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**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of The)
Cincinnati Gas & Electric Company for)
Authority to Modify Current Accounting)
Procedures for Certain Costs Associated) Case No. 03-2079-EL-AAM
With The Midwest Independent)
Transmission System Operator)

APPLICATION FOR ACCOUNTING MODIFICATION

To The Honorable Public Utilities Commission of Ohio:

1. The Cincinnati Gas & Electric Company (the Company), Applicant herein, is an Ohio corporation engaged in the business of providing gas service and supplying electric energy to consumers in Ohio and as such, is a public utility as defined by Sections 4905.02 and 4905.03 of the Ohio Revised Code and is subject to the jurisdiction of this Commission.
2. Schedule 10-FERC costs are currently being assessed to CG&E. On November 25, 2002, Schedules 16 and 17 of the Midwest Independent Transmission System Operator's (MISO) Open Access Transmission Tariff (OATT) approved by the Federal Energy Regulatory Commission became effective. Schedule 10-FERC costs are costs assessed by the Federal Energy Regulatory Commission to the MISO and by the MISO to CG&E. Schedule 16 includes costs of administrative services incurred by the MISO associated with providing Financial Transmission Rights to its members, including the Company. Schedule 17 includes costs of administrative services incurred by the MISO associated with

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providing Energy Market Support to its members, including the Company.

3. As a member of the MISO, the Company must reimburse the MISO for Schedule 10-FERC, 16 and 17 costs pursuant to the MISO's OATT.
4. Pursuant to Section 4928.34(A)(6) of the Revised Code, effective January 1, 2001, the Company's combined electric transmission and distribution rates are frozen at the level set in the Company's last rate case in 1992 (Case No 92-1464-EL-AIR), until the end of the market development period.
5. In order to maintain the reliability of the transmission system necessary to provide electric service to retail end-use customers, and to sustain the Company's ability to make investments in the transmission system, it is necessary for the Company to recover the cost of providing service and earn a reasonable return on its investment.
6. By this Application, the Company requests authority to modify its current accounting procedures to permit it to defer for future recovery the incremental amounts incurred as a result of the Company's obligation to pay Schedule 10-FERC, 16 and 17 costs. Further, the Applicant requests permission to accrue a carrying charge based on the Company's un compounded embedded interest cost rate. The Schedule 10-FERC, 16 and 17 costs and the interest costs shall be deferred in unique sub accounts of FERC

account 182.3 for recovery in the Company's next transmission and distribution base rate case. Deferred taxes will be provided for the carrying charges in Account 283, Accumulated Deferred Income Taxes - Other, such that the net amounts recorded equate to the effect of net of tax carrying charges. The Company estimates the costs to be deferred for recovery to be approximately two million dollars annually.

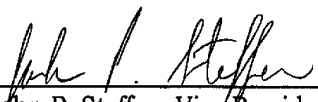
7. If the requested accounting modification is not approved, the Company will incur significant incremental expenses that it will not recover through rates solely as a result of the approval of the MISO's OATT by the Federal Energy Regulatory Commission during Ohio's market development period, while the total of its transmission and distribution rates is frozen.

WHEREFORE, The Cincinnati Gas & Electric Company respectfully requests this Commission to approve this Application for authority to defer the incremental amounts, and a reasonable carrying charge thereon, incurred to comply with the Midwest Independent Transmission System Operator's Open Access Transmission Tariff, for recovery in the Company's next transmission and distribution base rate case.

Respectfully submitted,

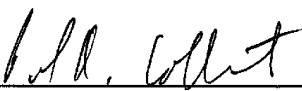
THE CINCINNATI GAS & ELECTRIC COMPANY

By



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Will be by telephone authority



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