

FILE

19

RECEIVED-DOCKETING DIV
2009 NOV 19 PM 4:05
PUCO

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Duke)
Energy Ohio, Inc. to Adjust and Set the) Case No. 09-770-EL-UNC
Annually Adjusted Component of its)
Standard Service Offer)

STIPULATION AND RECOMMENDATION

Rule 4901-1-30, Ohio Administrative Code provides that any two or more parties to a proceeding may enter into a written stipulation covering the issues presented in such a proceeding. The purpose of this document is to set forth the understanding and agreement of the parties that have signed below ("Parties") and to recommend that the Public Utilities Commission of Ohio ("Commission") approve and adopt this Stipulation and Recommendation ("Stipulation"), which resolves all of the issues raised by Parties in this case relative to adjusting and setting Duke Energy Ohio, Inc.'s ("Duke Energy Ohio" or "Company") Annually Adjusted Component of its Standard Service Offer ("Rider PTC-AAC") for the twelve months ending May 31, 2009. This Stipulation is supported by adequate data and information including, but not limited to Duke Energy Ohio's Application and testimony filed on September 1, 2009.

The Stipulation represents a just and reasonable resolution of the issues raised in this proceeding, violates no regulatory principle or precedent, and is the product of lengthy, serious bargaining among knowledgeable and capable Parties in a cooperative process, encouraged by this Commission and undertaken by the Parties representing a wide range of interests, including the Commission's Staff, to resolve the aforementioned issues. Although this Stipulation is not binding on the Commission, it is entitled to careful consideration by the Commission. For

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 DMM Date Processed 11/19/09

purposes of resolving all issues raised by this proceeding, the Parties stipulate, agree and recommend as set forth below.

This Stipulation is a reasonable compromise that balances diverse and competing interests and does not necessarily reflect the position that any one or more of the Parties would have taken if these issues had been fully litigated. This Stipulation represents an agreement by all Parties to a package of provisions rather than an agreement to each of the individual provisions included within the Stipulation. The Signatory Parties' agreement to this Stipulation, in its entirety, shall not be interpreted in a future proceeding before this Commission as their agreement to only an isolated provision of this Stipulation.

Except for purposes of enforcement of the terms of this Stipulation, neither this Stipulation, nor the information and data contained therein or attached, shall be cited as precedent in any future proceeding for or against any Party or the Commission.

This Stipulation is expressly conditioned upon its adoption by the Commission in its entirety and without material modification. Should the Commission reject or materially modify all or any part of this Stipulation, the Parties shall have the right, within thirty days of issuance of the Commission's Order, to file an application for rehearing. Should the Commission, in issuing an Entry on Rehearing, not adopt the Stipulation in its entirety and without material modification, any Party may terminate and withdraw from the Stipulation. Such termination and withdrawal shall be accomplished by filing a notice with the Commission, including service to all Parties, in the docket within thirty days of the Commission's Entry on Rehearing. Other Parties to this Stipulation agree to defend and shall not oppose the termination and withdrawal of

the Stipulation by any other Party.¹ Upon the filing of a notice of termination and withdrawal, the Stipulation shall immediately become null and void.

Prior to the filing of such a notice, the Party wishing to terminate agrees to work in good faith with the other Parties to achieve an outcome that substantially satisfies the intent of the Stipulation and, if a new agreement is reached that includes the Party wishing to terminate, then the new agreement shall be filed for Commission review and approval. If the discussions to achieve an outcome that substantially satisfies the intent of the Stipulation are unsuccessful in reaching a new agreement that includes all signatory Parties to the present Stipulation, the Commission will convene an evidentiary hearing such that the Parties will be afforded the opportunity to present evidence through witnesses and cross-examination, present rebuttal testimony, and brief all issues that the Commission shall decide based upon the record and briefs as if this Stipulation had never been executed. Some or all of the Parties may submit a new agreement to the Commission for approval if the discussions achieve an outcome they believe substantially satisfies the intent of the present Stipulation.

