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BY FACSIMILE AND OVERNIGHT DELIVERY

Public Utilities Commission of Ohio  
Docketing Division  
180 East Broad Street  
Columbus, Ohio 43215-3793

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2002 MAY -3 PM 2:01  
PUCO

RE: **Applications of the Cincinnati Gas & Electric Company for an Increase  
In Rates, for Approval of an Alternative Rate Plan, and for Approval  
to Change Accounting Methods**  
Case Nos. 01-1228-GA-AIR; 01-1478-GA-ALT; 01-1539-GA-AAM

To the Docketing Division:

Please find enclosed twenty (20) copies of the following document for filing in the above-referenced cases of Cincinnati Gas & Electric Company:

- 1. Reply Brief of the Utility Workers Union of America (UWUA) and IUU, Local 600 of the UWUA.

I hereby certify that I have duly served a copy of this document on all parties listed on the attached service list, this day, by first class mail.

Please call if you have any questions about this filing.

Thank you for your cooperation.

Sincerely,



Charles Harak, Esq.  
Counsel for UWUA and IUU, Local 600 of UWUA

cc: Parties on service list

This is to certify that the images appearing are an accurate and complete reproduction of a case file document delivered in the regular course of business  
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**BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of the  
Cincinnati Gas & Electric Company  
for an Increase in Its Gas Rates

CASE NO. 01-1228-GA-AIR

In the Matter of the Application of the  
Cincinnati Gas & Electric Company  
for Approval of an Alternative Rate Plan  
for Its Gas Distribution Service

CASE NO. 01-1478-GA-ALT

In the Matter of the Application of the  
Cincinnati Gas & Electric Company  
for Approval to Change Accounting Methods

CASE NO. 01-1539-GA-AAM

**REPLY BRIEF  
OF THE UTILITY WORKERS UNION OF AMERICA AND LOCAL 600, UWUA**

**I. INTRODUCTION**

The Utility Workers Union of America and IUU, Local 600 of the Utility Workers Union of America (collectively, "UWUA") hereby file their reply brief in this case. Parties filed their initial briefs on April 30, 2002.<sup>1</sup> The Attorney Examiner set May 3, 2002 for any replies.

**II. THE STIPULATION AND RECOMMENDATION SHOULD NOT BE APPROVED EXCEPT WITH THE PROVISIO THAT THE COMPANY NOT BE ALLOWED TO CLOSE ITS FOUR OUTLYING OFFICES UNTIL FURTHER ORDER OF THE COMMISSION**

The Company notes that UWUA did not choose cross-examine its witness, Mr. Steffen, on the reasonableness of the Stipulation and Recommendation. There was no reason to do so as his testimony had no substance apart from explaining the terms of the Stipulation and the process

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<sup>1</sup> UWUA has only been served with a brief from Cincinnati Gas & Electric Company. No other signatory to the Stipulation and Recommendation has filed a brief in support.

by which the signatory parties reached a settlement. As UWUA noted in its initial brief, there are many questionable aspects of the Stipulation that should concern the Commission. The overall increase in rates exceeds the high end of the Staff's initial recommendation and falls at the high end of its revised recommendation.<sup>2</sup> Init. Br. at 3. Rates will increase by 12.3% overall for residential customers, and the customer charge will more than double over the period covered by the Stipulation. The loading of the rate increase onto fixed customer charges will disproportionately impact vulnerable seniors and low-income customers. *Id.* at 4. This 12.3% increase comes at a time when many of the Company's customers have recently become unemployed and thus less able to pay their bills. According to statistics compiled the State of Ohio's Office of Research Assessment and Accountability [<http://lmi.state.oh.us> Labor Market Review] , unemployment increased from 225,000 (3.9% of the workforce) in March 2001 to 336,000 in March 2002 (5.7% of the workforce), an increase of just under 50%. All of these factors should give the Commission itself pause for approving the Stipulation.

But as its Initial Brief makes clear, UWUA's formal and primary objection is to the Company's plan to close four of its five Ohio customer service offices. Throughout the discovery phase, hearings and briefing in this case, the Company obfuscated the fact that these office closings are very likely to happen soon. The Company's brief argues that it has already

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<sup>2</sup> In this regard, it is worth noting that under the Stipulation the Company will receive 60% of its initially requested increase (\$15.06 million [Joint Exh. 1, Stipulation and Recommendation, p. 4, §1] out of \$24.7 million requested [Co. Exh. 1, Vol. I, Application, p. 3, §6]). In the previous rate case, the Commission approved an increase of only \$9.26 million out of \$30.6 million requested (30% of the request). *Cincinnati Gas & Electric Co.*, #95-656-GA-AIR (1996), 1996 Ohio PUC Lexis 873, at \*88. While each case must be decided on its own facts, the current settlement does not appear as an unequivocally beneficial result for ratepayers.

begun to open pay stations as an alternative to customers being able to make payments at customer service centers, implying that this is an "upgrade" (Init. Br. at 21) of customer service. However, the clear purpose of opening pay stations is to reduce, not increase, the costs of providing customer service and to eliminate or reduce the operations of the customer service centers.. That is, the Company has no intent of opening pay stations and leaving customer service centers open. Were the Company to do this, "the result [would be] an increase in operating costs," as Company witness Blade readily agreed. Apr. 24 Tr. 135. Rather, by opening pay stations, the Company maintains, it can close customer service stations as unnecessary and thus save money. Apr. 24 Tr. 125-126 (witness agrees "at least one of the reasons to close those offices would be . . . in order to reduce costs;" "alternative payment office options" provide a basis for closing customer service centers).

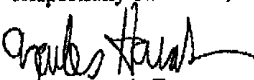
The Company implies that past customer satisfaction surveys contradict UWUA's objections to office closings. Company Init. Br. at 21-22. Of course, these past surveys could not possibly measure the impact of office closings that have yet to occur. The Commission should have no doubt that closing four offices that receive over 300,000 visits per year will be seen as a real detriment to the customers who use those offices. The Commission should prohibit the office closings. In the Company's last rate case, the Commission took strong action in response to both public comment and intervenor concerns about the quality of customer service. *Cincinnati Gas & Electric Co.*, #95-656-GA-AIR (1996), 1996 Ohio PUC Lexis 873, at \*130ff. The Commission should do so again in this case.

### III. THE COMMISSION SHOULD INVESTIGATE CG&E'S ARRANGEMENTS WITH MAKE THE MOVE

The Company's brief concedes (at 20), as UWUA argued in its brief, that move-related calls may be handled by the Indiana call center under arrangements with Cinergy Services and its contractor, MakeTheMove ("MTM"). The Company simply asserts that the costs of calls that involve multiple issues, including transfer of CG&E utility service and other unregulated services (e.g., signing up for newspaper service, installing cable, establishing telephone service), will be properly allocated so that CG&E customers pay only their fair share of the call center costs. As UWUA noted in its initial brief, however, CG&E will provide valuable access to its substantial customer base at no charge to Cinergy or MTM. The arrangement is rife with the potential for cross-subsidization because the same employees who handle CG&E calls will handle calls for unregulated services and products. The Cinergy/MTM venture piggybacks on the embedded call center infrastructure for which CG&E (and Public Service of Indiana) customers pay (including office and overhead costs) and undoubtedly provides a substantial benefit to the start-up business that Cinergy/MTM is launching. The Commission should investigate whether CG&E's customers will end up subsidizing this new, unregulated venture.

**IV. CONCLUSION**

UWUA respectfully asks the Commission to issue an order consistent with the positions taken in its initial and reply briefs.

Respectfully Submitted,  
  
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