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BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Duke Energy)
Ohio, Inc. for Approval to Adjust its Gas)
Uncollectible Expense Rider Rate) Case No. 11- 3226 -GA-UEX

APPLICATION TO ADJUST
DUKE ENERGY OHIO, INC.'S GAS UNCOLLECTIBLE EXPENSE RIDER RATE

Pursuant to R.C. 4909.18, Duke Energy Ohio, Inc. (Duke Energy Ohio or Company) requests approval to adjust the rate for its gas uncollectible rider, Rider UE-G.

Duke Energy Ohio is an Ohio corporation engaged in the business of supplying natural gas to approximately 422,000 customers in southwestern Ohio, all of whom, except Interruptible Transportation customers, will be affected by this Application, and is a public utility as defined by R. C. 4905.02 and 4905.03. Duke Energy Ohio serves incorporated communities and unincorporated territory within its entire service area, which includes all or parts of Adams, Brown, Butler, Clinton, Clermont, Hamilton, Montgomery, and Warren Counties in Ohio.

In support of its Application, Duke Energy Ohio states as follows:

1. This Application is made pursuant to the Finding and Order issued by the Public Utilities Commission of Ohio (Commission) on December 21, 2005, in Case Nos. 05-732-EL-MER, 05-733-EL-AAM, and 05-974-GA-AAM. In its Finding and Order, the Commission instructed Duke Energy Ohio to purchase receivables of competitive natural

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gas suppliers without a discount.¹ The Commission also approved Duke Energy Ohio's request for a gas uncollectible expense recovery rider.²

2. The gas uncollectible expense rider – Rider UE-G (Rider) – currently has a monthly charge of \$0.026073 per CCF which was approved in Case No. 10-726-GA-UEX in Opinion and Order dated February 23, 2011.
3. In the Finding and Order issued by the Commission on December 17, 2003, in Case No. 03-1127-GA-UNC at page 13 and in the Finding and Order issued by the Commission on August 19, 2009, in Case No. 08-1229-GA-COI at paragraph 12, the Commission instructed the utilities to file an annual report that details the amounts recovered, deferred and, if applicable, amortized pursuant to their respective uncollectible expense riders. Duke Energy Ohio's first report is being filed in this application, for its Rider UE-G.
4. Attachment 1 to this Application includes both the required annual report and the calculation of the proposed, amended rate for Rider UE-G.
5. The annual report, required by the Commission, is set forth on pages two through five of Attachment 1. Page one identifies amounts recovered, deferred, and amortized pursuant to the rider. Page two shows the actual uncollectible tracker balance through March 31, 2011. Page three shows the revenues collected for the uncollectible expense. Page four shows the projected bad debt expense for the twelve-month period ending March 31, 2012. Page five shows the projected volumes for the twelve month period ending March 31, 2012.

¹ *In the Matter of the Joint Application of Cinergy Corp., on behalf of The Cincinnati Gas & Electric Company, and Duke Energy Holding Corp. for Consent and Approval of a Change of Control of The Cincinnati Gas & Electric Company*, Case No. 05-732-EL-MER, *et al.*, Finding and Order (December 21, 2005) at page 18.

² *Id.*

6. Attachment 1 also details the calculation of the proposed, amended uncollectible rider rate, at page one. This proposed rider rate is calculated to be \$0.004499 per CCF, which is a decrease of \$0.021574 per CCF from the amount authorized in Case No. 10-726-GA-UEX.
7. This resulting rate of \$0.004499 per CCF for all Duke Energy Ohio customers subject to Rider UE-G is just and reasonable and should be approved. Copies of the proposed and scored tariff sheets are included as Attachment 2 to this Application.

WHEREFORE, Duke Energy Ohio respectfully requests that the Commission approve the new uncollectible expense rider rate for Rider UE-G, as proposed in this Application.

Respectfully submitted,

Duke Energy Ohio



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Duke Energy Ohio Gas
Calculation of Uncollectible Expense Rider Rate

ATTACHMENT-1
PAGE 1

Line	Description	Source	Amount	Projected Volume (CCF) Page 5	Unit Rate (\$/CCF)
1	Actual Uncollectible Tracker Balance through March 31, 2011 (a)	Page 2	(\$2,861,910)		
2	Projected Bad Debt Write-offs April 1, 2011 - March 31, 2012	Page 4	\$5,222,586		
3	Unrecovered Uncollectible Expenses through March 31, 2012	Line 1 + Line 2	<u>\$2,360,676</u>	524,745,787	\$0.004499
4	Current Uncollectible Rider Rate	See Note (b)			<u>\$0.026073</u>
5	Increase/(Decrease) in Total Uncollectible Expense Rate	Line 3 - Line 4			<u>(\$0.021574)</u>
6	Percentage Difference in Recovery of Uncollectible Expenses				-83%

