

OCC EXHIBIT NO._____

**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 Approval of an Alternative Rate Plan for Gas Distribution Service.)	Case No. 12-1687-GA-ALT
)	
In the Matter of Application of Duke Energy Ohio, Inc., for Approval to Change Accounting Methods.)	Case No. 12-1688-GA-AAM
)	

**DIRECT TESTIMONY
OF
IBRAHIM SOLIMAN**

On Behalf of
The Office of the Ohio Consumers' Counsel
10 West Broad Street, Suite 1800
Columbus, Ohio 43215-3485

February 25, 2013

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SCHEDULES

OCC A-1 through C-4	OCC Recommended Revenue Requirements
IS-C-3.17a	Pension and Benefits
IS-C-3.18a	Payroll Taxes
IS-C-3.18b	Payroll Taxes Rates

ATTACHMENTS

IS-1	Ibrahim Soliman – Testimony
IS-2	Staff Data Request No. 137-001
IS-3	OCC Interrogatory No. 300 Supplemental

I. INTRODUCTION

Q1. PLEASE STATE YOUR NAME, ADDRESS AND POSITION.

A1. My name is Ibrahim Soliman. My business address is 10 West Broad Street, Suite 1800, Columbus, Ohio 43215-3485. I am employed by the Office of the Ohio Consumers' Counsel ("OCC") as a Senior Regulatory Analyst.

Q2. WHAT IS YOUR EDUCATIONAL BACKGROUND?

A2. I earned a Bachelor of Business Administration degree from Cairo University in 1976 with a major in accounting. I have completed numerous regulatory training programs. I retired from the Public Utilities Commission of Ohio ("PUCO" or "Commission") on July 2010 after 30 years of service. I am a Certified Public Accountant, Certified Internal Auditor, and Certified Management Accountant.

Q3. PLEASE SUMMARIZE YOUR WORK EXPERIENCE.

A3. I joined the OCC in January 2011 as a Senior Regulatory Analyst. Prior to my employment with the OCC, I worked for the PUCO from July 1980 until July 2010. During my thirty-year tenure with the Staff of the Commission ("Staff"), I held the following positions: Utility Auditor, Utility Supervisor, and Utility Administrator. My current duties as an OCC Senior Regulatory Analyst include investigating and analyzing utility applications for increases in rates. I also participate in other cases and investigations in the electric, gas, and water industries.

1 ***Q4. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE THIS***
2 ***COMMISSION?***

3 ***A4.*** Yes. During my employment with the Staff of the PUCO and with OCC, I
4 submitted testimony before the Commission in several electric, gas, and water
5 cases, as detailed on Attachment IS-1.

7 ***Q5. WHAT DOCUMENTS HAVE YOU REVIEWED IN THE PREPARATION OF***
8 ***YOUR TESTIMONY?***

9 ***A5.*** I reviewed relevant portions of the Application filed on July 09, 2012, by Duke
10 Energy Ohio, Inc. (“Duke” or “Utility”); the Standard Filing Requirements and
11 associated workpapers; and Duke’s testimony. I also reviewed the relevant
12 sections of PUCO Staff Report of Investigation (“Staff Report”) and associated
13 workpapers, and certain Duke responses to Staff Data Requests and OCC
14 discovery.

16 **II. PURPOSE OF TESTIMONY**

18 ***Q6. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS***
19 ***PROCEEDING?***

20 ***A6.*** My testimony will support several OCC objections to the Staff Report that relate
21 to the determination of operating income and rate base. Specifically, I address
22 OCC’s objections to the Staff Report related to the following areas:

- 1 • Annualized Operation & Maintenance Labor Expense
- 2 (Operating Income OCC - Objection No. 3)
- 3 • Pension and Benefits (Operating Income - OCC Objection
- 4 Nos. 4 and 5)
- 5 • Payroll Taxes (Operating Income - OCC Objection Nos. 7
- 6 and 8)

7

8 My testimony also presents the quantification of the impact of certain OCC

9 objections and recommendations on the calculation of the revenue requirements.

10 In OCC Schedules A-1 through C-4, I have incorporated the recommendations on

11 rate base and operating income from my testimony and the testimony of OCC

12 Witnesses Gould and Effron, and the recommendations on rate of return presented

13 by OCC Witness Duann. The revenue increase that Duke seeks from customers

14 should instead be a revenue decrease, as explained below.

15

16 **III. OPERATING INCOME**

17

18 **A. Labor Expense**

19

20 ***Q7. DID THE STAFF ANNUALIZE TEST YEAR LABOR EXPENSE?***

21 ***A7.*** Yes. As explained on page 10 of the Staff Report, the Staff annualized test year

22 labor expense to reflect Duke's actual August 2012 employee levels and August

23 2012 wage rates for union employees and non-union employees. The Staff's

1 annualized test year labor expense also reflects the actual 2011 labor expense for
2 Duke Energy Business Service. The result of the Staff's labor annualization is a
3 reduction of \$4,372,715 as demonstrated on Staff Report Schedule C-3.4.

4
5 The Staff also flowed through the effect of its labor annualization into a pension
6 and benefits expense adjustment and a payroll taxes adjustment on Staff Report
7 Schedules C-3.17 and C-3.18.

8
9 ***Q8. DO YOU HAVE CONCERNS ABOUT THE STAFF'S CALCULATION OF***
10 ***TEST YEAR ANNUALIZED LABOR EXPENSE?***

11 ***A8.*** Yes, I have two concerns regarding the Staff's calculation. First, the Staff
12 includes wages for two Duke employees who were terminated in October and
13 December 2012 due to voluntary/involuntary separation. Second, the Staff's
14 labor expense for Duke Energy Business Services includes wages for 257
15 employees who also were subject to voluntary/involuntary separation during the
16 2012 test year. (See Duke's response to the Staff's Data Request No. 137-001,
17 Attachment IS-2.) The Staff's inclusion of wages for those 259 separated
18 employees resulted in an over-statement of labor expense. Finally, the Staff has
19 flowed through the effect of its over-stated test year labor expense into its pension
20 and benefits expense adjustment and payroll taxes expense adjustments.

Q9. WHAT IS YOUR RECOMMENDATION REGARDING TEST YEAR LABOR EXPENSE?

A9. Duke determined the financial impact to test year O&M labor expense, which resulted from the termination of 259 employees, to be \$741,297. This amount was directly charged or allocated to Duke Energy Ohio Gas Operations during the test year, 2012. (See Duke's response to Staff Data Request No. 137-001, Attachment IS-2.) I recommend that the Commission exclude \$741,297 from the final determination of adjusted labor expense. Exclusion of the \$741,297 makes adjusted test year labor expense representative of a normal level of labor expense. Including the \$741,297 in rates would result in an over-statement of test year labor expense, meaning that customers would pay more than the normal level of labor expense. OCC Schedule C-3.4 shows the exclusion of the \$741,297 and the Staff's exclusion of \$4,372,715 from the calculation of test year labor expense.

B. Pension and Benefits Expense

Q10. DID THE STAFF ADJUST THE TEST YEAR EMPLOYEE PENSION AND BENEFITS EXPENSE TO FLOW THROUGH THE IMPACT OF ITS LABOR EXPENSE ADJUSTMENT?

A10. Yes. The Staff proposes an adjustment to decrease test year pension and benefits expense by \$2,494,313 to flow through the impact of its labor expense adjustment. On Staff Report Schedule C-3.17, the Staff calculated the impact of its labor adjustment on test year pension and benefits expenses by applying a

1 benefit loading rate of 37.39% to its Duke Energy Ohio annualized labor and a
2 benefit loading rate of 24.65% to Duke Energy Business Services annualized
3 labor. As stated on page 12 of the Staff Report, these two loading rates were
4 based on actual benefits for three months of the test year (January 2012 through
5 March 2012).

6
7 ***Q11. WHAT DO YOU RECOMMEND REGARDING THE BENEFITS LOADING***
8 ***RATES FOR PENSION AND BENEFITS EXPENSE?***

9 ***A11.*** I recommend that in flowing through the impact of adjusted test year labor
10 expense on employee pension and benefits expense, the test year actual benefits
11 loading rates of 35.08% for Duke Energy Ohio and 23.12% for Duke Business
12 Service should be used. (See Duke's response to OCC Interrogatory No. 300,
13 Attachment IS-2.) The actual pension and benefits loading rates reflect the actual
14 twelve-month cost Duke incurred during the test year and represent a normal level
15 of fringe benefits expense. Using loading rates based on only the first three
16 months of the test year would result in an over-statement of benefits expense,
17 meaning that customers would pay more than the normal level of benefits
18 expense. As shown on Schedule IS-C-3.17a, this results in a reduction of pension
19 and benefits expense by \$2,894,611.

**Q12. WHAT OTHER ADJUSTMENT DO YOU RECOMMEND REGARDING
PENSION AND BENEFITS EXPENSE?**

A12. As previously discussed in the labor expense section of my testimony, Duke determined the financial impact to test year fringe benefits resulting from the separation of 259 employees to be \$244,935. This amount was directly charged or allocated to Duke Energy Ohio Gas Operations during the test year, 2012. (See Duke's response to Staff Data Request 137-001, Attachment IS-2.)