All the Signatory Parties fully support this Stipulation in its entirety and urge the Commission to accept and approve the terms herein.

The Signatory Parties agree that the settlement and resulting Stipulation are a product of serious bargaining among capable, knowledgeable Parties. This Stipulation is the product of an open process in which all Parties were represented by able counsel and technical experts. The Stipulation represents a comprehensive compromise of issues raised by Parties with diverse interests. Duke Energy Ohio, the Office of the Ohio Consumers' Counsel ("OCC"), Ohio

¹ Any signatory Party has the right, in its sole discretion, to determine what constitutes a "material" change for the purposes of that Party withdrawing from the Stipulation.

Partners for Affordable Energy ("OPAE"), and the Commission Staff² have signed the Stipulation and adopted it as a reasonable resolution of all issues. The Signatory Parties believe that the Stipulation that they are recommending for Commission adoption presents a fair and reasonable result.

The Signatory Parties agree that the settlement, as a package, benefits ratepayers and is in the public interest. The Signatory Parties agree that the settlement package does not violate any important regulatory principle or practice.

WHEREAS, all of the related issues and concerns raised by the Parties have been addressed in the substantive provisions of this Stipulation, and reflect, as a result of such discussions and compromises by the Parties, an overall reasonable resolution of all such issues;

WHEREAS, this Stipulation is the product of the discussions and negotiations of the Parties and is not intended to reflect the views or proposals that any individual Party may have advanced acting unilaterally;

WHEREAS, this Stipulation represents an accommodation of the diverse interests represented by the Parties and is entitled to careful consideration by the Commission;

WHEREAS, this Stipulation represents a serious compromise of complex issues and involves substantial benefits that would not otherwise have been achievable; and

WHEREAS, the Parties believe that the agreements herein represent a fair and reasonable solution to the issues raised in the cases set forth above concerning Duke Energy Ohio's Application to establish its Rider Price to Company – Annually Adjusted Component (Rider PTC-AAC);

² The Commission Staff is a party for the purpose of entering into this Stipulation by virtue of O.A.C. 4901-1-10(C).

NOW, THEREFORE, the Parties stipulate, agree and recommend that the Commission make the following findings and issue its Opinion and Order in these proceedings approving this Stipulation in accordance with the following:

1. Duke Energy Ohio is permitted to, and shall, recover net incremental costs associated with environmental compliance (except for environmental reagent expenses as described below), homeland security, changes in tax law, and fuel flexibility projects through Rider PTC-AAC.
2. The total revenue requirement for Rider PTC-AAC, excluding environmental reagents, is \$156,740,871 as set forth in Attachment 1 to this Stipulation. Duke Energy Ohio shall adjust and set the rate of Rider PTC-AAC consistent with this total revenue requirement, effective with the January 2010 revenue month.
3. Duke Energy Ohio shall implement Rider PTC-AAC consistent with the tariff sheets attached hereto as Attachment 2.
4. Rider PTC-AAC revenues shall be determined with reference to Rider SRA-CD (the system resource adequacy – capacity dedication rider), with said Rider PTC-AAC revenues being calculated as a percentage of Rider SRA-CD revenues. The Rider PTC-AAC calculations for each customer class are set forth in Attachment 3 to this Stipulation.
5. Effective with the January 2010 revenue month, Rider PTC-AAC shall no longer be used to recover budgeted costs incurred by Duke Energy Ohio for environmental reagents (*i.e.*, chemicals used to reduce pollutants during generation). Rather, the Parties agree that prospective environmental reagent costs related to Duke Energy Ohio's standard service