(a) Actual uncollectible expense less amounts recovered in base rates and Rider UE-G plus carrying charges
(b) Rate approved in Case No. 10-726-GA-UEx, effective July 1, 2010

Line	Source	2010 ACTUAL												2011 ACTUAL		Total
		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar			
1	Unrecovered Balance - Beginning of Month	\$4,460,489	\$4,158,669	\$4,344,958	\$4,802,516	\$5,288,080	\$5,851,322	\$6,329,226	\$6,403,143	\$5,919,510	\$3,980,083	\$1,335,940	(\$1,136,760)			
2	Bad Debts Written Off - Net of Customer Recoveries	\$202,568	\$468,364	\$861,119	\$751,888	\$845,536	\$760,083	\$502,207	\$304,520	\$320,881	\$397,768	\$284,591	\$55,500	\$5,534,984		
3	Recovery - Base Rates	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	Recovery - Uncollectible Rider	(\$536,336)	(\$285,765)	(\$216,287)	(\$302,337)	(\$280,165)	(\$301,786)	(\$388,884)	(\$888,088)	(\$2,286,351)	(\$3,080,486)	(\$2,737,811)	(\$1,774,213)	(\$13,032,361)		
5	Recovery - Other Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6	Incremental Bad Debt	(\$335,738)	\$172,569	\$442,832	\$446,351	\$565,341	\$459,295	\$113,323	(\$563,568)	(\$1,045,370)	(\$2,662,728)	(\$2,473,020)	(\$1,716,713)			
7	Balance Sub-Total	\$4,144,761	\$4,351,288	\$4,787,790	\$5,251,868	\$5,833,421	\$6,309,617	\$6,442,549	\$5,888,575	\$3,974,140	\$1,327,366	(\$1,137,080)	(\$2,855,473)			
8	Carrying Charges	\$13,908	\$13,990	\$14,727	\$16,213	\$17,801	\$19,610	\$20,594	\$19,935	\$15,954	\$8,574	\$321	(\$6,437)	\$154,988		
9	Unrecovered Balance - End of Month	\$4,158,669	\$4,344,958	\$4,802,516	\$5,288,080	\$5,851,322	\$6,329,226	\$6,403,143	\$5,919,510	\$3,980,083	\$1,335,940	(\$1,136,760)	(\$2,881,910)			
10	Monthly Carrying Charge rate	0.32250%	0.32250%	0.32250%	0.32250%	0.32250%	0.32250%	0.32250%	0.32250%	0.32250%	0.32250%	0.32250%	0.32250%			

See Note (c)
(a) Rate approved in Case No. 10-726-GA-JUEX; effective July 1, 2010.
(b) Not applicable at this time
(c) Source: Treasury
Rates for April 2010 - March 2011 are the same as August 2010
due to \$0 borrowing in those months.

Per Merger Order Case No. 05-732-EL-MER, carrying charge rate should be short term debt rate authorized in last distribution rate case. Since no short term debt in authorized capital structure, used money pool rate.