I recommend that the Commission exclude this \$244,935 from the final determination of adjusted pension and benefits expense. Excluding the \$244,935 makes adjusted pension and benefits representative of the normal level of fringe benefits. Including the \$244,935 would result in an over-statement of test year benefits expense, meaning that customers would pay more than the normal level of benefits expense. OCC Schedule C-3.17 shows the result of excluding the \$244,935 and the \$2,894,611 from the calculation test year pension and benefits expense.

C. Payroll Taxes

Q13. DID THE STAFF ADJUST TEST YEAR PAYROLL TAXES?

A13. Yes. On Staff Report Schedule C-3.18, the Staff proposes an adjustment to decrease test year payroll taxes by \$656,002 to flow through the impact of its

labor expense adjustment. The Staff's calculation uses its annualized test year labor expense and Duke's proposed loading payroll tax rate of 7.65%.

Q14. WHAT IS THE BREAKDOWN OF THE 7.65% LOADING PAYROLL TAX RATE THAT THE STAFF USED?

A14. There are two components of the 7.65% payroll tax rate: 6.20% is attributable to Social Security and 1.45% is attributable to Medicare's Hospital Insurance program.¹

Q15. DID THE STAFF APPLY EACH OF THESE TAX RATES TO THE APPROPRIATE TAXABLE WAGES FOR EACH TYPE OF TAX?

A15. No. Rather than applying each separate rate to its respective taxable wages as was done in Duke's previous gas rate case, Case No. 07-589-GA-AIR, the Staff in this proceeding applied a combined rate of 7.65% to its total test year labor expense. The result of the Staff's approach is an overestimate of test year payroll tax by \$949,086 as shown on Schedules IS-C-3.18a and IS-C-3.18b, meaning that customers would pay more than the normal level of this payroll tax expense.

Q16. WHAT IS YOUR RECOMMENDATION REGARDING TEST YEAR PAYROLL TAXES?

A16. I recommend that each of the separate tax rates be applied to the appropriate taxable wages, as shown on OCC Schedules IS-C-3.18a and IS-C-3.18b. The

¹ OCC INT-04-076 Case 12-1682-EL-AIR; see also Internal Revenue Code Sections 1401, 3101 and 3111.

1 result is a reduction of \$949,086. Also, I recommend a reduction of \$64,308
2 resulting from the elimination of taxes for the 259 employees who were
3 voluntarily and/or involuntarily separated, according to Duke's response to Staff
4 Data Request 137-001 (see Attachment IS-2). My total recommended reduction
5 to test year payroll taxes is \$1,013,394 (\$949,086 + \$64,308), as shown on OCC
6 Schedule C-3.18.

7
8 **D. OCC Recommended Revenue Requirement**

9
10 ***Q17. DID YOU PREPARE SCHEDULES THAT SHOW OCC'S RECOMMENDED***
11 ***REVENUE REQUIREMENTS WHEN OTHER OCC ADJUSTMENTS ARE***
12 ***CONSIDERED?***

13 ***A17.*** Yes. Taking into consideration the adjustments to rate base and operating income
14 recommended by OCC's Witnesses Gould, Effron, and me, and using OCC
15 Witness Duann's recommended maximum rate of return of 6.66%, I have
16 calculated an annual distribution base revenue decrease of approximately
17 \$22,307,578 or a decrease of 9.02% to Duke's current base revenue of
18 \$247,249,200. OCC's recommendation that Duke should collect \$22,307,578 (or
19 a decrease of 9.02%) less revenue from customers compares to Duke's proposed
20 revenue increase of \$44,607,929 (or an increase of 18.09%) and to the PUCO
21 Staff's proposed revenue decrease in the range between \$3,358,775 and
22 \$10,725,809 (or a decrease in the range between 1.36% and 4.34%). This
23 calculation of the revenue requirement is shown on OCC Schedule A-1.

1 **IV. CONCLUSION**

2

3 ***Q18. DOES THIS CONCLUDE YOUR TESTIMONY AT THIS TIME?***

4 ***A18.*** Yes. However, I reserve the right to incorporate new information that may
5 subsequently become available. I also reserve the right to supplement my
6 testimony in the event that the PUCO Staff changes any of its positions made in
7 the Staff Report.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the *Direct Testimony of Ibrahim Soliman* was served via electronic service to the persons listed below this 25th day of February, 2013.

/s/ Larry S. Sauer
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Ibrahim Soliman
Testimony Submitted

Date	Docket	Company
01/30/1986	85-554-EL-AIR	Toledo Edison
11/07/1988	88-170-EL-AIR et al.	Toledo Edison, CEI
01/23/1990	89-616-GA-AIR et al.	Columbia Gas
04/23/1990	89-1001-EL-AIR	Ohio Edison
01/23/1992	91-418-EL-AIR	Columbus Southern Power
07/13/1994	93-487-TP-ALT et al.	Ohio Bell
03/20/1995	94-0578-EL-CMR et al.	CEI
01/16/1996	95-0299-EL-AIR et al.	Toledo Edison, CEI
01/30/2008	07-0551-EL-AIR et al.	FirstEnergy (Ohio Edison, CEI, Toledo Edison)
08/22/2008	07-0829-GA-AIR et al.	East Ohio Gas
11/07/2008	08-0917-EL-SSO et al.	Columbus Southern Power, Ohio Power
04/20/2009	09-0038-GA-UNC	Dominion East Ohio
10/14/2009	09-0458-GA-RDR	Dominion East Ohio
04/05/2010	09-1875-GA-UNC	Dominion East Ohio
10/24/2011	10-351-EL-AIR	Columbus Southern Power
10/24/2011	10-352-EL-AIR	Ohio Power
05/04/2012	11-346-EL-SSO	Columbus Southern Power / Ohio Power
03/01/2012	11-4161-WS-AIR	Ohio American Water

**Duke Energy Ohio
Case No. 12-1685-GA-AIR
Staff One Hundred Thirty-Seventh Set Data Requests
Date Received: November 26, 2012**

STAFF-DR-137-001

REQUEST:

Regarding the response to Staff's DR 126-003, provide an estimate of the financial impact to O&M labor expense that would result if all of the employees listed accepted severance from both voluntary and involuntary programs.

RESPONSE:

The total financial impact to O&M labor expense from the 255 listed employees terminating from the company would be an annual reduction of \$1,149,873. This number includes the following components as a part of O&M labor expense:

- Annual salary (\$741,927) directly charged or allocated to DEO Gas Operations O&M
- Annual incentive pay at target (\$98,703) directly charged or allocated to DEO Gas Operations O&M
- Fringe benefits (\$244,935) allocated to this salary amount directly charged or allocated to DEO Gas Operations O&M
- Payroll taxes (\$64,308) applicable for the annual salary and incentives directly charged or allocated to DEO Gas Operations O&M

This represents the expected reduction amount for a full year assuming there is no backfill or replacement for these employees.

PERSON RESPONSIBLE: Stan Sherrill

2012 Year to Date Benefits Summary

Total Employee Benefit Loading Rate **23.12%** **35.08%**

	Duke Energy Business Services 2012 Actual Expenses	Duke Energy Ohio 2012 Actual Expenses
1B110 Qualified Pension	27,143,806.34	8,161,418.42
1B112 Employee Savings Plan	34,242,247.05	3,416,670.72
1B114 OPEB	5,889,962.33	1,461,189.99
1B117 Retiree Medical	1,044,688.04	32,783.01
1B118 Retiree Dental	(12,017.16)	13,910.02
1B119 Retiree Life	137,410.93	23,133.91
1B210 Medical	64,769,598.42	9,588,445.39
1B211 MSA/DCSA	1,895.60	-
1B212 Dental	4,124,962.27	531,775.22
1B214 Misc Other Fees	412,878.69	1,874.46
1B216 Long Term Disability	2,517,607.77	255,231.86
1B218 FAS 112 Offset	4,633,666.61	530,461.00
1B310 Service / Safety Awards	1,033,093.18	96,616.63
1B312 Other Work / Family Benefits	225,303.61	27,937.92
1B410 Tuition Refund (Undergrad)	384,242.12	46,868.78
1B411 Tuition Refund (Graduate)	792,619.00	5,310.00
1B413 Employee Recreation	-	-
1B510 Basic Life	1,639,405.52	158,054.25
1B511 Business Travel Accident	-	-
1B512 AD&D	151,679.35	14,636.11
Total Benefits	149,133,049.67	24,366,317.69
1B417 Allocated Benefits	149,133,049.67	24,289,862.72

