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BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO
RECEIVED-DOCKETING DIV
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In the Matter of the Application of	:	
The Cincinnati Gas & Electric Company	:	
to Modify its Non-Residential Generation	:	
Rates to Provide for Market-Based Standard	:	Case No. 03-93-EL-ATA
Service Offer Pricing and to Establish a	:	
Pilot Competitively-Bid Service Rate Option	:	
Subsequent to 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	:	
Procedures for Capital Investment in its	:	Case No. 03-2081-EL-AAM
Electric Transmission and Distribution System	:	Case No. 03-2080-EL-ATA
And to Establish a Capital Investment	:	
Reliability Rider to be Effective after the Market	:	
Development Period.	:	

RESPONSE OF
DOMINION RETAIL, INC.
TO
APPLICATION FOR REHEARING
OF
THE CINCINNATI GAS & ELECTRIC COMPANY

On May 19, 2004, the Cincinnati Gas & Electric Company ("CG&E"), the Commission staff, and a number of intervenors in the above-captioned cases¹ jointly filed a stipulation and

¹ The signatory intervenors included Dominion Retail, Inc., FirstEnergy Solutions Corp., Industrial Energy Users-Ohio, Green Mountain Energy Corp., Ohio Energy Group, Inc., The Kroger Co., AK Steel Corporation, Cognis Corp., People Working Cooperatively, Communities United for Action, and the Ohio Hospital Association.

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recommendation (the “Stipulation”), which, if accepted by the Commission, would have resolved all the issues in these proceedings. The hearing in these matters, which had been continued to permit the parties to pursue settlement, was reconvened, and testimony in support of and in opposition to² the stipulation was admitted into evidence. The Commission, by its opinion and order of September 29, 2004 (the “Opinion and Order”), approved the Stipulation with certain modifications.

On October 29, 2004, CG&E filed an application for rehearing, contending that the modifications to the Stipulation ordered by the Commission were unreasonable and unlawful in a number of particulars, and seeking an order on rehearing accepting the Stipulation without modification. However, CG&E’s application for rehearing also contains an alternative proposal, which, from CG&E’s standpoint, would constitute an acceptable resolution of the matters in issue. CG&E states that, in the event the Commission does not adopt the Stipulation or accept its alternative proposal, CG&E will implement its previously-filed market-based standard service offer (“MBSSO”) and will not participate in any type of rate stabilization plan (“RSP”).

Dominion Retail, Inc. (“Dominion Retail”), as a signatory to the Stipulation, continues to support the resolution of the issues proposed therein, notwithstanding that there are elements of the modifications to the Stipulation ordered by the Commission that are significantly more favorable to competitive retail electric service (“CRES”) providers than the Stipulation itself. However, Dominion Retail opposes the alternative proposal advanced by CG&E in its application for rehearing, because it would place CRES providers targeting residential customers in a less favorable position than would result under the Stipulation. Although Dominion Retail,

² The non-signatory parties included the Office of the Ohio Consumers’ Counsel, Constellation NewEnergy Inc., Mid-American Energy Company, Strategic Energy, LLC, WPS Energy Services, Inc., Constellation Power Source, Inc., Ohio Partners for Affordable Energy, The Ohio Manufacturer’s Association, National Energy Marketers Association, and PSEG Energy Resources & Trade LLC.

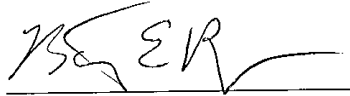
like other signatories to the Stipulation, did not agree with every aspect of the RSP set forth in that document, it is inherent in negotiated settlements that no party emerges with everything it sought. Rather, the Stipulation represented a bargained-for compromise, which, in this instance, contained certain terms that Dominion Retail believed would provide it with at least an opportunity to compete in the residential market in CG&E's service territory. The CG&E alternate proposal eliminates one of those critical terms – the \$7 million in shopping credits applicable to the first 25 percent of residential load purchasing generation from a CRES provider not affiliated with CG&E over the January 1, 2006 through December 31, 2008 period (Stipulation, Paragraph 9).³ Although CG&E characterizes its alternate proposal as restoring the “the careful balancing of interests inherent in the Stipulation” (CG&E Application for Rehearing, 5), and, although the alternative proposal does permit switching residential customers to avoid certain costs that could not be bypassed under the Stipulation, the net effect of these measures is to leave the residential customers approximately \$1 million per year short of the switching benefit under the Stipulation. A comparison of the avoided cost per customer under the Stipulation, the Opinion and Order, and CG&E's alternative proposal is attached hereto as Attachment A.

In view of the concerns expressed by the Commission regarding the development of competition in the CG&E residential market, the Commission should not approve CG&E's alternative proposal without including an additional term that, at minimum, puts the residential CRES providers back in the same place they were under the Stipulation. One such mechanism would be to require the inclusion of \$1 million per year in shopping credits over the period 2006 through 2008. Accordingly, Dominion Retail respectfully requests that, if the Commission does

³ Under the Stipulation, no more than \$3 million in credits would be available in any calendar year.

not reinstate the Stipulation on rehearing, the Commission modify CG&E's alternative proposal to recognize the concern expressed by Dominion Retail herein.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'B. E. Royer', written over a horizontal line.

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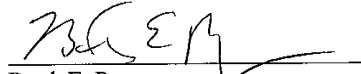
CG&E RSP - Comparison of Stip to PUCO order to CG&E Alternative Proposal
10/29/2004

Stip Section 9 credit:	(A)	
No. customers to receive credit	(B)	\$3,000,000.00
Avg. customer kWh/yr.	(C)	42,000
		10000
Stip Exhibit 3 "Big G" top block, \$/kWh	(D)	\$0.05066
Stip Exhibit 3 "Little g" top block, \$/kWh	(E)	\$0.04418
Stip Exhibit 3 "G" top block, \$/kWh	(F)	\$0.03755
Stip Exhibit 3 "RSC" top block, \$/kWh	(G)	\$0.00663
PUCO order, resid. Gen. Discount (5% of Big G)	(H)	\$0.00253
PUCO order, AAC avoidance (6% of Little g)	(I)	\$0.00265
Original Stipulation avoided cost per customer = F+G+ (BxC)	(K)	\$0.05132
Commission Order avoided cost per customer = H + I + K	(L)	\$0.05651
CGE modifications to PUCO order, avoided costs = F+G+H+I	(M)	\$0.04936

Note: As of 10/29/04, residential retail market price requirements in the range of \$0.058 - \$0.060/kWh

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing has been served upon the parties listed below by first class U.S. mail, postage prepaid, this 8th day of November 2004.


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