

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application)
of The Cincinnati Gas and Electric)
Company for Authority to Execute)
and Deliver Long Term Loan) Case No. 95-551-GE-AIS
Agreements to Borrow up to a)
Maximum of \$84 million from the)
Ohio Air Quality Development)
Authority.)

FINDING AND ORDER

The Commission finds,

- (1) Applicant, an Ohio corporation, is a public utility as defined in Section 4905.02, Revised Code, and is subject to the jurisdiction of this Commission.
- (2) The Application is filed under the provisions of Sections 4905.40 and 4905.41, Revised Code.
- (3) Applicant proposes to borrow from the Ohio Air Quality Development Authority (the "Authority") the proceeds of up to \$84 million aggregate principal amount of the Authority's revenue refunding bonds (the "Authority Bonds"), consistent with the terms and conditions as set forth in the Application and Exhibits.
- (4) Applicant also proposes to enter into one or more loan agreements (the "Loan Agreements") with the Authority. The Loan agreements will evidence and secure Applicant's obligations to repay the loans. Applicant's obligations under the Loan Agreements will be to provide the Authority with sufficient funds for the repayment of the principal of and the interest on the Authority Bonds. To secure its obligations to make such loan payments, Applicant further proposes that it may issue its First Mortgage Bonds (the "Company Bonds") or grant some other lien on its assets to the Authority. If market conditions warrant, Applicant may also obtain the benefits of letters of credit or a municipal bond insurance policy for the Authority Bonds, all as fully described in the Application and Exhibits.
- (5) When issued, the terms of the Company Bonds will correspond to the terms of the Authority Bonds with respect to their aggregate amount, interest rate, maturity and redemption

provisions, all as fully described in the Application and Exhibits.

- (6) The proceeds from the borrowings will be used to refund certain pollution control bonds previously issued on Applicant's behalf by the Authority to finance portions of Applicant's pollution control facilities, all pursuant to Section 4905.40, Revised Code.
- (7) The proposed guidelines and parameters set forth in the Application and Exhibits are intended to facilitate Applicant to borrow on the best terms possible and at lowest cost. The authorization to issue the securities based on the parameters in no way relieves Applicant of its obligation to negotiate and obtain the best terms available.
- (8) The maximum amount of the borrowings is just and reasonable, and the probable cost, price to the Applicant, and the respective terms to be determined under the arms length negotiation between Applicant and the underwriters do not appear to be unjust or unreasonable.
- (9) The effect on Applicant's revenue requirements resulting from the borrowings can be determined only in rate case proceedings in which all factors affecting rates are taken into account according to law.
- (10) 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 borrowings 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 Cincinnati Gas & Electric Company is authorized through July 19, 1996 to borrow from the Ohio Air Quality Development Authority the proceeds of up to \$84 million aggregate principal amount of Ohio Air Quality Development Authority revenue refunding bonds, consistent with terms and conditions as set forth in the Application and Exhibits. It is, further,

ORDERED, That Applicant is also authorized to enter into Loan Agreements with the Authority, issue its First Mortgage Bonds

corresponding to Authority Bonds, and obtain the benefits of letters of credit or a municipal bond insurance policy, if appropriate, all consistent with the terms and conditions as set forth in the Application and Exhibits. It is, further,

ORDERED, That Applicant shall apply the proceeds from the issuance of the Authority Bonds for the purposes set forth in this Order and otherwise pursuant to the provisions of Section 4905.40, Revised Code. It is further,

ORDERED, That Applicant shall file a written report with this Commission, as promptly as practicably after the transactions authorized by this Order are consummated. It is further,

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

ORDERED, That nothing in this Order shall be construed to imply any guaranty or obligation by the 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. It is, further,

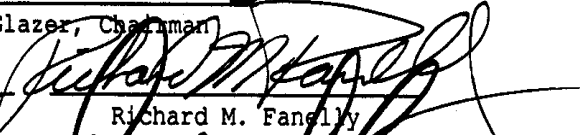
ORDERED, That nothing in this Order shall be construed to imply any guaranty or obligation as to the Securities or the associated interest, on the part of the State of Ohio. It is, further,

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


THE PUBLIC UTILITIES COMMISSION OF OHIO


Craig A. Glazer, Chairman


Jolynn Barry Butler


Richard M. Fanelly


Ronda Hartman Fergus



David W. Johnson

SUM:ct

Entered in the Journal

JUL 20 1995

A True Copy


Gary E. Vigorito
Secretary

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CAMERA OPERATOR Steve Wilson DATE PROCESSED

SERVICE NOTICE

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CASE NUMBER 95-551-GE-AIS
CASE DESCRIPTION CINCINNATI GAS & ELECTRIC CO.
DOCUMENT SIGNED ON July 20, 1995
DATE OF SERVICE JUL 21 1995

PERSONS SERVED

PARTIES OF RECORD

ATTORNEYS

APPLICANT

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