% to total	DEBS	DEOH
1B110 Qualified Pension	18.20%	33.49%
1B112 Employee Savings Plan	22.96%	14.02%
1B114 OPEB	3.95%	6.00%
1B117 Retiree Medical	0.70%	0.13%
1B118 Retiree Dental	-0.01%	0.06%
1B119 Retiree Life	0.09%	0.09%
1B210 Medical	43.43%	39.35%
1B211 MSA/DCSA	0.00%	0.00%
1B212 Dental	2.77%	2.18%
1B214 Misc Other Fees	0.28%	0.01%
1B216 Long Term Disability	1.69%	1.05%
1B218 FAS 112 Offset	3.11%	2.18%
1B310 Service / Safety Awards	0.69%	0.40%
1B312 Other Work / Family Benefits	0.15%	0.11%
1B410 Tuition Refund (Undergrad)	0.26%	0.19%
1B411 Tuition Refund (Graduate)	0.53%	0.02%
1B413 Employee Recreation	0.00%	0.00%
1B510 Basic Life	1.10%	0.65%
1B511 Business Travel Accident	0.00%	0.00%
1B512 AD&D	0.10%	0.06%
	100.00%	100.00%

Loading Rate by BEN

Pension	4.21%	11.75%
401(k) (Deferred Compensation)	5.31%	4.92%
FAS106 & 112 (OPEB)	1.63%	2.87%
Medical & Dental (Group Insurance)	11.53%	15.28%
Other Benefits	0.44%	0.26%

DUKE ENERGY OHIO, INC.
GAS DEPARTMENT

CASE NO. 12-1685-GA-AIR
ANNUALIZE PENSION AND BENEFITS EXPENSE
12 MONTHS ENDING DECEMBER 31, 2012

IS-C-3.17a

Line

<u>No.</u>	<u>Description</u>	<u>Source</u>	<u>DE-Ohio</u>	<u>DE-Business Services</u>	<u>Amount</u> (\$)
1	Annualized Gas O&M Labor	Staff's WPC-3.4c	\$ 4,611,812	\$ 19,200,300	\$ 23,812,112
2					
3	Loading Rate	OCC INT-07-300	35.08%	23.12%	
4					
5	O&M Pension and Benefits Expense				
6			1,617,824	4,439,109	6,056,933
7	Allocated Executive Benefits in Test Period				
8					557,718
9	Total O&M Pension and Benefits Expense				6,614,651
10					
11	Test Year O&M Pension and Benefits Expense	Sch. C-2.1			9,512,268
12	Less: Non-Jurisdictional Benefits Expense (A)	Applicant's WPC-3.14a			3,006
13					
14	Adjusted Test Year O&M Pension and Benefits Exp.				9,509,262
15					
16	Adjustment (Line 9 - Line 14)			To Sch. C-3.17 →	\$ (2,894,611)

(A) Already eliminated on Schedule C-3.14.

DUKE ENERGY OHIO, INC.
GAS DEPARTMENT
CASE NO. 12-1685-GA-AIR
ANNUALIZE PAYROLL TAXES
12 MONTHS ENDING DECEMBER 31, 2012

IS - C-3.18a

Line No.	Description	Source	DE-Business	DE-Business	Total
1	Adjusted O&M Labor Expense	WPC-3.4c	\$	19,200,300	\$
2	Taxable Percentage	(A)	4,611,812	75,680%	23,812,112
3	Taxable Income (3) x (4)		98,750%		
4	OASDI Tax Rate		4,554,164	14,530,787	
5	OASDI Tax (3) x (4)		6,200%	6,200%	
6	Medicare Tax Rate		282,358	900,909	
7	Medicare Tax (3) x (6)		1.45%	1.45%	
8	Annualized Payroll Taxes (5) + (7)		66,871	278,404	1,528,543
			349,229	1,179,313	\$
9	Test Year Payroll Taxes	Schedule C-2.1			
10	Less: Non-Jurisdictional Payroll Tax Expense	WPC-3.4a			2,490,499
					12,870
11	Adjusted Test Year Payroll Tax Expense (9) - (10)			\$	2,477,629
12	Adjustment (Line 8 - Line 11)	To Sch. C-3.18 →		\$	(949,086)

(A) Staff's DR 09-001 and OCC Interrogatory 17-185 & 19-191 in Case 12-1682-EL-AIR

DUKE ENERGY OHIO, INC.
 GAS DEPARTMENT
 CASE NO. 12-1685-GA-AIR
 ANNUALIZE PAYROLL TAXES
 12 MONTHS ENDEING DECEMBER 31, 2012

IS-C-3.18b

<u>Description</u>	<u>Quarter Ended</u>	<u>Quarter Ended</u>	<u>Quarter Ended</u>	<u>Quarter Ended</u>	<u>Total</u>
	<u>3/31/12</u>	<u>6/30/12</u>	<u>9/30/12</u>	<u>12/31/12</u>	
<u>Duke Energy Ohio, Inc.</u>					
Taxable Social Security Wages	17,208,172.20	16,665,904.89	15,633,098.09	16,493,763.42	66,000,938.60
Taxable Medicare Wages	17,208,172.20	16,665,904.89	15,641,833.70	17,317,099.41	66,833,010.20
Social Security Taxable Percentage	100.00%	100.00%	99.94%	95.25%	98.75%
<u>Duke Energy Business Services</u>					
Taxable Social Security Wages	217,030,656.73	127,139,654.46	118,897,046.53	106,959,237.91	570,026,595.63
Taxable Medicare Wages	285,686,741.39	154,132,565.57	152,771,748.16	160,659,437.18	753,250,492.30
Social Security Taxable Percentage	75.97%	82.49%	77.83%	66.58%	75.68%

Source: Staff DR 09-001, OCC INT 17-185 and 19-191 in Case No. 12-1682-EL-AIR

DUKE ENERGY OHIO, INC.
CASE NO. 12-1685-GA-AIR
OVERALL FINANCIAL SUMMARY
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

OCC
SCHEDULE A-1
PAGE 1 OF 1

WORK PAPER REFERENCE NO(S): SEE BELOW

LINE NO.	DESCRIPTION	Supporting Schedule Reference	Applicant	Staff Mid-Point	OCC
1	Rate Base	B-1	891,013,614	881,961,770	881,893,388
2	Current Operating Income	C-1	43,639,349	70,347,005	73,174,533
3	Earned Rate of Return (Line 2 / Line 1)		4.90%	7.98%	8.30%
4	Requested Rate of Return	D-1A	8.13%	7.46%	6.66%
5	Required Operating Income (Line 1 x Line 4)		72,439,407	65,794,348	58,734,100
6	Operating Income Deficiency (Line 5 - Line 2)		28,800,058	(4,552,657)	(14,440,433)
7	Gross Revenue Conversion Factor	A-2	1.5488809	1.5468532	1.5447999
8	Revenue Deficiency (Line 6 x Line 7)		44,607,860	(7,042,292)	(22,307,578)
9	Revenue Increase Requested / Recommended		44,607,929	(7,042,292)	(22,307,578)
10	Adjusted Operating Revenues	C-1	246,539,382	247,249,200 (a)	247,249,200
11	Revenue Requirements (Line 9 + Line 10)		291,147,311	240,206,908	224,941,622
12	Percent Increase (Line 9 / Line 11)		18.09%	-2.85%	-9.02%
(a)	Staff's Schedule C-2, Total Operating Revenues Less Gas Costs Revenue (\$382,716,847 - \$135,467,647)				

DUKE ENERGY OHIO, INC.
CASE NO. 12-1685-GA-AIR
COMPUTATION of GROSS REVENUE CONVERSION FACTOR
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

OCC
SCHEDULE A-2
PAGE 1 OF 1

WORK PAPER REFERENCE NO(S): WPA-2a thru WPA-2e

LINE NO.	DESCRIPTION	PERCENT OF INCREMENTAL GROSS REVENUE
1	Operating Revenues	100.000000%
2		
3	Uncollectibles	0.410300%
4		
5	Income before Federal Income Tax (Line 1 - Line 3)	99.589700%
6		
7	Federal Income Tax (35% x 99.59%)	34.856395%
8		
9	Operating Income Percentage (Line 5 - Line 7)	64.733305%
10		
11	Gross Revenue Conversion Factor (100% / 64.733%)	1.5447999

DUKE ENERGY OHIO, INC.
CASE NO. 12-1685-GA-AIR
JURISDICTIONAL RATE BASE SUMMARY
AS OF MARCH 31, 2012

OCC
SCHEDULE B-1
PAGE 1 OF 1

WORK PAPER REFERENCE NO(S):: SEE BELOW

LINE NO.	RATE BASE COMPONENT	Supporting Schedule Reference	Applicant Proposed Amount	Staff Proposed Amount	OCC Proposed Amount
1	Plant In Service	B-2	\$ 1,629,640,883	\$ 1,622,852,609	\$ 1,622,852,609
2	Reserve for Accumulated Depreciation	B-3	(450,909,840)	(447,034,273)	(447,034,273)
3	Net Plant In Service (Line 1+ Line 2)		1,178,731,043	1,175,818,336	1,175,818,336
4	Construction Work in Progress	B-4	0	0	0
5	Cash Working Capital Allowance	B-5	0	0	0
6	Material and Supplies	B-5	6,139,137	0	0
7	Other Items:				
8	Customer Advances for Construction	B-6	(3,597,473)	(3,597,473)	(3,597,473)
9	Customer Service Deposits	B-6	(8,453,180)	(8,453,180)	(8,521,562)
10	Contributions in Aid of Construction (a)	B-6	0	0	0
11	Postretirement Benefits	B-6	(14,645,755)	(14,645,755)	(14,645,755)
12	Investment Tax Credits	B-6	(6,554)	(6,554)	(6,554)
13	Deferred Income Taxes	B-6	(282,950,314)	(282,950,314)	(282,950,314)
14	Other Rate Base Adjustments	B-6	15,796,710	15,796,710	15,796,710
15	Jurisdictional Rate Base (Line 3 thru Line 14)		\$ 891,013,614	\$ 881,961,770	\$ 881,893,388

(a) Contributions in aid of construction are already netted against gross plant per FPC Order No. 490.