Line	Description	Source	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	TOTAL
1	COF Sales	Revenue Statistics	14,346,590	7,227,120	5,078,300	3,938,500	3,930,519	3,746,310	5,161,780	13,902,330	37,835,740	50,238,580	41,798,800	30,311,530	218,377,190
2	Residential (RS)	Revenue Statistics	4,777,600	2,596,030	1,909,760	1,659,130	1,474,639	1,853,880	2,215,480	4,345,870	11,875,900	15,105,440	13,699,230	9,409,390	71,477,530
3	General Service (GS)	Revenue Statistics	16,074,490	9,812,190	7,009,080	5,607,820	5,004,540	5,299,910	7,777,270	17,848,180	49,414,240	66,344,000	55,750,120	38,902,960	287,854,580
4	Total Sales Service		7,464,370	3,675,780	2,589,500	2,048,470	1,795,280	1,982,430	2,751,650	7,007,830	18,943,880	26,249,010	23,157,480	17,370,380	115,047,750
5	Residential Transportation (RPT)	Revenue Statistics	7,894,370	5,437,130	4,381,240	3,943,920	3,861,220	4,289,250	4,838,250	8,453,730	18,008,570	24,896,800	21,357,670	15,941,390	123,672,710
6	Firm Transportation (FT)	Revenue Statistics	19,585,840	13,588,310	14,178,450	12,131,200	12,866,700	13,783,750	14,627,500	15,059,240	15,693,960	19,492,710	20,070,350	15,817,170	155,892,520
7	Intermittent Transportation (IT)	Revenue Statistics	31,804,890	22,712,220	21,157,520	18,173,490	16,253,280	20,022,480	21,708,700	30,519,800	63,167,410	70,059,630	64,986,480	48,137,880	421,802,780
8	Total Transportation Service		78,990	25,490	10,890	12,590	1,210	5,990	10,590	0	161,900	0	0	0	254,570
9	Other	Revenue Statistics	35,550	25,490	10,890	12,590	1,210	5,990	10,590	0	161,900	0	0	0	254,570
10	Interdepartmental	Revenue Statistics	35,550	25,490	10,890	12,590	1,210	5,990	10,590	0	161,900	0	0	0	254,570
11	Street Lighting		51,015,290	39,559,800	28,177,630	23,793,600	23,298,650	26,308,420	29,868,020	48,987,000	102,733,610	136,803,840	120,613,810	88,041,810	790,912,330
12	Total Throughput		16,555,940	13,568,310	14,176,450	12,151,200	12,666,700	13,783,750	14,627,500	15,059,240	15,693,960	19,492,710	20,070,350	15,817,170	182,882,520
13	Exclude Sales not eligible for Uncollectible	Line 6	(35,550)	(25,490)	(10,890)	(12,590)	(1,210)	(5,990)	(10,590)	0	(161,900)	0	0	0	(254,570)
14	Intermittent Transportation (IT)	Line 8	(16,074,490)	(9,812,190)	(7,009,080)	(5,607,820)	(5,004,540)	(5,299,910)	(7,777,270)	(17,848,180)	(49,414,240)	(66,344,000)	(55,750,120)	(38,902,960)	(287,854,580)
15	Total Sales Excluded from Uncollectible	Line 11 + Line 14	34,413,400	18,977,690	13,990,250	11,649,910	10,662,440	11,538,860	14,858,470	33,998,760	66,827,690	117,360,830	99,073,250	73,124,640	588,775,940
16	Recovery Rate (RCOF)	See Note (d)	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000
17	Revenue Received For Uncollectible Expense	Line 15 - Line 16	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000

(d) Uncollectible expense was removed from base rates effective December 1, 2008 per Order in Case No. 08-775-GB-JEX

Line	Source	2011 PROJECTED												2012 PROJECTED			Total
		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar				
1	Unrecovered Balance - Beginning of Month	(\$2,851,910)	(\$2,891,464)	(\$2,297,940)	(\$1,742,471)	(\$1,110,889)	(\$400,359)	\$238,511	\$980,780	\$916,652	\$1,186,289	\$1,637,353	\$2,178,620				
2	Bad Debts Written Off - Net of Customer Recoveries																
3	Recovery - Base Rates	\$ 170,446	\$ 393,524	\$ 555,499	\$ 631,582	\$ 710,630	\$ 838,670	\$ 422,289	\$ 256,672	\$ 289,637	\$ 651,064	\$ 339,287	\$ 184,066	\$ 5,222,566			To Page 1
4	Recovery - Uncollectible Rider	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0			
5	Recovery - Other Adjustments	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0			
6	Incremental Bad Debt	\$ 170,446	\$393,524	\$555,499	\$631,582	\$710,630	\$838,670	\$422,289	\$256,672	\$289,637	\$651,064	\$339,287	\$184,066				
7	Balance Sub-Total	(\$2,681,464)	(\$2,297,940)	(\$1,742,471)	(\$1,110,889)	(\$400,359)	\$238,511	\$980,780	\$916,652	\$1,186,289	\$1,637,353	\$2,178,620	\$2,940,675				
8	Carrying Charges	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0			
9	Unrecovered Balance - End of Month	(\$2,851,910)	(\$2,297,940)	(\$1,742,471)	(\$1,110,889)	(\$400,359)	\$238,511	\$980,780	\$916,652	\$1,186,289	\$1,637,353	\$2,178,620	\$2,360,676				

(a) Uncollectible expense was removed from base rates effective December 1, 2009 per Order in Case No. 08-773-QA-JUEX

