

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Duke)	
Energy Ohio, Inc. to Modify Its Certified)	Case No. 06-723-EL-ATA
Supplier Tariff)	

JOINT STIPULATION AND RECOMMENDATION

Pursuant to Rule 4901-1-30 of the Ohio Administrative Code, Duke Energy Ohio ("Duke" or "the Company"), Constellation NewEnergy, Inc. ("CNE"), Integrys Energy Services, Inc. ("Integrys") formerly known as WPS Energy Services, Inc., and Dominion Retail, Inc. ("Dominion Retail") collectively as ("the Parties") submit this written Joint Stipulation and Recommendation in this case which if adopted and approved by the Commission, will resolve all issues in this proceeding. Specifically, Duke, CNE, Integrys and Dominion Retail respectfully stipulate and recommend the following:

1. On May 24, 2006, Duke filed an application in Case No. 06-723-EL-ATA seeking to revise Section VI "Credit Requirements" of PUCO Electric Tariff No. 20 ("Application"). The Application sought to adjust the credit requirement and financial security which a competitive retail electric service provider ("CRES") must post with Duke in order to provide electric service to customers in the Duke service area.

2. The Application recognized that the shift from the market development period to the rate stabilization period affected the formula used to establish financial security which CRES had to post.
3. On July 21, 2006, CNE and the Integrys (formerly known as WPS Energy Services, Inc.) jointly filed comments and a request for hearing.
4. On July 28, 2006, the Ohio Consumers' Counsel ("OCC") filed a motion to intervene.
5. On July 28, 2006, Dominion Retail also filed a motion to intervene.
6. As part of the Application, Duke Energy submitted a proposed tariff Sheet No. 35.2 that adjusted for the fact that “shopping credits” which were a part of the market development period were not carried over per se in the Rate Stabilization plan. The Application also adjusted the timing and method of determining market prices.
7. Duke, CNE, Integrys and Dominion Retail have entered into informal discussions with each other and have arrived at a consensus on how best to amend Sheet No. 35.2, which establishes the criteria for determining credit worthiness of a CRES, and to determine the appropriate amount of financial security that must be posted.
8. The OCC has been informed of these discussions and the substance of the discussions and has indicated that after review of these proposed changes, it neither supports nor objects to the proposed changes as presented in this Joint Stipulation and Recommendation.

9. In proposed Section 6.2 of Sheet 35.2 “Determination of Credit Worthiness”, the Parties have agreed that in the first paragraph, the determination of unsecured credit will be aided not only by the appropriate data concerning the Certified Supplier, the load data or a reasonable estimate thereof, but also should include “tangible net worth.”
10. In paragraph 2 of Section 6.2 of Sheet 35.2, “Determination of Credit Worthiness”, the Parties have agreed that notwithstanding the first paragraph, a Certified Supplier shall be presumed to be creditworthy if it meets both Standard & Poors Senior Securities Rating of BBB- or higher and Moody’s Investor’s Services Senior Securities Rating of Baa3 or higher; provided, however, that the Company may limit the amount of unsecured credit to be granted to such Certified Supplier if the Company reasonably determines that such limitation is necessary to protect the Company from an unacceptable level of risk.
11. The Parties have agreed that the term “supplier” should be replaced by the term “Certified Supplier” in paragraphs 4 and 5 of Section 6.2 of Sheet 35.2.
12. The Parties have agreed that the method of determining the projected market price of make up power in the case of default for purposes of establishing CRES collateral requirements shall be calculated by multiplying thirty (30) days of the Company’s estimate of the Certified Supplier’s usage times a price set at the upcoming July forward index price as established by a generally accepted industry price index for

wholesale power delivered to the “Cinergy Hub” and subtracting therefrom the amount of the Certified Supplier’s allowed unsecured credit limit. [see the 5th paragraph of Section 6.2 of Sheet 35.2]