DUKE ENERGY OHIO, INC.
CASE NO. 12-1685-GA-AIR
DEPRECIATION ACCRUAL RATES AND
JURISDICTIONAL ACCUMULATED BALANCES BY ACCOUNTS, FUNCTIONAL CLASS OR MAJOR PROPERTY GROUP
AS OF MARCH 31, 2012
MANUFACTURED GAS PRODUCTION PLANT

OCC
SCHEDULE B-3.2
PAGE 1 OF 5

WORK PAPER REFERENCE NO(S): Staff Schedule B-2.1, Staff Schedule B-3

LINE NO. (A)	F.E.R.C. ACCT. NO. (B-1)	COMPANY ACCT. NO. (B-2)	ACCOUNT TITLE OR MAJOR PROPERTY GROUPING (C)	ADJUSTED JURISDICTION PLANT INVESTMENT (D)	ACCUMULATED BALANCE (E)	PROPOSED ACCRUAL RATE (F)	CALCULATED DEPR. EXPENSE (G=DxF)	% NET SALVAGE (H)	AVERAGE SERVICE LIFE (I)	CURVE FORM (J)
				\$	\$	%	\$			
1	304	2040	Land and Land Rights	424,642	(2,080)			Perpetual Life	50	SQ
2	304	2041	Rights of Way	4,147	4,116	2.00	83	0	55	R2
3	305	2050	Structures & Improvements	3,793,937	3,232,676	2.00	75,879	(10)	45	R1.5
4	311	2110	Liquefied Petroleum Gas Equipment	7,155,568	5,116,220	2.33	166,725	(5)	0	L1
5	320	2200	Other Equipment	30,095	34,582	7.14	0	0	14	
6		108	Retirement Work in Progress		(1)	(a)				
7			Total Manufactured Gas Production Plant	11,408,389	8,385,513		242,687			

DUKE ENERGY OHIO, INC.
CASE NO. 12-1685-GA-AIR
DEPRECIATION ACCRUAL RATES AND
JURISDICTIONAL ACCUMULATED BALANCES BY ACCOUNTS, FUNCTIONAL CLASS OR MAJOR PROPERTY GROUP
AS OF MARCH 31, 2012
DISTRIBUTION PLANT

OCC
SCHEDULE B-3.2
PAGE 2 OF 5

WORK PAPER REFERENCE NO(S): Staff Schedule B-2.1, Staff Schedule B-3

LINE NO. (A)	F.E.R.C. ACCT. NO. (B-1)	COMPANY ACCT. NO. (B-2)	ACCOUNT TITLE OR MAJOR PROPERTY GROUPING (C)	ADJUSTED JURISDICTION PLANT INVESTMENT (D)	ACCUMULATED BALANCE (E)	PROPOSED ACCRUAL RATE (F)	CALCULATED DEPR. EXPENSE (G=DxF)	% NET SALVAGE (H)	AVERAGE SERVICE LIFE (I)	CURVE FORM (J)
				\$	\$	%	\$			
1	374	2740	Land and Land Rights	133,008	3,536	0.00	0	Perpetual Life	0	65 R3
2	374	2741	Rights of Way	8,980,609	1,076,651	1.54	138,301	Perpetual Life	0	
3	374	2742	City Gate Check Station	3,663	0	0.00	0	Perpetual Life	0	
4	375	2750	Structures & Improvements	1,534,497	612,865	2.09	32,071	(15)	55	R1.5
5	376	2761, 2764	Mains - Cast Iron & Copper	8,243,290	8,025,798	2.72	224,217	(25)	46	R2.5
6	376	2762, 65, 67, 69	Mains - Steel	374,815,983	156,968,786	1.87	7,009,059	(25)	67	R2.5
7	376	2763, 2766, 2768	Mains - Plastic	567,049,597	90,312,806	2.08	11,794,632	(25)	60	R3
8	378	2780	System Meas. & Reg. Station Equipment	17,649,106	4,803,790	2.35	414,754	(15)	49	R1
9	378	2781	System Meas. & Reg. Station Equipment-Elec	3,815,789	3,022,752	7.00	267,105	(5)	15	L2
10	378	2782	District Regulating Equipment	4,571,843	2,077,514	2.40	109,724	(15)	48	R1.5
11	379	2790	Meas. & Reg. - City Gate	263,232	263,232	6.67	17,558	0	15	L0
12	380	2801	Services- Cast Iron & Copper	7,454,696	9,138,628	3.11	231,841	(15)	37	R1.5
13	380	2802,2804, 2804	Services-Steel	18,245,672	8,537,968	2.88	525,475	(15)	40	S0
14	380	2803,05, 06, 07	Services-Plastic	369,234,614	88,323,713	3.59	13,255,523	(15)	32	R2
15	381	2810,2811	Meters	46,704,706	10,617,689	2.22	1,036,844	0	45	R2
16	381	2812	Utility of the Future Meters	0	0	5.00	0	0	20	R2
17	382	2820,2821	Meter Installations	28,277,340	9,684,673	2.00	565,547	0	50	R2.5
18	383	2830	House Regulators	22,670,684	3,894,571	2.00	453,414	0	50	R2.5
19	384	2840	House Regulator Installations	17,296,036	3,759,582	2.00	345,921	0	50	R2
20	385	2850	Large Industrial Meas. & Reg. Equipment	2,802,485	1,481,083	2.63	73,705	(5)	40	R1
21	385	2851	Large Industrial Meas. & Reg. Equipment - Comm	728,946	420,035	4.20	30,616	(5)	25	S2.5
22	387	2870	Other Equipment - Other	210,891	125,955	6.67	14,066	0	15	S1
23	387	2871	Street Lighting Equipment	737,757	518,504	2.67	19,698	(20)	45	R2
24		108	Retirement Work In Progress	0	(5,630,083)		0			
25			Gas ARO	0	0					
26			Total Distribution Plant	1,501,424,444	398,040,048		36,560,071			

DUKE ENERGY OHIO, INC.
CASE NO. 12-1685-GA-AIR
DEPRECIATION ACCRUAL RATES AND
JURISDICTIONAL ACCUMULATED BALANCES BY ACCOUNTS, FUNCTIONAL CLASS OR MAJOR PROPERTY GROUP
AS OF MARCH 31, 2012
GENERAL PLANT

OCC
SCHEDULE B-3.2
PAGE 3 OF 5

WORK PAPER REFERENCE NO(S): Staff Schedule B-2.1, Staff Schedule B-3

LINE NO. (A)	F.E.R.C. ACCT. NO. (B-1)	COMPANY ACCT. NO. (B-2)	ACCOUNT TITLE OR MAJOR PROPERTY GROUPING (C)	ADJUSTED JURISDICTION PLANT INVESTMENT (D)	ACCUMULATED BALANCE (E)	PROPOSED ACCRUAL RATE (F)	CALCULATED DEPR. EXPENSE (G=DxF)	% NET SALVAGE (H)	AVERAGE SERVICE LIFE (I)	CURVE FORM (J)
				\$	\$	%	\$			
1	000	2030	Miscellaneous Intangible Plant	14,126,867	8,954,656	Various	1,886,775	(b)	Perpetual Life	5
2	389	2890	Land	0	0		0			
3	390	2900	Structures & Improvements	2,065,248	670,246	3.33	68,773		0	30 S01
4	391	2910	Office Furniture & Equipment	596,371	256,143	5.00	29,819		0	20 SQ
5	391	2911	Electronic Data Processing Equipment	1,311,766	211,602	20.00	262,353		0	5 SQ
6	392	2920	Transportation Equipment	24,590	24,590	9.00	0	(c)	10	10 S2
7	392	2921	Trailers	644,188	445,198	5.00	0	(c)	15	17 S1
8	394	2940	Tools, Shop & Garage Equipment	8,167,347	3,906,925	4.00	326,694		0	25 SQ
9	395	2950	Laboratory Equipment	234,056	165,130	6.67	15,612		0	15 SQ
10	396	2960	Power Operated Power Equipment	219,039	107,839	6.36	0	(c)	30	11 S1.5
11	397	2970	Communication Equipment	22,329,009	1,073,017	6.67	1,489,345		0	15 SQ
12		108	Retirement Work in Progress		212,586		0			
13			Total General Plant	49,718,481	16,027,932		4,079,371			
14			Total Gas Plant	1,562,551,314	422,453,493		40,882,129			

