

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Duke Energy Ohio, Inc., for an Increase in Gas Rates.)	Case No. 12-1685-GA-AIR
)	
)	
In the Matter of the Application of Duke Energy Ohio, Inc., for Tariff Approval.)	Case No. 12-1686-GA-ATA
)	
)	
In the Matter of the Application of Duke Energy Ohio, Inc., for the Approval of an Alternative Rate Plan for Gas Distribution Service.)	Case No. 12-1687-GA-ALT
)	
)	
In the Matter of the Application of Duke Energy Ohio, Inc., for Approval to Change Accounting Methods.)	Case No. 12-1688-GA-AAM
)	

OBJECTIONS TO THE STAFF REPORT SUBMITTED BY THE KROGER CO.

I. Introduction

On June 7, 2012, Duke Energy Ohio, Inc. (Duke) filed a notice of intent to file an application to increase its gas rates, and, on July 9, 2012, filed its application seeking authority to increase its rates with the Public Utilities Commission of Ohio (Commission). On January 4, 2013, the Staff of the Public Utilities Commission of Ohio (PUCO) filed its Staff Report in the above-captioned proceeding. Pursuant to Section 4909.19, Ohio Revised Code, and Rule 4901-1-28, Ohio Administrative Code, The

Kroger Company (“Kroger”) hereby respectfully submits its objections to the Staff Report.

Kroger reserves the right to supplement or modify these objections in the event that the Staff makes additional findings, conclusions, or recommendations with respect to the Staff Report. Kroger also reserves the right to respond to objections or other issues (either in support or opposition) raised by other parties in these proceedings.

II. Objections

A. Rider FRT

Although the Staff Report opposes the implementation of Duke’s new proposed Rider FRT for mass transportation relocation costs inasmuch as the new Rider FRT is poorly designed,¹ Kroger objects to the Staff Report’s failure to specifically reject Option 2, which Duke proposes to charge all customers whose service address is located within the governmental boundaries of the project as a separate line item on their electric bills.² Duke suggests that this could be done on a per customer basis, a per one hundred cubic foot (CCF) basis, or a combination of the two.³ Duke’s proposal to establish a new, undefined rider, which may unreasonably collect costs on a volumetric basis, should be rejected.

B. Manufactured Gas Plant Remediation Costs

Kroger objects to the Staff Report’s recommendation to permit Duke to recover approximately \$6.4 million in deferred manufactured gas plant (MGP) remediation

¹ Staff Report at 20-21.

² Duke Application at 3; Duke Application, Vol. 1, Notice at 49-52.

³ Duke Application, Vol. I, Notice at 52.

costs.⁴ In its Application, Duke is requesting recovery through base rates of approximately \$65.3 million in deferred remediation costs for two former manufactured gas plants located in its service territory.⁵ As the Staff Report notes, there are many questions and concerns regarding the recovery of such costs, including whether insurers may pay for these remediation efforts and the allocation between customers and shareholders of any remediation proceeds received from insurers.⁶

⁴ Staff Report at 30-47.

⁵ Duke Application 5-12

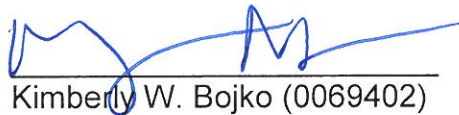
⁶ Staff Report at 47.

III. Summary of Major Issues

In accordance with the Attorney Examiner's January 10, 2013 Entry, Kroger hereby sets forth the major issues in this proceeding:

1. Duke's proposed recovery of deferred manufactured gas plant remediation costs.
2. Duke's proposal to establish a new, undefined Rider FRT, which may unreasonably collect costs on a volumetric basis.

Respectfully Submitted,



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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and accurate copy of the foregoing document was served this 4th day of February, 2013 by electronic mail if available or by regular U.S. mail, postage prepaid, upon the persons listed below.


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Summary: Objection Objections to the Staff Report Submitted by The Kroger Co. electronically filed by Mrs. Kimberly W. Bojko on behalf of The Kroger Co.