

**FILE**

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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

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

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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.<sup>1</sup> The Commission also approved Duke Energy Ohio's request for a gas uncollectible expense recovery rider.<sup>2</sup>

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.

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<sup>1</sup> *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.

<sup>2</sup> *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



Amy B. Spiller (0047277)  
Deputy General Counsel  
Elizabeth H. Watts (0031092)  
Associate General Counsel  
Duke Energy Business Services, Inc.  
Room 2500 Atrium II  
P.O. Box 960  
Cincinnati, Ohio 45201-0960  
(513) 287-4359 (telephone)  
(513) 287-4386 (fax)  
e-mail: amy.spiller@duke-energy.com

Duke Energy Ohio Gas  
Calculation of Uncollectible Expense Rider Rate

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-UJEX, effective July 1, 2010

Line	Source	2010 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	\$6,405,143	\$5,919,510	\$3,980,083	\$1,335,940	(\$1,136,760)	
2	Bad Debts Written Off - Net of Customer Recoveries	\$202,598	\$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
4	Recovery - Uncollectible Rider	(\$538,398)	(\$295,785)	(\$218,287)	(\$302,337)	(\$280,185)	(\$301,786)	(\$388,884)	(\$888,089)	(\$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
6	Incremental Bad Debt	(\$335,738)	\$172,599	\$442,832	\$449,351	\$565,341	\$459,295	\$113,323	(\$583,568)	(\$1,945,370)	(\$2,662,728)	(\$2,473,020)	(\$1,718,713)	
7	Balance Sub-Total	\$4,144,761	\$4,351,288	\$4,787,780	\$5,251,868	\$5,833,421	\$6,309,617	\$6,442,549	\$5,688,575	\$3,974,140	\$1,327,356	(\$1,137,080)	(\$2,855,473)	
8	Carrying Charges	\$13,908	\$13,990	\$14,727	\$16,213	\$17,801	\$19,610	\$20,594	\$19,895	\$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	\$6,463,143	\$5,919,510	\$3,980,083	\$1,335,940	(\$1,136,760)	(\$2,891,910)	
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 (a)  
See Note (b)  
Lines (2)+(3)+(4)+(5)  
Line (1) + Line (6)  
Lines [(1)-(7)](2) \* (Line 10)  
Line (7) + Line (8)  
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	Actual 2019												Actual 2011			TOTAL
			Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
1	COF Sales	Revenue Statistics	14,346,690	7,227,120	5,078,300	3,838,800	3,830,819	3,746,310	5,161,790	13,802,330	37,835,740	50,238,590	41,758,000	41,758,000	30,311,530	218,377,190		
2	Residential (RS)	Revenue Statistics	4,777,600	2,586,030	1,939,700	1,659,130	1,474,639	1,853,880	2,315,480	4,345,870	11,878,500	15,105,440	13,699,230	13,699,230	9,689,390	71,477,230		
3	General Service (GS)	Revenue Statistics	16,074,480	9,312,190	7,000,680	5,607,820	5,094,640	5,299,910	7,177,270	17,888,150	49,414,240	66,344,000	55,430,120	55,430,120	38,923,960	287,854,960		
4	Total Sales Service	Revenue Statistics	7,464,370	3,875,780	2,598,600	2,048,470	1,798,280	1,892,430	2,701,650	7,027,830	18,843,880	26,249,010	23,157,480	23,157,480	17,370,380	115,047,750		
5	Residential Transportation (RFT)	Revenue Statistics	7,894,370	5,437,130	4,381,240	3,943,820	3,861,220	4,289,290	4,828,250	8,453,730	18,509,570	24,896,000	21,357,670	21,357,670	15,941,300	123,672,710		
6	Firm Transportation (FT)	Revenue Statistics	19,595,840	13,988,310	14,178,450	12,131,200	12,586,700	13,783,750	14,627,500	15,659,240	19,493,710	19,493,710	20,070,350	20,070,350	15,817,170	153,292,320		
7	Intermittent Transportation (IT)	Revenue Statistics	31,804,880	22,713,228	21,157,820	18,173,490	18,253,200	20,022,480	21,708,700	30,319,800	63,167,410	70,059,630	64,988,450	64,988,450	49,137,890	421,302,780		
8	Other	Revenue Statistics	39,850	25,480	10,830	12,550	1,210	5,990	10,590	0	161,900	0	0	0	0	254,870		
9	Interdepartmental	Revenue Statistics	35,550	25,480	10,830	12,550	1,210	5,990	10,590	0	161,900	0	0	0	0	254,870		
10	Sheet Lighting	Revenue Statistics	35,550	25,480	10,830	12,550	1,210	5,990	10,590	0	161,900	0	0	0	0	254,870		
11	Total Throughput	Line 3 - Line 7 + Line 10	51,015,230	39,659,880	26,177,630	23,793,660	23,258,650	26,208,420	29,886,920	40,927,990	102,733,610	138,833,640	130,613,810	130,613,810	88,944,810	799,912,330		
12	Exclude Sales not eligible for Uncollectible	Line 6	(16,555,940)	(13,968,310)	(14,176,450)	(12,151,200)	(12,656,700)	(13,783,750)	(14,827,500)	(15,059,240)	(18,683,900)	(19,403,710)	(20,070,360)	(20,070,360)	(15,817,170)	(182,882,200)		
13	Intermittent Transportation (IT)	Line 8	(35,850)	(25,480)	(10,830)	(12,550)	(1,210)	(5,990)	(10,590)	(0)	(161,900)	(0)	(0)	(0)	(0)	(254,870)		
14	Total Sales Excluded from Uncollectible	Line 11 + Line 14	(16,601,890)	(13,623,800)	(14,187,280)	(12,163,750)	(13,657,910)	(13,789,740)	(14,838,490)	(15,069,240)	(18,845,400)	(19,403,710)	(20,070,360)	(20,070,360)	(15,817,170)	(183,137,070)		
15	Total Sales Recovering Uncollectible Expense	See Note (d)	34,413,400	18,927,880	13,988,250	11,640,910	10,602,040	11,538,680	14,859,170	33,898,750	86,827,690	117,386,630	89,973,250	89,973,250	73,124,640	588,775,940		
16	Recovery Rate (RCCF)	Line 15 - Line 18	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
17	Revenue Received For Uncollectible Expense	Line 15 - Line 18	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			