DUKE ENERGY OHIO, INC.
CASE NO. 12-1685-GA-AIR
DEPRECIATION ACCRUAL RATES AND
JURISDICTIONAL ACCUMULATED BALANCES BY ACCOUNTS, FUNCTIONAL CLASS OR MAJOR PROPERTY GROUP
AS OF MARCH 31, 2012
COMMON PLANT - EXCLUDING SMARTGRID

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SCHEDULE B-3.2
PAGE 4 OF 5

WORK PAPER REFERENCE NO(S): Staff Schedule B-2.1, Staff Schedule B-3

LINE NO. (A)	F.E.R.C. ACCT. NO. (B-1)	COMPANY ACCT. NO. (B-2)	ACCOUNT TITLE OR MAJOR PROPERTY GROUPING (C)	ADJUSTED JURISDICTION		PROPOSED ACCRUAL RATE (F)	CALCULATED DEPR. EXPENSE (G=DxF)	% NET SALVAGE (H)	AVERAGE SERVICE LIFE (I)		CURVE FORM (J)
				PLANT INVESTMENT (D)	ACCUMULATED BALANCE (E)						
				\$	\$	%	\$				
1		1030	Miscellaneous Intangible Plant	121,520,890	107,949,729	Various	5,848,107	Amortization			
2		1890	Land and Land Rights	2,121,647	106,907		0	Perpetual Life			
3		1891	Rights of Way	37,969	0		0	Perpetual Life			
4		1900	Structures & Improvements	118,040,058	18,322,820	3.47	4,095,990	Composite			
5		1900	Structures & Improvements - Atrium II	961,419	961,419		0	Fully Amortized			
6		1900	Structures & Improvements - Envision Center	0	0	12.91	0	Amortization			
7		1900	Structures & Improvements - Clopay Bldg - 3rd Floor	386,797	65,035	15.19	55,716	Amortization			
8		1900	Structures & Improvements - Clopay Bldg - 4th / 5th / 6th Floor	820,726	700,921	2.69	22,078	Amortization			
9		1900	Structures & Improvements - Clopay Bldg - Bld & Access Ramp	4,221,044	4,108,518	0.49	20,683	Amortization			
10		1900	Structures & Improvements - Holiday Park	303,876	277,019	16.23	49,319	Amortization			
11		1910	Office Furniture & Equipment	4,214,355	(1,744,180)	5.00	210,718	0		20	SQ
12		1911	Electronic Data Processing - Non SmartGrid	693,843	274,745	20.00	138,769	0		5	SQ
13		1920	Transportation Equipment	85,311	85,311	8.33	0	0		12	L3
14		1921	Trailers	474,273	234,543	4.29	0	10		21	S1.5
15		1930	Stores Equipment	189,750	(151,381)	5.00	9,488	0		20	SQ
16		1940	Tools, Shop & Garage Equipment	1,777,089	522,583	4.00	71,084	0		25	SQ
17		1950	Laboratory Equipment	23,250	1,293	6.67	1,551	0		15	SQ
18		1960	Power Operated Equipment	153,899	62,759	5.56	0	0		18	SQ.5
19		1970	Communication Equipment - Non SmartGrid	27,923,131	12,182,455	6.67	1,862,473	0		15	SQ
20		1980	Miscellaneous Equipment	421,522	126,525	5.00	21,076	0		20	SQ
21		1990, 1991	Retirement Work in Progress - ARO	0	0						
22		108	Retirement Work In Progress		(869,369)						
23			Total Common Plant (excluding SmartGrid)	284,350,849	143,217,652		12,407,052				
24		16.50%	Common Plant Allocated to Gas (Excluding SmartGrid)								
25		16.50%	Original Cost	46,917,890	23,630,912						
26		16.50%	Reserve								
			Annual Provision				2,047,164				

DUKE ENERGY OHIO, INC.
CASE NO. 12-1685-GA-AIR
DEPRECIATION ACCRUAL RATES AND
AS OF MARCH 31, 2012
COMMON PLANT - SMARTGRID

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SCHEDULE B-3.2
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WORK PAPER REFERENCE NO(S): Staff Schedule B-2.1, Staff Schedule B-3

LINE NO. (A)	F.E.C. ACCT. NO. (B-1)	COMPANY ACCT. NO. (B-2)	ACCOUNT TITLE OR MAJOR PROPERTY GROUPING (C)	ADJUSTED JURISDICTION		ACCUMULATED BALANCE (E)	ACCRAUAL RATE (F)	CALCULATED DEPR. EXPENSE (G-DxF)	% NET SALVAGE (H)	AVERAGE SERVICE LIFE (I)	CURVE FORM (J)
				PLANT INVESTMENT (D)	\$ %						
1		1911	Electronic Data Processing - SmartGrid		\$			\$			
2		1970	Communication Equipment - SmartGrid	27,261,331	113,194	34,024	20.00	22,639	0	5	SQ
						1,908,843	6.67	1,818,331	0	15	SQ
3			Total Common Plant (SmartGrid)	27,374,525		1,942,867		1,840,970			
4	#	(e)	Common Plant Allocated to Gas - SmartGrid								
5	#	(e)	Original Cost	13,383,405							
6	#	(e)	Reserve			949,868					
			Annual Provision					890,661			
7			Total Common Plant	311,725,374		145,160,519		14,248,022			
8			Common Plant Allocated to Gas								
9			Original Cost	60,301,295							
10			Reserve			24,580,780					
			Annual Provision					2,937,825			
11			Total Gas Plant Including Allocated Common	1,622,852,609		447,034,273		43,819,954			

- (a) Fully Amortized
(b) See Staff Workpaper WPB-3.2b
(c) Depreciation Charged to Transportation Expense
(d) These Leasehold improvements are being amortized over the life of the Lease (Applicant's Schedule B-3.4 and Staff's Data Request No. 122)
(e) Common Plant / SmartGrid Allocated to Gas Determined by SmartGrid Filings
(f) OCC Witness Dave Efron Testimony - (\$1,143,000)

DUKE ENERGY OHIO, INC.
CASE NO. 12-1685-GA-AIR
OTHER RATE BASE ITEMS SUMMARY
AS OF MARCH 31, 2012

OCC
SCHEDULE B-6
PAGE 1 OF 2

WORK PAPER REFERENCE NO(S): WPB-6.1c through WPB-6.1e

LINE NO.	ACCOUNT NUMBER	DESCRIPTION	TOTAL COMPANY (A)	ADJUSTMENTS	ADJUSTED JURISDICTION
1	252	Customers' Advances for Construction	(3,597,473)	0	(3,597,473)
2					
3	235	Customer Service Deposits & Unclaimed Funds	(8,453,180)	(68,382)	(8,521,562)
4					
5	271	Contributions in Aid of Construction	0	0	0
6					
7		Post Retirement Benefits	0	(14,645,755)	(14,645,755)
8					
9	255	Investment Tax Credits: (B)			
10					
11		Pre-1971 3% Credit	0	0	0
12		1971 4% Credit	(6,554)	0	(6,554)
13		1975 6% Credit	0	0	0
14		1981 10% Credit	(2,845,131)	2,845,131	0
15		Total Investment Tax Credits	(2,851,685)	2,845,131	(6,554)
16					
17		Deferred Income Taxes:			
18					
19	190	401(k) Incentive Plan	2,918	0	2,918
20	190	ARO Cumulative Effect	5,443,894	0	5,443,894
21	190	Environmental Reserve	8,903,184	0	8,903,184
22	190	FAS 106 OPEB	3,590,411	0	3,590,411
23	190	FAS 87 Non-Qualified Pension	351,343	0	351,343
24	190	FAS 87 Qualified Pension	(4,146,062)	0	(4,146,062)
25	190	Federal Deferred Tax Receivable	12,418,562	0	12,418,562
26	190	Gas Meters	(3,456,610)	0	(3,456,610)
27	190	Gas Supplier Refund	435,728	0	435,728
28	190	Incentive Plan	241,214	0	241,214
29	190	Misc	37,456	0	37,456
30	190	Natural Gas in Transit	96,538	0	96,538
31	190	Offsite Gas Storage	762,972	0	762,972
32	190	Post Retirement Benefits - SFAS 112	530,912	0	530,912
33	190	Property Tax	8,254,533	(8,254,533)	0
34	190	Property Tax on Propane	536,061	0	536,061
35	190	ITC FAS 109	(467,584)	467,584	0
36	190	Unamortized Debt Premium	(1,647,565)	0	(1,647,565)
37	190	Unbilled Revenue - Fuel	1,060,050	(1,060,050)	0
38	190	Uncollectible Accounts	76,777	0	76,777
39	190	Uncollectible Accounts PIP	(1,104,646)	0	(1,104,646)
40	190	Vacation Pay Accruals	1,138,153	0	1,138,153
41		Total Account 190	33,058,239	(8,846,999)	24,211,240