offer customers shall be recovered through Duke Energy Ohio's Rider PTC-FPP (the price-to-compare – fuel and purchased power rider). The environmental reagent costs recovered through Rider PTC-FPP shall be equivalent to the amount that would have been recovered had environmental reagent costs remained in Rider PTC-AAC. Attachment 4 to this Stipulation provides an example of the environmental reagent recovery through Rider PTC-FPP. The Parties agree that Attachment 4 serves only to illustrate the manner in which average environmental reagent costs are calculated on a quarterly basis and does not otherwise establish specific allocations or amounts. Prospective environmental reagent costs are those costs incurred beginning January 1, 2010, and continuing thereafter. Duke Energy Ohio will true up projected versus actual environmental reagent expenses for 2009 pursuant to a filing to be made no later than March 1, 2010, for reconciliation during the period of April through December 2010. The true up will subsequently be subject to due process, including an opportunity for hearing and Commission approval.

6. For future Rider PTC-AAC filings, there will be no true-up provision as all components of the Rider PTC-AAC revenue requirement will be based on actual data and not forecasted data.
7. The Parties agree that this Stipulation shall be tendered to the Commission and filed as a joint exhibit, with each Party expressly stating their consent to and approval of this Stipulation in its entirety.

The undersigned Parties hereby stipulate and agree and each represents that it is authorized to enter into this Stipulation and Recommendation this 19th day of November 2009.

On Behalf of Duke Energy Ohio, Inc.

Elizabeth Watts

Amy B. Spiller
Elizabeth Watts
Duke Energy Business Services, Inc.
155 East Broad St., 21st Floor
Columbus, OH 43215

On Behalf of Staff of the Public Utilities Commission of Ohio

Stephen Reilly (per phone authorization)

Stephen Reilly
Assistant Attorney General
Public Utilities Commission of Ohio
180 East Broad Street, 9th Floor
Columbus, OH 43215

On Behalf of the Office of the Ohio Consumers' Counsel

Ann M. Hotz (per email authorization)

Ann M. Hotz
Jeffrey L. Small
Office of the Ohio Consumers' Counsel
10 West Broad Street, Suite 1800
Columbus, OH 43215

On Behalf of Ohio Partners for Affordable Energy

Colleen L. Mooney (per email authorization)

David C. Rinebolt
Colleen L. Mooney
231 West Lima St.
P.O. Box 1793
Findlay OH 45839

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing Stipulation and Recommendation was served on the following parties this 19th day of November 2009, via regular mail delivery, postage prepaid, overnight delivery, or by electronic mail delivery.


Amy B. Spiller

Ann Hotz Jeff Small Assistant Consumers' Counsel Office of the Ohio Consumers' Counsel 10 West Broad Street, Suite 1800 Columbus, OH 43215-3420 hotz@occ.state.oh.us	
David C. Rinebolt Colleen L. Mooney Counsel for Ohio Partners for Affordable Energy 231 West Lima Street Findlay, OH 45840-3033 Drinebolt@aol.com	
Stephen Reilly Assistant Attorney General Public Utilities Commission of Ohio 180 East Broad Street, 9 th Floor Columbus, Ohio 43215 Stephen.Reilly@puc.state.oh.us	

DUKE ENERGY OHIO
Summary of Rider PTC-AAC Revenue Requirement
Excluding Environmental Reagents

Revenue Requirement From:	<u>Amount</u>
Environmental Compliance	\$162,312,991
Homeland Security	60,952
Tax Changes	(5,721,189)
Fuel Diversity	<u>88,117</u>
Total Revenue Requirement	<u>\$156,740,871</u>

DUKE ENERGY OHIO
Revenue Requirement on Environmental Compliance
Increase from Year 2000

<u>Return on Environmental Plant</u>	<u>Period Ending</u>	
	<u>12/31/2000</u>	<u>5/31/2009</u>
Original Cost	\$405,942,184	\$1,308,292,785
Reserve for Depreciation	<u>(165,336,370)</u>	<u>(279,343,937)</u>
Net Book Value	240,605,814	1,028,948,848
Construction Work in Progress,	<u> </u>	<u>188,987,773</u>
Total Environmental Plant	<u>\$240,605,814</u>	<u>\$1,217,936,621</u>
Pre-tax Return at 11.77% ^(a)	\$28,319,304	\$143,351,140
<u>Environmental O&M Expenses</u>		
Operation & Maintenance	4,453,158	31,280,213
Environmental Reagents ^(b)	4,598,844	0
Annualized Depreciation	<u>7,749,260</u>	<u>32,802,304</u>
Total Revenue Requirement	<u>\$45,120,666</u>	<u>\$207,433,657</u>
Increase		<u>\$162,312,991</u>

