CG&E filed proposed tariffs (December tariffs) for Commission approval. On December 21, 2004, the Commission preliminarily approved those December tariffs, subject to true-up, pending further staff review.
- (3) On January 4, 2005, CG&E filed revised tariffs (January tariffs). The changes made in the January tariffs affect the avoidability of the rate stabilization charge (RSC) by shopping credit customers who receive shopping credits during 2005. Under the December tariffs, those customers would receive shopping credits which are calculated under CG&E's market development plan and which are credits toward payment of generation charges. Those customers would also avoid the RSC, which is, essentially, a portion of the generation charge under CG&E's new rate stabilization plan (RSP). Under the January tariffs, those customers would still receive the shopping credits, but would not explicitly avoid the RSC.
- (4) In our November 23, 2004, entry on rehearing, we stated that the RSC should be avoidable by current, non-residential shopping credit customers during 2005. Our intent, in that statement, was to ensure that shopping credit customers continue to receive the full economic benefit of the shopping credit, without being saddled with an additional RSC rider. However, since the shopping credit itself assumes that the recipient is paying the full generation charge before receiving the shopping credit and, under the RSP, customers who avoid the RSC are not paying the full generation charge, clearly the shopping credit customers are already avoiding the same dollars that are represented by the RSC through their receipt of shopping credits. Our goal, in the entry on rehearing, was to ensure that the shopping credit customers would avoid those dollars that are represented by the RSC. However, through their receipt of shopping credits, those customers already avoid paying those dollars. Therefore, the revisions made by the January tariffs appropriately reflect our objective in that they eliminate an unintended windfall to one class of customers.
- (5) On February 18, 2005, CG&E filed further revised tariffs (February tariffs). The changes made by the February tariffs

reflect the deletion of minimum stay provisions and the deletion of language relating to a market development period for nonresidential customers.

- (6) The revisions made in the February tariffs, incorporating the changes made in the December tariffs and the January tariffs, appropriately reflect the intent of the prior determinations by the Commission in these proceedings and, thus, are in compliance with those prior determinations.
- (7) The Commission's second entry on rehearing, issued on January 19, 2005, among other things, granted rehearing for the limited purpose of considering the appropriate pricing for returning customers. Comments of various parties were filed on January 31, 2005, as allowed by that entry. The present acceptance of the February tariffs does not consider those comments or address this issue and, thus, leaves open the issue of the appropriate pricing for returning shopping customers.

It is, therefore,

ORDERED, That the proposed tariffs of The Cincinnati Gas & Electric Company are accepted as filed on February 18, 2005, subject to possible further modification regarding return pricing for shopping customers. It is, further,

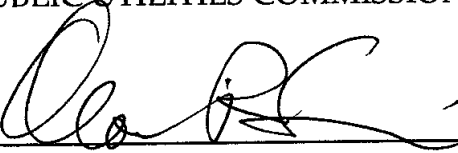
ORDERED, That the applicant is authorized to file in final form four complete copies of tariffs consistent with this finding and order. One copy shall be filed with this case docket, one copy shall be filed with the applicant's TRF docket and the remaining two copies shall be designated for distribution to the electricity division of the Commission's utilities department. The applicants shall also update their tariffs previously filed electronically with the Commission's docketing division. It is, further,

ORDERED, That the proposed tariff sheets reflecting the availability of certain schedules be effective upon filing in final form. It is, further,

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

ORDERED, That a copy of this finding and order be served upon all parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO



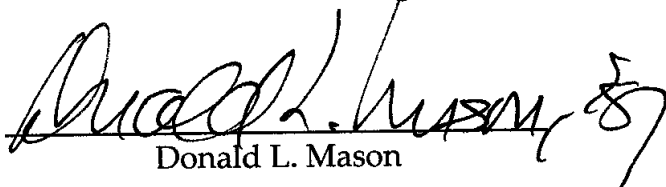
Alan R. Schriber, Chairman



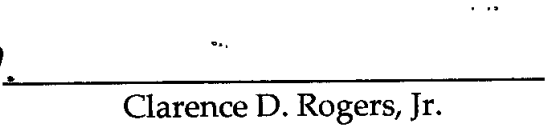
Ronda Hartman Fergus



Judith A. Jones



Donald L. Mason



Clarence D. Rogers, Jr.

JWK/SEF;geb

Entered in the Journal
MAR - 2 2005



MAR - 2 2005

Renee J. Jenkins
Secretary