DUKE ENERGY OHIO, INC.
CASE NO. 12-1685-GA-AIR
OTHER RATE BASE ITEMS SUMMARY
AS OF MARCH 31, 2012

OCC
SCHEDULE B-6
PAGE 2 OF 2

WORK PAPER REFERENCE NO(S): WPB-6.1c through WPB-6.1e

LINE NO.	ACCOUNT NUMBER	DESCRIPTION	TOTAL COMPANY (A)	ADJUSTMENTS	ADJUSTED JURISDICTION
42	282	Deferred Income Taxes (Con't)			
43	282	AFUDC Debt	(1,172,089)		(1,172,089)
44	282	CIAC	715,729		715,729
45	282	Cwip Differences	(461,822)		(461,822)
46	282	FAS109	(15,444,583)	15,444,583	0
47	282	Leased Meters	(19,600,264)		(19,600,264)
48	282	Miscellaneous	(8,683,344)		(8,683,344)
49	282	Non-Cash Overheads	4,970,661		4,970,661
50	282	Tax Depreciation	(234,290,149)		(234,290,149)
51	282	Tax Interest Capitalized	2,730,405		2,730,405
52		Total Account 282	(271,235,455)	15,444,583	(255,790,873)
53	283	ARO Cumulative Effect	(5,007,186)	0	(5,007,186)
54	283	Deferred Fuel	6,585,303	(6,585,303)	0
55	283	Deferred Smart Grid Costs	584,718	0	584,718
56	283	Environmental Reserve	(24,745,199)	(849,819)	(25,595,018)
57	283	FAS 106 OPEB	(1,660,920)	0	(1,660,920)
58	283	FAS 87 Non-Qualified Pension	(19,464)	0	(19,464)
59	283	FAS 87 Qualified Pension	(8,699,583)	0	(8,699,583)
60	283	Loss on Reacquired Debt	(694,232)	0	(694,232)
61	283	Merger Costs	102,753	(102,753)	0
62	283	Post In-Service Carrying Costs	(5,982,648)	0	(5,982,648)
63	283	Rate Case	(50,834)	0	(50,834)
64	283	Smart Grid	(5,264,619)	0	(5,264,619)
65	283	Uncollectible Accounts	1,705,185	0	1,705,185
66	283	Vacation Pay Accruals	(686,080)	0	(686,080)
67		Total Account 283	(43,832,806)	(7,537,875)	(51,370,681)
68		Total Deferred Income Taxes	(282,010,022)	(940,291)	(282,950,314)
69					
70					
71		Other:			
72		AMRP and Smart Grid Post-in-Service Carrying Costs	0	15,796,710	15,796,710
73		Total Other	0	15,796,710	15,796,710

(A) Total Company is 100% Jurisdictional.
(B) The company elected the immediate flow through option under Section 46(e)(3) in regards to the 1971 election and the ratable flow through option provided under Section 46(f)(2) in regards to the 1975 election.

DUKE ENERGY OHIO, INC.
CASE NO. 12-1685-GA-AIR
JURISDICTIONAL PRO FORMA INCOME STATEMENT
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

OCC
SCHEDULE C-1
PAGE 1 OF 1

WORK PAPER REFERENCE NO(S): OCC's Schedule C-2 & WPC-1a

LINE NO.	DESCRIPTION	ADJUSTED REVENUE & EXPENSES (A)	OCC PROPOSED INCREASE (B)	PROFORMA REVENUE & EXPENSES (C)
1	Operating Revenues	\$ 382,716,847	\$ (22,307,578)	\$ 360,409,269
2				
3	Operating Expenses			
4	Operation & Maintenance	213,175,595	(91,528)	213,084,067
5	Depreciation	43,819,954	0	43,819,954
6	Taxes - Other	24,096,507	0	24,096,507
7	Operating Expenses before Income Taxes	281,092,056	(91,528)	281,000,528
8				
9	Federal Income Taxes	28,450,258	(7,775,618)	20,674,640
10				
11	Total Operating Expenses	309,542,314	(7,867,146)	301,675,168
12				
13	Net Operating Income	\$ 73,174,533	\$ (14,440,432)	\$ 58,734,101
14				
15	Rate Base	\$ 881,893,388		\$ 881,893,388
16				
17	Rate of Return	8.30%		6.66%

(A) OCC's Schedule C-2

(B) OCC's WPC-1a

(C) Column (A) + Column (B)

DUKE ENERGY OHIO, INC.
CASE NO. 12-1685-GA-AIR
ADJUSTED TEST YEAR OPERATING INCOME
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

WORK PAPER REFERENCE NO(S): Applicant's Schedules C-2 and OCC Schedule C-3

OCC
SCHEDULE C-2
PAGE 1 OF 1

LINE NO.	DESCRIPTION	UNADJUSTED REVENUE & EXPENSES	OCC'S ADJUSTMENTS	ADJUSTED REVENUE & EXPENSES
1	OPERATING REVENUES			
2	Base Revenue and Riders	\$ 267,343,927	\$ (24,829,455)	\$ 242,514,472
3	Gas Costs Revenue	151,105,778	(15,638,131)	135,467,647
4	Other Operating Revenue	2,733,651	2,001,077	4,734,728
5	Total Operating Revenues	<u>421,183,356</u>	<u>(38,466,509)</u>	<u>382,716,847</u>
6				
7	OPERATING EXPENSES			
8	Operation and Maintenance Expenses			
9	Production Expenses			
10	Liquefied Petroleum Gas	61,954	0	61,954
11	Other	1,214,314	0	1,214,314
12	Total Production Expense	<u>1,276,268</u>	<u>0</u>	<u>1,276,268</u>
13				
14	Other Gas Supply Expenses			
15	Purchased Gas	143,959,346	(8,553,653)	135,405,693
16	Other	1,814,319	0	1,814,319
17	Total Other Gas Supply Expense	<u>145,773,665</u>	<u>(8,553,653)</u>	<u>137,220,012</u>
18				
19	Transmission Expense	0	0	0
20	Distribution Expense	23,114,442	(150,050)	22,964,392
21	Customer Accounts Expense	30,317,499	(14,633,643)	15,683,856
22	Customer Service & Information Expense	8,053,632	0	8,053,632
23	Sales Expense	178,483	(178,452)	31
24	Administrative & General Expense	37,074,246	(12,128,655)	24,945,591
25	Amortization of Deferred Expense	3,136,489	(104,676)	3,031,813
26	Total Operation and Maintenance Expense	<u>248,924,724</u>	<u>(35,749,129)</u>	<u>213,175,595</u>
27				
28	Depreciation Expense	<u>41,322,736</u>	<u>2,497,218</u>	<u>43,819,954</u>
29				
30	Taxes Other Than Income Taxes			
31	Other Federal Taxes	2,484,354	(1,013,394)	1,470,960
32	State and Other Taxes	50,670,721	(28,045,174)	22,625,547
33	Total Taxes Other Than Income Taxes	<u>53,155,075</u>	<u>(29,058,568)</u>	<u>24,096,507</u>
34				
35	Federal Income Taxes			
36	Normal and Surcharge	(12,554,963)	8,219,833	(4,335,130)
37	Provision for Deferred Income Taxes	33,479,991	(694,603)	32,785,388
38	Total Federal Income Tax Expense	<u>20,925,028</u>	<u>7,525,230</u>	<u>28,450,258</u>
39				
40	Total Operating Expenses and Taxes	<u>364,327,563</u>	<u>(54,785,249)</u>	<u>309,542,314</u>
41				
42	Net Operating Income	<u>\$ 56,855,793</u>	<u>\$ 16,318,740</u>	<u>\$ 73,174,533</u>

DUKE ENERGY OHIO, INC.
CASE NO. 12-1685-GA-AIR
SUMMARY OF JURISDICTIONAL ADJUSTMENTS
TO OPERATING INCOME
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