(b) Uncollectible rider is currently \$0.026073 per CCF

(c) Not applicable at this time

Line	Description	Source	Projected 12 Months Ended March 2012												Total Thru Mar-12
			Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	
1	OCF Sales														
2	Residential (RS)	Load Forecasting	17,094,300	8,852,540	5,376,780	4,104,970	3,735,240	4,004,550	8,193,980	14,246,340	29,600,980	39,767,520	26,731,470	29,987,980	180,818,570
3	General Service (GS)	Load Forecasting	17,294,812	3,855,269	2,855,150	3,062,655	2,671,075	2,657,777	3,061,056	5,050,037	13,175,117	17,253,850	15,656,131	14,154,150	92,337,360
4	Total Sales Service		24,389,112	12,707,809	8,231,930	7,167,625	6,406,315	6,662,327	11,255,036	19,296,377	42,776,097	57,021,370	42,387,601	44,142,130	273,155,930
5	Residential Transportation (RTT)	Load Forecasting	8,557,210	4,481,970	2,492,890	2,055,100	1,890,980	2,004,830	3,103,780	7,132,350	14,816,620	19,901,050	18,381,480	15,010,740	100,007,790
6	Fire Protection (FT)	Load Forecasting	10,775,661	5,819,575	4,176,315	4,228,823	3,897,443	3,783,333	4,502,854	8,142,061	16,524,645	25,211,340	24,457,086	19,004,093	132,272,230
7	Interruption Transportation (IT)	Load Forecasting	18,619,167	14,521,528	14,178,708	13,140,708	13,444,842	13,577,090	14,172,254	15,525,452	18,716,548	18,579,980	18,838,753	17,782,527	187,263,433
8	Total Transportation Service		36,152,036	24,811,071	21,048,711	18,424,631	18,902,265	19,365,243	21,784,868	30,779,863	50,057,813	63,962,250	61,677,339	51,881,360	418,563,452
9	Other														
10	Interdepartmental Street Lighting	Load Forecasting	57,840	41,300	20,280	42,980	30,700	17,540	34,980	73,050	101,680	149,310	114,230	79,870	783,730
11	Total Throughput		60,624,950	37,824,910	29,480,081	28,652,079	25,265,400	28,081,040	31,136,960	50,784,770	83,515,600	120,681,680	114,416,580	99,159,810	712,792,950
12	Exclude OCF Sales not eligible for Uncollectible														
13	Interruption Transportation (IT)	Line 6	(16,819,167)	(14,521,528)	(14,178,708)	(13,140,708)	(13,444,842)	(13,577,090)	(14,172,254)	(15,525,452)	(16,716,548)	(18,579,980)	(18,838,753)	(17,782,527)	(187,263,433)
14	Interruption Transportation (IT)	Line 8	(67,840)	(41,300)	(20,280)	(42,980)	(30,700)	(17,540)	(34,980)	(73,050)	(101,680)	(149,310)	(114,230)	(79,870)	(783,730)
15	Total Sales Excluded from Uncollectible		(16,877,007)	(14,562,828)	(14,198,988)	(13,183,688)	(13,475,542)	(13,594,630)	(14,212,234)	(16,050,502)	(17,818,228)	(19,729,930)	(19,973,483)	(17,862,397)	(188,047,163)
16	Total OCF Sales Recovering Uncollectible Expense	Line 11 + Line 14	43,747,953	23,262,084	15,291,115	13,508,391	11,789,858	12,486,410	16,924,746	35,208,258	76,697,452	102,152,710	96,463,597	79,397,213	524,745,787

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P.U.C.O. Gas No. 18
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Cancels and Supersedes
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RIDER UE-G
UNCOLLECTIBLE EXPENSE RIDER

APPLICABILITY

Applicable to all sales service and firm transportation customers.

DESCRIPTION

This rider enables the recovery of costs associated with uncollectible accounts arising from those customers responsible for paying the Uncollectible Expense Rider. The Company shall file an application with the Public Utilities Commission of Ohio if the Company determines that an adjustment of more than plus or minus ten (10) percent is needed to adjust for prior period over or under-collections.

MONTHLY CHARGE

A charge of \$0.004499 per CCF shall be applied to all gas volumes delivered to customers in the customer classes noted above.

SERVICE REGULATIONS

The supplying and billing for service and all conditions applying thereto, are subject to the jurisdiction of the Public Utilities Commission of Ohio, and to the Company's Service Regulations currently in effect, as filed with the Public Utilities Commission of Ohio.

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

Issued:

Effective:

Issued by Julie Janson, President

Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

P.U.C.O. Gas No. 18
Sheet No. ~~67.3~~ 67.4
Cancels and Supersedes
Sheet No. ~~67.2~~ 67.3
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RIDER UE-G
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SERVICE REGULATIONS

The supplying and billing for service and all conditions applying thereto, are subject to the jurisdiction of the Public Utilities Commission of Ohio, and to the Company's Service Regulations currently in effect, as filed with the Public Utilities Commission of Ohio.

Filed pursuant to an Order dated ~~June 23, 2010~~ in Case No. ~~10-726-GA-UEX~~ before the Public Utilities Commission Ohio.

Issued: ~~June 24, 2010~~

Effective: ~~July 1, 2010~~

Issued by Julie Janson, President