Note: ^(a) 11.77% pre-tax return from Case No. 08-0709-EL-AIR

^(b) Environmental Reagent costs are based on 12 months budgeted amounts for 2010 and are subject to true-up per Order in Case No. 08-1025-EL-UNC and Case No. 08-0920-EL-SSO. The budget data is not the final budget. When the final budget is available an update will be provided, if the estimate changes.

DUKE ENERGY OHIO
Revenue Requirement on Homeland Security ^(a)
Twelve Months Ended May 31, 2009

	Information Technology	Cyber Security	Physical Security	Total
<u>Return on Capital Expenditures</u>				
Original Cost	\$94,761	\$226,365	\$28,531	\$349,657
Reserve for Depreciation	\$90,559	\$172,028	\$992	\$263,579
Net Plant	\$4,202	\$54,337	\$27,539	\$86,078
Pre-tax Return at 11.77%	\$495	\$8,395	\$3,241	\$10,131
<u>Operation & Maintenance Expenses</u>				
Operation & Maintenance				0
Annualized Depreciation ^(b)	4,202	45,273	830	50,305
Annualized Property Taxes	0	0	516	516
Amount to Be Recovered	\$4,697	\$51,668	\$4,587	\$60,952

Note: ^(a) All Homeland Security Costs are incremental to the year 2000.

^(b) Information technology fully depreciated.

DUKE ENERGY OHIO
Tax Changes
Twelve Months Ended May 31, 2009

<u>Tax Legislation Change</u>	<div>Revenue Requirement Impact</div>
Section 199 - Production Activity Deduction ^(a)	\$ (251,508)
Commercial Activity Tax vs. Ohio Franchise Tax	(5,469,681)
Total Impact of Tax Changes	(\$5,721,189)

Note: ^(a) Duke Energy Ohio's 2008 Section 199 Deduction estimate. The actual amount will be updated when the 2008 Federal Tax Return is complete.

DUKE ENERGY OHIO
Fuel Flexibility ^(a)
Twelve Months Ended May 31, 2009

	Revenue Requirement Impact
<u>Return on Capital Expenditures</u>	
Original Cost	\$0
Reserve for Depreciation	\$0
Net Plant	<u>\$0</u>
Construction Work in Progress	
Pre-tax Return at 11.77%	\$0
<u>Operation & Maintenance Expenses</u>	
Operation & Maintenance	88,117 ^(b)
Annualized Depreciation	0
Annualized Property Taxes	<u>0</u>
Amount to Be Recovered	<u>\$88,117</u>

Note: ^(a) All Fuel Flexibility Costs are incremental to the year 2000.

^(b) Zimmer Station Pulverizer #4 Upgrade

Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

P.U.C.O. Electric No. 19
Sheet No. 51.11
Cancels and Supersedes
Sheet No. 51.10
Page 1 of 3

RIDER PTC-AAC

ANNUALLY ADJUSTED COMPONENT RIDER

APPLICABILITY

Applicable to all jurisdictional retail customers in the Company's electric service area.

CHARGE

The Annually Adjusted Component Rider Charges detailed below apply to all customers, except they will not apply to those customers that are eligible to avoid the Annually Adjusted Component charge as described below in the AVOIDANCE OF CHARGE section. All applicable kWh are subject to the Annually Adjusted Component Rider Charge.