13. The Parties have also agreed and stipulated that in the 6th paragraph under Section 6.2 of Sheet 35.2, that if the Certified Supplier has voluntarily entered into an arrangement whereby the Company purchases the Certified Supplier’s receivables, then the Company will reduce the collateral it requires from the Certified Supplier by an amount equal to thirty (30) days of the Company’s estimate of the summer kilowatt-hours used by the Certified Supplier’s customers, divided by two (2), multiplying by the Certified Supplier’s specific price per kilowatt hour, and multiplied by the difference between one and the portion of one representing the Company’s current experience with uncollectible accounts. It is the understanding of the Parties that such a formula would capture the reduction in risk to the Company.
14. A revised proposed tariff Sheet No. 35.2 in highlighted format is attached as Attachment A to this Joint Stipulation and Recommendation. The highlighted material reflects the changes from the proposed tariff as filed on May 24, 2006. The Parties stipulate that this proposed tariff is just and reasonable.
15. Duke, CNE, Integrys and Dominion Retail recommend the Commission approve this Joint Stipulation and Recommendation and Attachment A and authorize Duke to file the revised tariff in final form.

16. This Joint Stipulation and Recommendation is a compromise involving a balance of competing positions, and it does not necessarily reflect the position that one or more of the Parties would have taken if these issues had been fully litigated. The Parties believe that this Joint Stipulation and Recommendation represents a reasonable compromise of varying interests. This Joint Stipulation and Recommendation is expressly conditioned upon the adoption in its entirety by the Commission without material modification by the Commission. Should the Commission reject or materially modify all or any part of this Joint Stipulation and Recommendation, the Parties shall have the right, within thirty (30) days of the issuance of the Commission's order, to file an application for rehearing aimed at preserving the Joint Stipulation and Recommendation as filed. Upon the Commission's issuance of an Entry on Rehearing that does not preserve the Joint Stipulation and Recommendation in its entirety without material modification, any Party may file a second application for rehearing with the Commission within thirty (30) days of the Commission's entry on Rehearing. In the second application for rehearing the party shall give notice that it is terminating and withdrawing from the Joint Stipulation and Recommendation, and request an entry from the Commission that adopts the effective date of this notice and provides a new procedural schedule for the case to proceed under. Prior to any Parties seeking rehearing or terminating and withdrawing from this Joint Stipulation and Recommendation pursuant to this provision, the

Parties agree to convene immediately to work in good faith to achieve an outcome that substantially satisfies the intent of the Commission or proposes a reasonable equivalent thereto to be submitted to the Commission for its consideration.

Upon the Commission adopting the effective date of the notice of termination and withdraw by any Party, the Joint Stipulation and Recommendation shall immediately become null and void. In such event, a hearing shall go forward and the Parties will be afforded the opportunity to present evidence through witnesses, to cross examine all witnesses, to present rebuttal testimony, and to brief all issues which shall be decided based upon the record and briefs as if this Joint Stipulation and Recommendation had never been executed.

WHEREFORE, Duke, CNE, Integrys and Dominion Retail recommend that the Commission approve the Joint Stipulation and Recommendation and Attachment A and authorize Duke to file a final tariff.

Respectfully submitted,

/s/ Paul Colbert (by M. Howard Petricoff
as per telephone authorization of
11/6/07)

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Attachment A

SECTION VI CREDIT REQUIREMENTS

6.1. Credit Application

All Certified Suppliers must complete and sign the Company's Certified Supplier Registration Form & Credit Application to be considered for participation in the Company's Customer Choice Program.

6.2. Determination of Creditworthiness

The Company will apply, on a non-discriminatory and consistent basis, reasonable financial standards to assess and examine a Certified Supplier's creditworthiness and, based on that examination, shall determine the amount of unsecured credit, if any, to be granted to the Certified Supplier. These standards will take into consideration the scope of operations of each Certified Supplier and the level of risk to the Company. This determination will be aided by the appropriate data concerning the Certified Supplier, including tangible net worth and load data, or a reasonable estimate thereof, where applicable.

Notwithstanding the foregoing, a Certified Supplier that has, and maintains, investment grade senior unsecured debt ratings from both Standard & Poors and Moody's Investors' Services as defined in the following table shall be presumed to be creditworthy; provided, however, that the Company may limit the amount of unsecured credit to be granted to such Certified Supplier if the Company reasonably determines that such limitation is necessary to protect the Company from an unacceptable level of risk.

