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Cinergy Corp
139 East Fourth Street
P.O. Box 960 - 25 ATII
Cincinnati, OH 45201

FAX

Date:

CINERGY.

July 7, 2003

To: Public Utilities Commission of Ohio
Attn: Docketing

From: John J. Finnigan, Jr.
Senior Counsel
Regulated Businesses Unit
E-mail: John.Finnigan@Cinergy.com

Phone Number: 800-686-7826

Phone Number: (513) 287-3601

Fax Numbers:
(614) 466-0313

Fax Number: (513) 287-3810

PUCO

2003 JUL -7 PM 1:14

- Urgent
- Reply ASAP

- For Your Information
- Please Comment

DESCRIPTION/REMARKS:

Please file the attached document, Reply Comments of The Cincinnati Gas & Electric Company. I will also follow up with a hardcopy filing via overnight mail.

Total Pages ~ 5

PLEASE CALL MELISSA A. KEYER, (513) 287-2197 IF YOU DO NOT RECEIVE ALL PAGES.

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The Cincinnati Gas & Electric Company
PSI Energy Inc.

2003 JUL -7 PM 1:14
PUBLIC UTILITIES DIV

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Commission's)
Investigation Into the Question of)
the Desirability, Feasibility, and)
Timing of Declaring that Retail)
Ancillary, Metering, or Billing and)
Collection Service Supplied to)
Customers is a Competitive Retail)
Electric Service Pursuant to)
Section 4928.04, Revised Code)

Case No. 03-681-EL-COI

REPLY COMMENTS OF
THE CINCINNATI GAS & ELECTRIC COMPANY

The Ad Hoc Group of Competitive Retail Electric Suppliers (Ad Hoc Group) and the National Energy Marketers Association (NEMA) (collectively, Marketers) were the only commentators in support of the deregulation or unbundling of ancillary, metering, or billing and collection services. The Cincinnati Gas & Electric Company (CG&E) responds to their comments as follows.

The Marketers failed to make the case that the Commission should take any action to make retail ancillary services unbundled or competitive now. The Marketers failed to provide any information to indicate that a viable retail market exists for these services. The Ad Hoc Group stated that the Commission should not declare power-related ancillary services competitive until the regional transmission organizations (RTOs) serving Ohio have fully

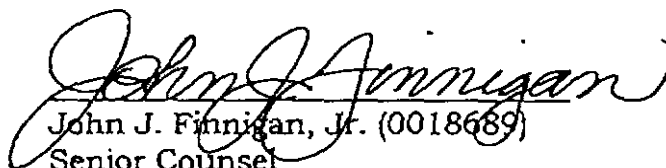
implemented their unified nomination procedures and current and day ahead markets. The Commission should simply re-visit this matter in the future to investigate whether the wholesale market for ancillary services is sufficiently well-developed to support a viable retail market.

As to metering or billing and collection services, the Marketers provided no information to address how competitive service providers would provide these services in a manner that would meet or exceed current service and customer satisfaction levels, data transmission standards, meter and billing accuracy, safety standards, and customer data confidentiality standards. Although the Marketers indicated that a few states allow for competitive providers to deliver these services, it appears that competitive markets for these services in such states have not developed. CG&E agrees with the other commentors that it is too early in the development of the competitive electricity market in Ohio to declare these services competitive.

CG&E agrees with the consensus by most other commentors that the Commission should defer action on unbundling or declaring metering or billing and collection services competitive, in order to: (1) allow the Ohio competitive electricity market to develop more fully; (2) monitor whether competitive markets for these services develop in other states; and (3) determine whether future technological or service delivery advances allow for any value to be delivered to consumers, before declaring these services competitive in Ohio.

Finally, the Marketers state that if metering is declared competitive, the CRES provider or the customer should be permitted to own the meter, and to provide all associated services. CG&E agrees with the majority of commentators that, if metering were declared competitive, the EDUs should retain meter ownership to ensure that consistent safety and reliability standards are maintained, even if a competitive service provider collects and analyzes the data for the customer. In any event, CG&E states that the time is not ripe to initiate a proceeding to determine whether metering should be declared competitive, for the above-stated reasons. Accordingly, CG&E suggests that the Commission should not squander its resources at the present time by conducting proceedings for each EDU to determine fully allocated embedded costs associated with metering and associated functions.

Respectfully submitted,



John J. Finnigan, Jr. (0018689)

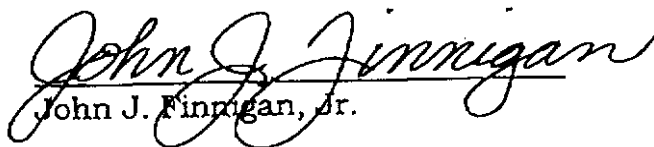
Senior Counsel

Tamara R. McIntosh, Legal Intern
THE CINCINNATI GAS & ELECTRIC
COMPANY

139 Fourth Street, Room 2500 ATII
Cincinnati, OH 45202
(513) 287-3601

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing Reply Comments of The Cincinnati Gas & Electric Company were served on all interested parties by posting to the ERAS (Electric Retail Ancillary Services) electronic distribution list, this 7th day of July, 2003.


John J. Finnigan, Jr.