OCC
SCHEDULE C-3
PAGE 1 OF 5

WORK PAPER REFERENCE NO(S): SEE BELOW

LINE NO.	TITLE OF ACCOUNT	TOTAL SCHEDULE C-3	ANNUALIZE / NORMALIZE REV & EXP C-3.1	INTENTIONALLY LEFT BLANK C-3.2	RATE CASE EXPENSE C-3.3	ANNUALIZED TEST YEAR WAGES C-3.4	ANNUALIZE DEPRECIATION C-3.5
ELEMENT of OPERATING INCOME							
1	OPERATING REVENUE						
2	Base	(24,829,455)	8,168,330				
3	Gas Costs	(15,638,131)	(15,638,131)				
4	Other	2,001,077	2,001,077				
5	Total Revenue	(38,466,509)	(5,468,724)	0	0	0	0
6							
7	OPERATING EXPENSES						
8	Operation and Maintenance Expenses						
9	Production Expenses						
10	Liquidified Petroleum Gas	0					
11	Other	0					
12	Total Production Expense	0	0	0	0	0	0
13							
14	Other Gas Supply Expenses						
15	Purchased Gas	(8,553,653)	(8,553,653)				
16	Other	0					
17	Total Other Gas Supply Expense	(8,553,653)	(8,553,653)	0	0	0	0
18							
19	Transmission Expense	0					
20	Distribution Expense	(150,050)					
21	Customer Accounts Expense	(14,633,643)					
22	Customer Serv & Info Expense	0					
23	Sales Expense	(178,452)			(15,998)	(5,114,642)	
24	Administrative & General Expense	(12,128,655)					
25	Amortization of Deferred Expense	(104,676)		0			
26	Total Operation and Maintenance Expenses	(35,749,129)	(8,553,653)	0	(15,998)	(5,114,642)	0
27							
28	Depreciation Expense	2,497,218	0	0	0	0	2,497,218
29							
30	Taxes Other Than Income Taxes						
31	Other Federal Taxes	(1,013,394)					
32	State and Other Taxes	(28,045,174)					
33	Total Taxes Other Than Income Tax	(29,058,568)	0	0	0	0	0
34							
35	Federal Income Taxes						
36	Normal and Surtax	8,219,833	1,079,724	0	5,599	1,790,125	0
37	Prov Deferred Inc Tax (Deferrals)	(694,603)					(874,026)
38	Prov Deferred Inc Tax (Writebacks)	0					
39	Total Federal Inc Tax Expense	7,525,230	1,079,724	0	5,599	1,790,125	(874,026)
40							
41	Total Oper. Expenses and Tax	(54,785,249)	(7,473,929)	0	(10,399)	(3,324,517)	1,623,192
42							
43	Net Operating Income	16,318,740	2,005,205	0	10,399	3,324,517	(1,623,192)

DUKE ENERGY OHIO, INC.
CASE NO. 12-1685-GA-AIR
SUMMARY OF JURISDICTIONAL ADJUSTMENTS
TO OPERATING INCOME
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

WORK PAPER REFERENCE NO(S):: SEE BELOW

OCC
SCHEDULE C-3
PAGE 2 OF 5

LINE NO.	TITLE OF ACCOUNT	CUSTOMER SERVICE DEPOSITS C-3.6	OHIO EXCISE TAX C-3.7	ANNUALIZE PROPERTY TAX C-3.8	ELIMINATE PIPP REVENUE AND EXPENSE C-3.9	INTEREST EXPENSE DEDUCTIBLE C-3.10	ELIMINATE SMART GRID O&M AMORTIZATION C-3.11
1	ELEMENT of OPERATING INCOME						
1	OPERATING REVENUE						
2	Base		(16,428,536)		(10,674,058)		
3	Gas Costs						
4	Other						
5	Total Revenue	0	(16,428,536)	0	(10,674,058)	0	0
6							
7	OPERATING EXPENSES						
8	Operation and Maintenance Expenses						
9	Production Expenses						
10	Liquified Petroleum Gas						
11	Other						
12	Total Production Expense	0	0	0	0	0	0
13							
14	Other Gas Supply Expenses						
15	Purchased Gas						
16	Other						
17	Total Other Gas Supply Expense	0	0	0	0	0	0
18							
19	Transmission Expense						
20	Distribution Expense						
21	Customer Accounts Expense	253,595			(10,612,499)		
22	Customer Serv & Info Expense						
23	Sales Expense						
24	Administrative & General Expense						
25	Amortization of Deferred Expense						(2,827,689)
26	Total Operation and Maintenance Expenses	253,595	0	0	(10,612,499)	0	(2,827,689)
27							
28	Depreciation Expense	0	0	0	0	0	0
29							
30	Taxes Other Than Income Taxes						
31	Other Federal Taxes						
32	State and Other Taxes		(19,992,607)	(635,448)			
33	Total Taxes Other Than Income Tax	0	(19,992,607)	(635,448)	0	0	0
34							
35	Federal Income Taxes						
36	Normal and Surtax	(88,758)	1,247,425	222,407	(21,546)	(1,106,250)	989,691
37	Prov Deferred Inc Tax (Deferrals)					286,091	
38	Prov Deferred Inc Tax (Writebacks)						
39	Total Federal Inc Tax Expense	(88,758)	1,247,425	222,407	(21,546)	(820,159)	989,691
40							
41	Total Oper. Expenses and Tax	164,837	(18,745,182)	(413,041)	(10,634,045)	(820,159)	(1,837,998)
42							
43	Net Operating Income	(164,837)	2,316,646	413,041	(40,013)	820,159	1,837,998

DUKE ENERGY OHIO, INC.
CASE NO. 12-1685-GA-AIR
SUMMARY OF JURISDICTIONAL ADJUSTMENTS
TO OPERATING INCOME
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

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SCHEDULE C-3
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WORK PAPER REFERENCE NO(S): SEE BELOW

LINE NO.	TITLE OF ACCOUNT	STATE TAX RIDER C-3.12	BUDGET EXPENSES C-3.13	ELIMINATE NON JURIS. EXPENSES C-3.14	ADJUST PUCO/OCC ASSESSMENTS C-3.15	UNCOLLECTIBLE REVENUE & EXPENSE C-3.16	ANNUALIZE PENSION & BENEFIT EXP C-3.17
1	ELEMENT of OPERATING INCOME						
2	OPERATING REVENUE						
3	Base	(7,631,139)				1,735,948	
4	Gas Costs						
5	Other		0	0	0	1,735,948	0
6	Total Revenue	(7,631,139)					
7	OPERATING EXPENSES						
8	Operation and Maintenance Expenses						
9	Production Expenses						
10	Liquified Petroleum Gas						
11	Other		0	0	0	0	0
12	Total Production Expense	0					
13							
14	Other Gas Supply Expenses						
15	Purchased Gas						
16	Other		0	0	0	0	0
17	Total Other Gas Supply Expense	0					
18							
19	Transmission Expense						
20	Distribution Expense		(936,675)	(50)		(66,127)	
21	Customer Accounts Expense						
22	Customer Serv & Info Expense						
23	Sales Expense			(178,452)	(282,701)		(3,139,546)
24	Administrative & General Expense		(3,155,638)	(251,133)		1,918,247	
25	Amortization of Deferred Expense					1,852,120	
26	Total Operation and Maintenance Expenses	0	(4,092,313)	(429,635)	(282,701)		(3,139,546)
27							
28	Depreciation Expense	0	0	0	0	0	0
29							
30	Taxes Other Than Income Taxes						
31	Other Federal Taxes	(7,417,119)					
32	State and Other Taxes	(7,417,119)	0	0	0	0	0
33	Total Taxes Other Than Income Tax						
34							
35	Federal Income Taxes						
36	Normal and Surtax	(74,907)	1,432,310	150,372	98,945	(40,660)	1,098,841
37	Prov Deferred Inc Tax (Deferrals)						
38	Prov Deferred Inc Tax (Writebacks)						
39	Total Federal Inc Tax Expense	(74,907)	1,432,310	150,372	98,945	(40,660)	1,098,841
40							
41	Total Oper. Expenses and Tax	(7,492,026)	(2,660,003)	(279,263)	(183,756)	1,811,460	(2,040,705)
42							
43	Net Operating Income	(139,113)	2,660,003	279,263	183,756	(75,512)	2,040,705

DUKE ENERGY OHIO, INC.
CASE NO. 12-1685-GA-AIR
SUMMARY OF JURISDICTIONAL ADJUSTMENTS
TO OPERATING INCOME
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

OCC
SCHEDULE C-3
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WORK PAPER REFERENCE NO(S):: SEE BELOW

LINE NO.	TITLE OF ACCOUNT	ANNUALIZE PAYROLL TAXES C-3.18	INTENTIONALLY LEFT BLANK C-3.19	ANNUALIZE AMORT OF PISCC C-3.20	INTENTIONALLY LEFT BLANK C-3.21	AMORTIZE CAMERA WORK C-3.22	ELIMINATE MERGER COSTS C-3.23
1	OPERATING REVENUE						
2	Base						
3	Gas Costs						
4	Other						
5	Total Revenue	0	0	0	0	0	0
6							
7	OPERATING EXPENSES						
8	Operation and Maintenance Expenses						
9	Production Expenses						
10	Liquidified Petroleum Gas						
11	Other						
12	Total Production Expense	0	0	0	0	0	0
13							
14	Other Gas Supply Expenses						
15	Purchased Gas						
16	Other						
17	Total Other Gas Supply Expense	0	0	0	0	0	0
18							
19	Transmission Expense						
20	Distribution Expense						
21	Customer Accounts Expense						
22	Customer Serv & Info Expense						
23	Sales Expense						
24	Administrative & General Expense						(168,997)
25	Amortization of Deferred Expense			304,766		500,000	
26	Total Operation and Maintenance Expenses	0	0	304,766	0	500,000	(168,997)
27							
28	Depreciation Expense	0	0	0	0	0	0
29							
30	Taxes Other Than Income Taxes						
31	Other Federal Taxes	(1,013,394)					
32	State and Other Taxes						
33	Total Taxes Other Than Income Tax	(1,013,394)	0	0	0	0	0
34							
35	Federal Income Taxes						
36	Normal and Surtax	354,688	0	0		(175,000)	59,149
37	Prov Deferred Inc Tax (Deferrals)			(106,668)			
38	Prov Deferred Inc Tax (Writebacks)						
39	Total Federal Inc Tax Expense	354,688	0	(106,668)	0	(175,000)	59,149
40							
41	Total Oper. Expenses and Tax	(658,706)	0	198,098	0	325,000	(109,848)
42							
43	Net Operating Income	658,706	0	(198,098)	0	(325,000)	109,848