The following rates are effective _____:

Tariff Sheet

PTC-AAC Charge
(per kWh/kW)

Rate RS, Residential Service	
Summer, First 1000 kWh	\$0.008966
Summer, Additional kWh	\$0.011360
Winter, First 1000 kWh	\$0.008966
Winter, Additional kWh	\$0.003382
Rate ORH, Optional Residential Service With Electric Space Heating	
Summer, First 1000 kWh	\$0.008005
Summer, Additional kWh	\$0.008591
Winter, First 1000 kWh	\$0.008002
Winter, Additional kWh	\$0.004143
Winter, kWh greater than 150 times demand	\$0.002591
Rate TD, Optional Time-of-Day Rate	
Summer, On-Peak kWh	\$0.018280
Summer, Off-Peak kWh	\$0.002668
Winter, On-Peak kWh	\$0.014370
Winter, Off-Peak kWh	\$0.002672
Rate DS, Service at Secondary Distribution Voltage	
First 1000 kW	\$1.553700
Additional kW	\$1.229000
Billing Demand Times 300	\$0.003974
Additional kWh	\$0.003301

Filed pursuant to an Entry dated _____ in Case No. _____ before the Public
Utilities Commission of Ohio.

Issued:

Effective:

Issued by Julie Janson, President

Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

P.U.C.O. Electric No. 19
Sheet No. 51.11
Cancels and Supersedes
Sheet No. 51.10
Page 2 of 3

Tariff Sheet

PTC-AAC Charge
(per kWh/kW)

Rate GS-FL, Optional Unmetered For Small Fixed Loads	
kWh Greater Than or Equal to 540 Hours	\$0.013197
kWh Less Than 540 Hours	\$0.015172
Rate CUR, Common Use Residential Service	
Summer, First 1000 kWh	\$0.008966
Summer, Additional kWh	\$0.011360
Winter, First 1000 kWh	\$0.008966
Winter, Additional kWh	\$0.003382
Rate EH, Optional Rate For Electric Space Heating	
All kWh	\$0.005415
Rate DM, Secondary Distribution Service, Small	
Summer, First 2800 kWh	\$0.011884
Summer, Next 3200 kWh	\$0.003034
Summer, Additional kWh	\$0.001322
Winter, First 2800 kWh	\$0.009432
Winter, Next 3200 kWh	\$0.003037
Winter, Additional kWh	\$0.001255
Rate DP, Service at Primary Distribution Voltage	
First 1000 kW	\$1.403200
Additional kW	\$1.106900
Billing Demand Times 300	\$0.004474
Additional kWh	\$0.003588
Rate TS, Service at Transmission Voltage	
First 50,000 Kva	\$1.701100
Additional kVA	\$1.226300
Billing Demand Times 300	\$0.002922
Additional kWh	\$0.003325
Rate SL, Street Lighting Service	
All kWh	\$0.005844
Rate TL, Traffic Lighting Service	
All kWh	\$0.003419
Rate OL, Outdoor Lighting Service	
All kWh	\$0.005844
Rate NSU, Street Lighting Service for Non-Standard Units	
All kWh	\$0.005844
Rate NSP, Private Outdoor Lighting for Non-Standard Units	
All kWh	\$0.005844

Filed pursuant to an Entry dated _____ in Case No. _____ before the Public
Utilities Commission of Ohio.

Issued:

Effective:

Issued by Julie Janson, President

Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

P.U.C.O. Electric No. 19
Sheet No. 51.11
Cancels and Supersedes
Sheet No. 51.10
Page 3 of 3

CHARGES (Contd.)

Tariff Sheet

PTC-AAC Charge
(per kWh/kW)

Rate SC, Street Lighting Service - Customer Owned	
All kWh	\$0.005844
Energy only -- all kWh	\$0.002327
Rate SE, Street Lighting Service - Overhead Equivalent	
All kWh	\$0.005844
Rate UOLS, Unmetered Outdoor Lighting Electric Service	
All kWh	\$0.002405

AVOIDANCE OF ANNUALLY ADJUSTED COMPONENT RIDER CHARGE

All customers that switch to a certified supplier shall not pay the AAC.

