

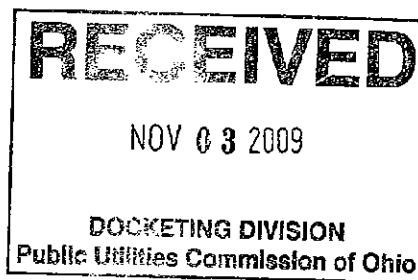
FILE

**A report by the Staff of the
Public Utilities Commission of Ohio**

Duke Energy Ohio, Inc

Case No. 09-773-GA-UEx

November 3, 2009



This is to certify that the images appearing are an accurate and complete reproduction of a case file document delivered in the regular course of business
Technician Am Date Processed 11/3/09

Ohio

**Public Utilities
Commission**

November 3, 2009

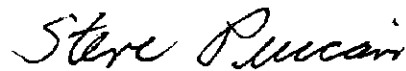
Docketing Division
Public Utilities Commission of Ohio
180 East Broad Street
Columbus, Ohio 43215

RE: *In the Matter of the Application of Duke Energy Ohio, Inc. for Approval of its initial Uncollectible Expense Rider Rate*, Case No. 09-773-GA-UEx

Dear Docketing Division:

Enclosed please find the Staff's Comments regarding Duke Energy Ohio's application to implement a uncollectible expense rider in Case No. 09-773-GA-UEx.

Respectfully submitted,

A handwritten signature in cursive script that reads "Steve Puican".

Steve Puican
Co-Chief, Rates & Tariffs/Energy & Water Division
Public Utilities Commission of Ohio

Enclosure
cc: Parties of Record

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of	:	
Duke Energy Ohio, Inc. for Approval	:	
of an Uncollectible Expense Rider	:	Case No. 09-773-GA-UEX
Rate	:	

**COMMENTS
OF THE STAFF OF
THE PUBLIC UTILITIES COMMISSION OF OHIO**

Date submitted: November 3, 2009

Application of Duke Energy Ohio, Inc.
Case No. 09-773-GA-UEx

In Case No. 03-1127-GA-UNC, the Commission authorized the concept of an uncollectible accounts expense recovery mechanism for five natural gas companies. The mechanism approved allowed for recovery of actual bad/uncollectible debt through a rider, rather than through base rates.

On December 15, 2005, in Case Nos. 05-732-EL-MER, 05-733-EL-AAM and 05-974-GA-AAM, Cincinnati Gas & Electric Company (CG&E) entered into a stipulation with several parties to resolve issues related to its merger with Duke Energy Holding Corporation (Duke). As a result of the stipulation, CG&E agreed to purchase the receivables of the competitive natural gas marketers without a discount and an uncollectible expense recovery mechanism as in Case No. 03-1127-GA-UNC. On December 21, 2005, the Commission approved the stipulation and the uncollectible expense mechanism which was set at zero.

On September 3, 2009, in Case No. 09-773-GA-UEx, Duke Energy Ohio, Inc. (DEO or Company), formerly Cincinnati Gas & Electric Company, filed an application to remove from its base rates uncollectible expenses that were included in the Company's last rate case (Case No. 07-589-GA-AIR) and to establish an initial uncollectible expense rider (UEx) rate. The Company detailed its base rates recoveries of uncollectible expenses and its proposed tariff changes in testimony filed with the application.

Staff has completed its review of the application and herewith provides a brief description of the application and filed testimony, including attachments, along with Staff's recommendations.

Application and Filed Testimony

In Case No. 09-773-GA-UEx, DEO is proposing to reduce its base rates by \$0.081 per Mcf and place into effect a UEx rider at \$0.1569 per Mcf for a net increase of \$0.0759 per Mcf.

On Attachment SSB- 1, page 2, of its testimony, DEO calculates the uncollectible expenses in base rates that were approved in the Company's last two rate cases (Case No. 01-1228-GA-AIR and 07-589-GA-AIR). The approximate uncollectible expense rates for the two rate cases were \$0.0891 per Mcf (2001 rate case) and \$0.081 per Mcf (2007 rate case) .

On Attachment SSB-1, pages 3 through 5 of the testimony, DEO calculates the annual reconciliations for 2008 and the first quarter of 2009 and base rate recoveries and the projected uncollectible expenses through March 2011.

On Attachment SSB-1, page 1 of the testimony, the Company combined calculations from Attachments SSB-1 pages 2 through 5 to calculate its initial UEX rider of \$0.1569 per Mcf.

Attachments SSB-2 and 3 of the testimony contains the redlined and clean versions of the tariffs.

Recommendation

Staff has performed a preliminary review of attachments contained in the testimony and at this time does not propose any adjustments to the calculations contained in Attachments SSB-1, pages 1 through 5. Staff was able to trace the data utilized to calculate the \$0.081 per Mcf uncollectible expense base rate to the stipulated revenue requirements in Duke's last rate case and found them to be consistent with the calculations in that case.

Staff recommends that the Company's base rates services affected by the UEX be reduced by \$0.081 per Mcf and that the initial UEX rate be set at \$0.1569 per Mcf.

Staff recommends that the Company reflect in its final UE-G rider tariff that the applicability of this rider be to all "firm" transportation customers.

Staff recommends that in the next GCR financial audit, the auditors examine the monthly write-offs, recoveries for base rates and UEX rates, and recoveries from customers including amounts recovered through collection agencies to ensure that the amounts are properly credited to customers' accounts and monthly write-offs amounts.