

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) Case No. 03-2081-EL-AAM
Procedures for Capital Investment in its) Case No. 03-2080-EL-ATA
Electric Transmission and Distribution System)
and to Establish a Capital Investment)
Reliability Rider to be Effective After the)
Market Development Period.)

In the Matter of the Application of The)
Cincinnati Gas & Electric Company to)
Modify its System Reliability Tracker) Case No. 04-1820-EL-ATA
Component of its Market-Based Standard)
Service Offer.)

ENTRY

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.
- (2) On November 23, 2004, the Commission issued an entry on re-hearing in 03-93. In that entry, the Commission directed CG&E to

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make an initial filing relating to the system reliability tracker (SRT) component of its market-based standard service offer.

- (3) On December 3, 2004, CG&E filed an application in Case No. 04-1820-EL-ATA (04-1820), requesting that the Commission approve its initial calculation of the SRT.
- (4) On December 9, 2004, a motion to intervene in 04-1820 was filed by Industrial Energy Users-Ohio.
- (5) On December 14, 2004, CG&E filed an amendment to the application in 04-1820 and filed proposed tariff schedules in 03-93, reflecting P.U.C.O. No. 19 and P.U.C.O. No. 20, to allow it to implement the matters approved by the Commission in its entry on rehearing in 03-93.
- (6) On December 15, 2004, a motion to intervene in 04-1820 was filed by the Office of The Ohio Consumers' Counsel.
- (7) CG&E is a public utility as defined in Section 4905.02, Revised Code, and, as such, is subject to the jurisdiction of the Commission.
- (8) Although the application and filing in 04-1820 and 03-93 were docketed only within the last several days and are, therefore, still undergoing review by Commission staff, in order to allow the market-based standard service offer approved by the Commission to take effect, on a services-rendered basis, on January 1, 2004, the Commission is considering the application and filing on an expedited basis, subject to possible subsequent true-up in the event the Commission requires modifications to either rates or terms and conditions of the tariffs to comport with the Commission's orders in 03-93.
- (9) The application in 04-1820 and the filing in 03-93 have been made pursuant to Sections 4928.14 and 4909.18, Revised Code. The Commission finds, pending further staff investigation and review, that the rates, the terms and conditions, and the calculations set forth in the application in 04-1820 and the filing in 03-93 should be approved, subject to true-up, on an interim basis.
- (10) In its application for rehearing, CG&E stated that it would "implement rates for 2005 on a bills rendered basis at the first January billing cycle." In the attachments detailing the methodology for calculating the SRT, as well as the fuel and purchased power component (FPP), CG&E similarly said that the SRT and the FPP would be initially calculated for bills rendered on and after January 1, 2005. There are three reasons why the 2005 rates can not be implemented on a bills-rendered basis.

First, it should be noted that the signatory parties to the stipulation in 03-93 did not agree to any provision mentioning the application of 2005 rates to services rendered in December of 2004, through the commencement of the rate stabilization plan (RSP) approved by the Commission on a bills-rendered basis. Second, it is critical to recall that the Commission found, in the opinion and order in 03-93, that it is permissible for the nonresidential market development plan (MDP) to be terminated as of December 31, 2004. As no party filed an assignment of error as to this date, the MDP is in effect through the end of 2004. Third, using a bills-rendered basis for implementation is logically inconsistent with other portions of the RSP. For example, consumers wishing to avoid the RSP and the annually adjustable component must give notice to CG&E by December 30, 2004, in order to be treated as shoppers by the start of the plan on January 1, 2005. If the plan were to be effective on a bills-rendered basis, then those consumers would have to be shopping in December of 2004, well in advance of their notice deadline. Similarly, the shopping credit customers are required to provide notice to CG&E by December 30, 2004, of their desire to avoid the SRT. This decision would have to be made before the notification date if the plan were to begin on a bills-rendered basis. Thus, prices for services rendered in December 2004 must be calculated under the terms of the MDP, not under the terms of the RSP.

- (11) Since the rates under the tariff schedules filed in 03-93 will be effective for services rendered on or after January 1, 2005, the Commission finds that it would be reasonable to allow CG&E, if it chooses to do so, to pro rate bills to reflect the new rates for all services rendered on or after January 1, 2005.
- (12) It should be clearly understood that the approvals of the application in 04-1820 and the tariff filing in 03-93 are made on an interim basis only and are subject to modification by the Commission on the basis of further staff investigation and review. In the event that, following such investigation and review, changes are required that would have resulted in different bills having been sent to customers, CG&E will be required to adjust subsequent bills to allow for the true-up of bills that were prepared on the basis of the tariffs approved by this entry. The Commission will be issuing a subsequent entry addressing final approval of these tariffs once staff has completed its investigation and review.

It is, therefore,

ORDERED, That the application filed in Case No. 04-1820-EL-ATA be approved, subject to true-up, on an interim basis, pending further staff investigation and review. It is, further,

ORDERED, That the proposed tariffs filed in Case Nos. 03-93-EL-ATA, et al., be approved, subject to true-up, on an interim basis, pending further staff investigation and review. It is, further,

ORDERED, That CG&E be authorized to file in final form four complete copies of tariffs consistent with this entry. One copy shall be included with this case docket, one shall be filed with CG&E's TRF docket and the remaining two copies shall be designated for distribution to the Electricity Division of the Commission's Utilities Department. CG&E shall also update its tariffs previously filed electronically with the Commission's Docketing Division. It is, further,

ORDERED, That the effective date of the new tariffs shall be for service rendered on or after January 1, 2005. It is, further,

ORDERED, That the Commission directs staff to complete its investigation and review of the application and filing discussed in this entry. 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. Schfiber, Chairman


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Judith A. Jones


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Renee J. Jenkins
Secretary