Filed pursuant to an Entry dated _____ in Case No. _____ before the Public
Utilities Commission of Ohio.

Issued:

Effective:

Issued by Julie Janson, President

DUKE ENERGY OHIO
Calculation of Rider PTC-AAC Percentage
and Revised Rider PTC-AAC Tariff

PTC-AAC Recovery % Calculation

Revised PTC-AAC Revenue Requirement	\$186,740,871
Rider SRA-CD Revenue - 12 Months Ended May 31, 2008 (1)	\$46,345,113
Revised Rider PTC-AAC %	<u>338.2%</u>

<u>Tariff Sheet</u>	<u>Current</u> <u>SRA-CD Charge</u> <u>(per kWh/kW)</u>	<u>Ratio</u>	<u>Proposed</u> <u>PTC-AAC Charge</u> <u>(per kWh/kW)</u>
Rate RS, Residential Service			
Summer, First 1000 kWh	\$ 0.002651	338.2%	\$ 0.008988
Summer, Additional kWh	\$ 0.003359	338.2%	\$ 0.011360
Winter, First 1000 kWh	\$ 0.002651	338.2%	\$ 0.008988
Winter, Additional kWh	\$ 0.001000	338.2%	\$ 0.003382
Rate ORH, Optional Residential Service With Electric Space Heating			
Summer, First 1000 kWh	\$ 0.002367	338.2%	\$ 0.008005
Summer, Additional kWh	\$ 0.002836	338.2%	\$ 0.009591
Winter, First 1000 kWh	\$ 0.002366	338.2%	\$ 0.008002
Winter, Additional kWh	\$ 0.001225	338.2%	\$ 0.004149
Winter, kWh greater than 150 times demand	\$ 0.000788	338.2%	\$ 0.002591
Rate TD, Optional Time-of-Day Rate			
Summer, On-Peak kWh	\$ 0.005405	338.2%	\$ 0.018280
Summer, Off-Peak kWh	\$ 0.000789	338.2%	\$ 0.002668
Winter, On-Peak kWh	\$ 0.004249	338.2%	\$ 0.014370
Winter, Off-Peak kWh	\$ 0.000790	338.2%	\$ 0.002672
Rate DS, Service at Secondary Distribution Voltage			
First 1000 kW	\$ 0.459400	338.2%	\$ 1.553700
Additional kW	\$ 0.363400	338.2%	\$ 1.228000
Billing Demand Times 300	\$ 0.001175	338.2%	\$ 0.003974
Additional kWh	\$ 0.000978	338.2%	\$ 0.003301
Rate GS-FL, Optional Unmetered For Small Fixed Loads			
kWh Greater Than or Equal to 540 Hours	\$ 0.003902	338.2%	\$ 0.013187
kWh Less Than 540 Hours	\$ 0.004488	338.2%	\$ 0.015172
Rate CUR, Common Use Residential Service			
Summer, First 1000 kWh	\$ 0.002651	338.2%	\$ 0.008988
Summer, Additional kWh	\$ 0.003359	338.2%	\$ 0.011360
Winter, First 1000 kWh	\$ 0.002651	338.2%	\$ 0.008988
Winter, Additional kWh	\$ 0.001000	338.2%	\$ 0.003382
Rate EH, Optional Rate For Electric Space Heating			
All kWh	\$ 0.001601	338.2%	\$ 0.005415

DUKE ENERGY OHIO
Calculation of Rider PTC-AAC Percentage
and Revised Rider PTC-AAC Tariff