Agency	Senior Securities Rating (Bonds)
Standard & Poors	BBB- or higher
Moody's Investors' Services	Baa3 or higher

The Certified Supplier will provide the Company with its or its parent's most recent independently-audited financial statements, if applicable, and it or its parent's most recent Form 10-K and Form 10-Q, if applicable.

The Company shall make reasonable alternative credit arrangements with a Certified Supplier that is unable to meet the aforementioned criteria and with those Certified Suppliers whose credit requirements exceed their allowed unsecured credit limit. The Certified Supplier may choose from any of the following credit arrangements in a format acceptable to the Company: a parental guarantee of payment; an irrevocable letter of credit; a cash deposit; or other mutually agreeable security or arrangement. The alternate credit agreements may be provided by a party other than the Certified Supplier, including one or more ultimate customers. The fact that a guarantee of payment, irrevocable letter of credit or cash deposit is provided by a party other than the Certified Supplier shall not be a factor in the determination of the reasonableness of any alternative credit arrangement, as long as such party and the related credit arrangements meet the Company's standard credit requirements. The amount of the security required must be and remain commensurate with the financial risks placed on the Company by that Certified Supplier, including recognition of that Certified Supplier's performance.

The Company will calculate the amount of the Certified Supplier's collateral requirement by multiplying thirty (30) days of the Company's estimate of the Certified Supplier's summer usage times a price set at the next July forward index price, as established by a generally accepted industry price index for wholesale power delivered to the "Cinergy Hub," and subtracting therefrom the amount of the Certified Supplier's allowed unsecured credit limit.

SECTION VI CREDIT REQUIREMENTS (Contd.)

If the Certified Supplier has voluntarily entered into an agreement whereby the Company purchases the Certified Supplier's receivables, then the Company will reduce the collateral it requires from the Certified Supplier by an amount equal to thirty (30) days of the Company's estimate of the summer kilowatt-hours

used by the Certified Supplier's customers, divided by two (2), multiplied by the Certified Supplier's specific price per kilowatt hour, and multiplied by the difference between one and the portion of one representing the Company's current experience with uncollectible accounts.

6.3. Interest on Cash Deposits

The Company will allow simple interest on cash deposits calculated at the lower of the average of the Federal Reserve Lending Rate over the time period the cash is on deposit or 4.5% annually. In cases of discontinuance or termination of services, cash deposits will be returned with accrued interest upon payment of all Charges, guarantees and with deduction of unpaid accounts.

6.4. On-going Credit Evaluation

The Company reserves the right to review each Certified Supplier's creditworthiness at any time. The Certified Supplier must provide current financial and credit information. In addition, the Certified Supplier may request re-evaluation at any time. It is anticipated that demand, unanticipated market movements and economic reasons will result in exposures nearing or exceeding the prescribed credit limits or collateral originally in place. It is also noted that additional collateral may be required due to a degradation of credit rating or repayment ability of a Certified Supplier. Any subsequent review or re-evaluation of a Certified Supplier's creditworthiness may result in the Certified Supplier being required to post collateral not previously requested. The new, additional or change in collateral requirement will be necessary to enhance, restore or maintain the Company's credit protection. In the alternative, the Company may limit a Certified Supplier's level of participation or remove the Certified Supplier from further participation in the Company's Customer Choice Program.

6.5. Financial Obligation – Dispute Resolution

If the Certified Supplier disputes the calculation of the amount due as calculated by the Company, the Certified Supplier shall notify the Company not later than the close of business on the business day following the due date. The parties will consult each other in good faith in an attempt to resolve the dispute. If the parties fail to resolve the dispute by the close of business on the business day following the notification of the dispute by the Certified Supplier, the Certified Supplier shall comply with the Company's request for payment. The Certified Supplier may appeal the Company's determination of credit requirements to the Commission or seek Staff mediation as to any dispute.

If it is determined that the payment shall be less than the amount requested by the Company, the Company shall refund the excess payment plus interest calculated at the lower of the average of the Federal Reserve Lending Rate over the time period the cash is on deposit or 4.5% annually to the Certified Supplier by the close of business on the business day following receipt of the Commission's or Staff's determination.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and accurate copy of the foregoing Joint Stipulation and Recommendation was served this 6th day of November, 2007, by regular U.S. mail, postage prepaid or and via e-mail upon:

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