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June 22, 2004

VIA FEDERAL EXPRESS

Honorable Renee Jenkins, Secretary
The Public Utilities Commission of Ohio
Docketing Division
180 East Broad Street
Columbus, OH 43215-3793

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Dear Secretary Jenkins:

Re: Case No. 03-93-EL-ATA

Enclosed please find an original and eleven (11) copies of PSEG Energy Resources & Trade LLC's letter in support of the Initial Joint Brief filed by the Ohio Marketers Group and Constellation Power Source, Inc. ("Joint Brief") in the captioned proceeding.

Please time stamp the enclosed documents and return one copy in the enclosed envelope.

Very truly yours,


Shawn P. Leyden

cc: Service List

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Re: 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 Service Offer Pricing and to Establish a Pilot Alternative Competitively-Bid Service Rate Option Subsequent to Market Development Period: Case No. 03-93-EL-ATA;

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

In the Matter of the Application of The Cincinnati Gas & Electric Company for Authority to Modify Current Accounting Procedures for Capital Investment in its Electric Transmission and Distribution System And to Establish a Capital Investment Reliability Rider to be Effective after the Market Development Period: Case No. 03-2081-EL-AAM, Case No. 03-2080-EL-ATA.

Dear Secretary Jenkins:

In the interests of administrative efficiency, PSEG Energy Resources & Trade LLC adopts as its own certain of the arguments set forth in the Initial Joint Brief which was filed in the captioned proceeding by the Ohio Marketers Group and Constellation Power Source, Inc. ("Joint Brief"). For the reasons set forth in Sections II, III and X of the Joint Brief, the Rate Stabilization Plan ("RSP") filed by the Cincinnati Gas & Electric Company ("CG&E") is contrary to the requirements of Ohio's electric restructuring law

(Senate Bill 3 (“SB 3”)) since both the Competitive Market Option filed by CG&E last year, and the RSP filed this year by CG&E, as amended by the Stipulation, fail to contain a competitive bid option as required by law and the Commission’s rules.

CG&E’s RSP, if approved by the Commission, will have a long-term negative impact on competition in CG&E’s control area. The RSP would essentially preserve CG&E’s monopoly retail service franchise in its service area in which CG&E is by far the dominant supplier of retail load. Because of its dominant position in the wholesale market, CG&E will be able under the auspices of its RSP to foreclose the vast majority of the wholesale market to competition by refusing to purchase power from competing generators, even when they are able to supply power at lower cost than CG&E’s own generating units. The RSP’s resultant market foreclosure will inevitably cause competing generators to exit the market, leaving an even greater concentration of generation in the hands of CG&E. For this reason alone, the RSP can hardly be viewed as pro-competitive or consistent with the public interest.

There can be no real question that a competitive solicitation, which is modeled after the New Jersey BGS Auction, conducted this year for the 2006-2008 period is the optimal strategy for the Commission to pursue--it is one that comports with the requirements and intent of the General Assembly in promulgating SB 3 and unequivocally lays to rest the threshold issue of the necessity of the RSP. If a competitive solicitation yields equal or better results than the RSP, there could be significant savings for Ohio’s energy consumers. On the other hand, if a bona fide competitive solicitation yields unacceptable results, there is still sufficient time to consider other options.

Accordingly, PSEG ER&T would respectfully urge the Commission to implement SB 3 in the manner intended by the Ohio General Assembly and hold a competitive solicitation. There is sufficient time to develop a workable competitive solicitation that will bring consumers the competitive benefits that were envisioned by the General Assembly.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on this 22nd day of June, 2004, that I have caused a copy of the foregoing to be served upon the following parties by electronic mail or first class mail in Case Nos. 03-93-EL-ATA, 03-2079-EL-AAM, 03-2081-EL-AAM, 03-2080-EL-ATA.

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