<u>Tariff Sheet</u>	<u>Current SRA-CD Charge (per kWh/kW)</u>	<u>Ratio</u>	<u>Proposed PTC-AAC Charge (per kWh/kW)</u>
Rate DM, Secondary Distribution Service, Small			
Summer, First 2800 kWh	\$ 0.003514	338.2%	\$ 0.011884
Summer, Next 3200 kWh	\$ 0.000897	338.2%	\$ 0.003034
Summer, Additional kWh	\$ 0.000391	338.2%	\$ 0.001322
Winter, First 2800 kWh	\$ 0.002789	338.2%	\$ 0.009432
Winter, Next 3200 kWh	\$ 0.000898	338.2%	\$ 0.003037
Winter, Additional kWh	\$ 0.000371	338.2%	\$ 0.001255
Rate DP, Service at Primary Distribution Voltage			
First 1000 kW	\$ 0.414900	338.2%	\$ 1.409200
Additional kW	\$ 0.327300	338.2%	\$ 1.108900
Billing Demand Times 300	\$ 0.001923	338.2%	\$ 0.004474
Additional kWh	\$ 0.001081	338.2%	\$ 0.003588
Rate TS, Service at Transmission Voltage			
First 50,000 kVa	\$ 0.603000	338.2%	\$ 1.701100
Additional kVa	\$ 0.362600	338.2%	\$ 1.228300
Billing Demand Times 300	\$ 0.000884	338.2%	\$ 0.002922
Additional kWh	\$ 0.000683	338.2%	\$ 0.003325
Rate SL, Street Lighting Service			
All kWh	\$ 0.001728	338.2%	\$ 0.005844
Rate TL, Traffic Lighting Service			
All kWh	\$ 0.001011	338.2%	\$ 0.003419
Rate OL, Outdoor Lighting Service			
All kWh	\$ 0.001728	338.2%	\$ 0.005844
Rate NSU, Street Lighting Service for Non-Standard Units			
All kWh	\$ 0.001728	338.2%	\$ 0.005844
Rate NSP, Private Outdoor Lighting for Non-Standard Units			
All kWh	\$ 0.001728	338.2%	\$ 0.005844
Rate SC, Street Lighting Service - Customer Owned			
All kWh	\$ 0.001728	338.2%	\$ 0.005844
Energy Only - All kWh	\$ 0.000688	338.2%	\$ 0.002327
Rate SE, Street Lighting Service - Overhead Equivalent			
All kWh	\$ 0.001728	338.2%	\$ 0.005844
Rate UOLS, Unmetered Outdoor Lighting Electric Service			
All kWh	\$ 0.000711	338.2%	\$ 0.002405

(1) For the 12 months ended 05/31/09 includes Rider IMF revenues (Rider SRA-CD replaced IMF effective Jan. 2, 2009).
Includes shopper/non-shopper.

Duke Energy Ohio
Rider PTC-FPP
Quarterly Rate Calculation - EXAMPLE (For Illustration Only)

	Total	Generation Allocated to:	
		Non-Switched	Other
Total Generation (MWh)	6,000,000	4,500,000 75%	1,500,000 25%
Total Fuel Cost for Generation	\$20,000,000	\$15,000,000	\$5,000,000
Average Cost of Fuel in FPP (\$/MWh)	3.33	3.33	3.33 Same for all generation (Non-Switched & Other)
Total Environmental Reagent Costs	\$5,000,000	\$3,750,000	\$1,250,000
Average Cost of Environmental Reagents (\$/MWh)	0.83	0.83	0.83 Same for all generation (Non-Switched & Other)

The PTC-AAC calculation would be based on the "Total" column. Even though it's calculated on a "total" basis, only those customers who do not shop pay the ER cost; so, we would expect to collect \$3.75 million of our \$5 million in reagent cost.

The FPP calculation is based on the "Non-Switched" column. Because we allocate the overall cost between non-switching and other load before we calculate the rate, we will get exactly the same average rate applicable to non-switching customers and we will get exactly the same amount of revenue from non-switching customers as we would if it remained part of Rider AAC.

In either case, non-switching customers will only pay \$3.75 million for Environmental Reagents for the quarter and the rate will be \$0.00083 per kWh whether it is paid through the AAC or the FPP.