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BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Duke
Energy Ohio, Inc., for Approval of an
Alternate Supplier for the Percentage of
Income Payment Plan Customer Class.

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Case No. 11-2416-GA-UNC

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APPLICATION OF DUKE ENERGY OHIO, INC.

Duke Energy Ohio, Inc., (Duke Energy Ohio) is an Ohio corporation engaged in the business of supplying electricity and natural gas to consumers in southwestern Ohio and is a public utility as defined by Section 4905.03 of the Ohio Revised Code (R.C.). As such, Duke Energy Ohio now requests Public Utilities Commission of Ohio (Commission) authority for an agreement with Iberdrola Renewables to provide competitive natural gas to Percentage of Income Payment Plan ("PIPP") customers.

As a component of its gas choice program for residential and small commercial gas service customers, Duke Energy Ohio has developed a process to include customers who might otherwise be excluded from experiencing the benefits of a competitive natural gas market. These customers are participants in PIPP. The Commission approved this process for the year ending September 1, 2002, in an Entry dated September 13, 2001, in *In the Matter of the Application of The Cincinnati Gas & Electric Company for Approval of a Supplier for the Percentage of Income Payment Plan Customers and for a Waiver of the Applicable Provisions of Rule 4901:1-14, Ohio Administrative Code*, Case No. 01-2202-GA-UNC. The Commission's most recent

approval of a provider of natural gas for the PIPP customer class was provided in a Finding and Order, dated March 24, 2010, in *In the Matter of the Application of Duke Energy Ohio, Inc. for Approval of an Alternate Supplier for the Percentage of Income Payment Plan Customer Class*, Case No. 10-301-GA-UNC.

Duke Energy Ohio commenced its current process on January 28, 2011, by sending notification by electronic mail to thirty-six suppliers that are active in its transportation service programs. The electronic mail included a cover letter, an operational overview, and a bid form. Duke Energy Ohio requested proposals to deliver natural gas volumes to Duke Energy Ohio on behalf of the PIPP customer class for a one-year period beginning April 1, 2011. Suppliers were asked to submit a Supplier Bid Credit that would be passed through to the PIPP customers as a discount to the Expected Gas Cost (EGC). Proposals were to be submitted to Duke Energy Ohio no later than 2:00 P.M., local time, on February 18, 2011.

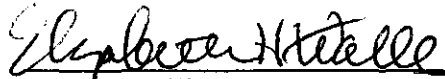
Duke Energy Ohio received five bids, one from Iberdrola Renewables, offering a Supplier Bid Credit of \$0.051/Dkt; one from Atmos Energy Marketing, offering a Supplier Bid Credit of \$0.03/Dkt; one from Total Gas & Power, offering a Supplier Bid Credit of \$0.0241/Dkt; one from Interstate Gas Supply, offering a Supplier Bid Credit of \$0.022/Dkt; and one from NJR Energy Services, offering a Supplier Bid Credit of \$0.0157/Dkt. Duke Energy Ohio recommends that the Commission approve the Iberdrola Renewables bid, on an expedited basis.

Though Duke Energy Ohio will appropriately record the gas costs and revenues resulting from this customer class, as it does for all GCR transactions, Duke Energy Ohio requests waiver

of any of the current provisions of Ohio Administrative Code (O.A.C.) 4901:1-14, that may not have anticipated purchases that are specifically allocated for use by specific customer classes.

Therefore, Duke Energy Ohio respectfully requests the Commission to approve, on an expedited basis, the selection of Iberdrola Renewables as the bidder to supply gas to Duke Energy Ohio for its PIPP customer class, and authorize Duke Energy Ohio to treat the associated gas costs and revenues as consistent with O.A.C. 4901:1-14, O.A.C.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Elizabeth H. Watts", is written over the printed name of Amy B. Spiller.

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