(d) Uncollectible expense was removed from base rates effective December 1, 2009 per Order in Case No. 08-771-GA-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	(\$2,851,810)	(\$2,681,464)	(\$2,297,940)	(\$1,742,471)	(\$1,110,888)	(\$400,359)	\$238,511	\$980,780	\$916,652	\$1,186,268	\$1,637,353	\$2,178,620					
2	Bad Debts Written Off - Net of Customer Recoveries	\$ 170,446	\$ 303,524	\$ 555,489	\$ 631,582	\$ 710,630	\$ 638,670	\$ 422,289	\$ 255,672	\$ 289,637	\$ 651,064	\$ 339,287	\$ 184,058	\$ 5,222,566				
3	Recovery - Base Rates	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	Recovery - Uncollectible Rider	\$0	\$0	\$0	\$0	\$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	\$0	\$0	\$0	\$0
6	Incremental Bad Debt	\$ 170,446	\$393,524	\$555,489	\$631,582	\$710,630	\$638,670	\$422,289	\$255,672	\$289,637	\$651,064	\$339,287	\$184,058	\$164,069				
7	Balance Sub-Total	(\$2,681,464)	(\$2,297,940)	(\$1,742,471)	(\$1,110,888)	(\$400,359)	\$238,511	\$980,780	\$916,652	\$1,186,268	\$1,637,353	\$2,178,620	\$2,960,675					
8	Carrying Charges	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9	Unrecovered Balance - End of Month	(\$2,851,810)	(\$2,297,940)	(\$1,742,471)	(\$1,110,888)	(\$400,359)	\$238,511	\$980,780	\$916,652	\$1,186,268	\$1,637,353	\$2,178,620	\$2,360,676					

(a) Uncollectible expense was removed from base rates effective December 1, 2008 per Order In Case No. 08-773-GA-LJEX  
 (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		17,084,300	6,852,540	5,378,780	4,104,970	3,735,240	4,004,550	8,193,680	14,246,940	29,600,980	39,767,520	36,731,470	29,987,680	168,616,570
2	Residential (RS)	Load Forecasting	7,284,812	3,959,269	2,853,150	2,082,658	2,671,073	2,657,177	3,091,056	5,630,337	13,723,717	17,253,560	15,656,131	14,154,150	92,337,368
3	General Service (GS)	Load Forecasting	24,369,212	12,940,809	6,313,660	7,187,658	6,506,316	6,672,327	6,240,972	19,906,427	43,328,707	57,014,000	62,696,601	44,192,170	292,153,668
4	Total Sales Service		41,653,324	16,900,378	11,166,810	11,270,326	10,141,389	11,329,504	14,435,104	25,537,764	57,052,424	74,267,560	78,342,731	58,346,320	452,644,096
4	Residential Transportation (RTT)	Load Forecasting	6,557,210	4,481,970	2,892,690	2,055,100	1,890,980	2,004,630	3,103,780	7,132,950	14,816,620	19,901,050	18,381,480	15,010,740	100,007,790
5	Fire Truck (FT)	Load Forecasting	10,775,661	5,819,575	4,176,316	4,228,823	3,807,443	3,783,333	4,503,654	8,142,061	16,524,646	25,211,340	24,457,066	19,068,093	132,272,230
6	Interruption (IT)	Load Forecasting	18,618,167	14,624,528	14,178,708	13,140,708	13,444,842	13,577,090	14,172,254	15,525,452	18,716,548	18,579,960	18,838,763	17,782,527	187,263,433
7	Total Transportation Service		36,182,038	24,811,071	21,048,711	18,424,631	18,902,265	19,366,243	21,784,668	30,778,463	50,057,813	63,662,250	61,677,339	51,891,360	418,563,452
8	Other:														
9	Interdepartmental	Load Forecasting	57,840	41,300	20,260	42,690	30,700	17,640	34,980	73,060	101,680	149,310	114,230	79,870	783,730
10	Street Lighting	Load Forecasting	25,870	25,730	25,150	23,610	28,120	25,930	26,160	24,820	26,480	25,210	26,410	26,210	311,830
10	Total Other		83,710	67,030	46,410	66,300	66,820	43,470	61,140	97,880	128,140	175,550	138,640	106,080	1,075,560
11	Total Throughput	Line 3 + Line 7 + Line 10	60,624,960	37,824,910	29,409,091	28,652,079	25,265,400	28,081,040	31,136,960	50,784,770	93,515,660	120,651,680	114,416,580	99,159,610	712,792,950
12	Exclude OCF Sales not eligible for Uncollectible														
13	Interdepartmental (IT)	Line 6	(16,819,167)	(14,621,528)	(14,178,708)	(13,140,708)	(13,444,842)	(13,577,090)	(14,172,254)	(15,525,452)	(16,716,648)	(16,579,960)	(16,838,763)	(17,782,627)	(187,263,433)
14	Total Sales Excluded from Uncollectible	Line 8	(16,877,007)	(14,662,828)	(14,196,466)	(13,183,588)	(13,475,542)	(13,594,630)	(14,212,234)	(15,578,512)	(16,816,268)	(16,728,170)	(16,862,465)	(17,862,387)	(186,047,763)
15	Total OCF Sales Recovering Uncollectible Expense	Line 11 + Line 14	43,747,953	23,262,084	15,208,115	13,608,391	11,789,858	12,486,410	16,924,746	35,206,258	76,697,452	102,152,710	96,463,697	78,297,213	524,745,187

Duke Energy Ohio  
139 East Fourth Street  
Cincinnati, Ohio 45202

P.U.C.O. Gas No. 18  
Sheet No. 67.4  
Cancels and Supersedes  
Sheet No. 67.3  
Page 1 of 1

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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.

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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**  
**UNCOLLECTIBLE EXPENSE RIDER**

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**MONTHLY CHARGE**

A charge of ~~\$0.026073~~ \$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 ~~June 23, 2010~~ in Case No. ~~10-726-GA-UEx~~ before the Public Utilities Commission Ohio.

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Issued: ~~June 24, 2010~~

Effective: July 1, 2010

Issued by Julie Janson, President