DUKE ENERGY OHIO, INC.
CASE NO. 12-1685-GA-AIR
SUMMARY OF JURISDICTIONAL ADJUSTMENTS
TO OPERATING INCOME
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

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SCHEDULE C-3
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WORK PAPER REFERENCE NO(S): SEE BELOW

LINE NO.	TITLE OF ACCOUNT	ADDITIONAL CAMERA WORK EXP C-3.24	INTENTIONALLY LEFT BLANK C-3.25	SMART GRID ADJUSTMENT SAVING C-3.26	MEDICAL COSTS C-3.27	INTENTIONALLY LEFT BLANK C-3.28	INTENTIONALLY LEFT BLANK C-3.29
1	OPERATING REVENUE						
2	Base						
3	Gas Costs						
4	Other						
5	Total Revenue	0	0	0	0	0	0
6							
7	OPERATING EXPENSES						
8	Operation and Maintenance Expenses						
9	Production Expenses						
10	Liquified Petroleum Gas						
11	Other						
12	Total Production Expense	0	0	0	0	0	0
13							
14	Other Gas Supply Expenses						
15	Purchased Gas						
16	Other						
17	Total Other Gas Supply Expense	0	0	0	0	0	0
18							
19	Transmission Expense						
20	Distribution Expense	(150,000)		(3,271,937)			
21	Customer Accounts Expense						
22	Customer Serv & Info Expense						
23	Sales Expense						
24	Administrative & General Expense				0		0
25	Amortization of Deferred Expense						
26	Total Operation and Maintenance Expenses	(150,000)	0	(3,271,937)	0	0	0
27							
28	Depreciation Expense	0	0	0	0	0	0
29							
30	Taxes Other Than Income Taxes						
31	Other Federal Taxes						
32	State and Other Taxes						
33	Total Taxes Other Than Income Tax	0	0	0	0	0	0
34							
35	Federal Income Taxes						
36	Normal and Surtax	52,500	0	1,145,178	0	0	0
37	Prov Deferred Inc Tax (Deferrals)						
38	Prov Deferred Inc Tax (Writebacks)						
39	Total Federal Inc Tax Expense	52,500	0	1,145,178	0	0	0
40							
41	Total Oper. Expenses and Tax	(97,500)	0	(2,126,759)	0	0	0
42							
43	Net Operating Income	97,500	0	2,126,759	0	0	0

DUKE ENERGY OHIO, INC.
CASE NO. 12-1685-GA-AIR
ANNUALIZED WAGE ADJUSTMENT
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

OCC
SCHEDULE C-3.4
PAGE 1 OF 1

WORK PAPER REFERENCE NO(S): WPC-3.4a through WPC-3.4d

PURPOSE and DESCRIPTION	AMOUNT
PURPOSE and DESCRIPTION: To annualize test year payroll costs using 12 months actual August 2012	
Total	\$ (4,372,715)
Less: Separation Labor expense	\$ (741,927)
Total	\$ (5,114,642)
Jurisdictional allocation percentage	100%
Jurisdictional amount	\$ (5,114,642)
To Sch C-3 Summary <---	

DUKE ENERGY OHIO, INC.
CASE NO. 12-1685-GA-AIR
ANNUALIZED DEPRECIATION EXPENSE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

OCC
SCHEDULE C-3.5
PAGE 1 OF 2

WORK PAPER REFERENCE NO(S): WPC-3.5a

PURPOSE and DESCRIPTION	AMOUNT
-------------------------	--------

PURPOSE and DESCRIPTION: To reflect the adjustment to annualize depreciation expense as calculated on Schedule B-3.2 based on plant at March 31, 2012.

Total	\$ 2,497,218
Jurisdictional allocation percentage	<u>100%</u>
Jurisdictional amount	\$ <u>2,497,218</u>

To Sch C-3 Summary <---

DUKE ENERGY OHIO, INC.
CASE NO. 12-1685-GA-AIR
ANNUALIZED DEPRECIATION EXPENSE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

OCC
SCHEDULE C-3.5
PAGE 2 OF 2

WORK PAPER REFERENCE NO(S): WPC-3.5a

PURPOSE and DESCRIPTION	AMOUNT
-------------------------	--------

PURPOSE and DESCRIPTION: To reflect the adjustment to deferred income taxes as a result of the annualization of book depreciation based on plant at March 31, 2012.

Total	\$ (874,026)
Jurisdictional allocation percentage	<u>100%</u>
Jurisdictional amount	\$ <u>(874,026)</u>

To Sch C-3 Summary <---

DUKE ENERGY OHIO, INC.
CASE NO. 12-1685-GA-AIR
PROPERTY TAX ADJUSTMENT
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

OCC
SCHEDULE C-3.8
PAGE 1 OF 1

WORK PAPER REFERENCE NO(S): WPC-3.8a

PURPOSE and DESCRIPTION	AMOUNT
PURPOSE and DESCRIPTION: To reflect the change in expense if property taxes were calculated based on plant in service as of March 31, 2012.	
Total	\$ (635,448)
Jurisdictional allocation percentage	<u>100%</u>
Jurisdictional amount	<u>\$ (635,448)</u>
To Sch C-3 Summary <---	

DUKE ENERGY OHIO, INC.
CASE NO. 12-1685-GA-AIR
INTEREST EXPENSE DEDUCTIBLE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

SCHEDULE C-3.10
PAGE 1 OF 2

WORK PAPER REFERENCE NO(S): WPC-3.10a, SCHEDULE B-1, SCHEDULE D-1

PURPOSE and DESCRIPTION	AMOUNT
<p>PURPOSE and DESCRIPTION: To reflect federal income taxes at 35% due to interest deductible for tax purposes being based on rate base at March 31, 2012 as shown on Schedule B-1 and the weighted cost of debt of 2.48% as shown on Schedule D-1.</p>	
Total	\$ (1,106,250)
Jurisdictional allocation percentage	100%
Jurisdictional amount	To Sch C-3 Summary <--- \$ (1,106,250)

DUKE ENERGY OHIO, INC.
CASE NO. 12-1685-GA-AIR
INTEREST EXPENSE DEDUCTIBLE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

SCHEDULE C-3.10
PAGE 2 OF 2

WORK PAPER REFERENCE NO(S): WPC-3.10a, SCHEDULE B-1, SCHEDULE D-1

PURPOSE and DESCRIPTION	TOTAL AMOUNT
PURPOSE and DESCRIPTION: To reflect the elimination of federal deferred tax expenses related to Allowance for Funds Used During Construction and Capitalized Interest.	
Deferrals: Capitalized Interest AFUDC - Debt	\$ 453,031 (166,940)
Total Adjustment	\$ 286,091
Jurisdictional allocation percentage	100%
Jurisdictional amount	\$ 286,091
To Sch C-3 Summary <---	

DUKE ENERGY OHIO, INC.
CASE NO. 12-1685-GA-AIR
ELIMINATE NON-JURISDICTIONAL EXPENSE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

OCC
SCHEDULE C-3.14
PAGE 1 OF 1

WORK PAPER REFERENCE NO(S): WPC-3.14a

PURPOSE and DESCRIPTION	AMOUNT
-------------------------	--------

PURPOSE and DESCRIPTION: To eliminate non-jurisdictional operating expenses.

Distribution Expense	\$ (50)
Sales Expense	(178,452)
Administrative & General Expense	(173,782)
Governmental Affairs-Federal	(53,230)
Corporate Community Relations	(24,121)
Total Adjustment	\$ (429,635)
Jurisdictional allocation percentage	100%
Jurisdictional amount	\$ (429,635)

To Sch C-3 Summary <---

DUKE ENERGY OHIO, INC.
CASE NO. 12-1685-GA-AIR
ADJUST UNCOLLECTIBLE EXPENSE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

OCC
SCHEDULE C-3.16
PAGE 1 OF 1

WORK PAPER REFERENCE NO(S): WPC-3.16a

PURPOSE and DESCRIPTION	AMOUNT
PURPOSE AND DESCRIPTION: To eliminate Rider UE-G revenues and annualize uncollectible expense not being recovered via Rider UE-G.	
Eliminate Rider Revenue	1,735,948
Jurisdictional allocation percentage	100%
Jurisdictional amount	\$ 1,735,948
To Sch C-3 Summary <---	
Annualize Uncollectible Expense (A)	\$ (66,127)
Jurisdictional allocation percentage	100%
Jurisdictional amount	\$ (66,127)
To Sch C-3 Summary <---	
Eliminate Regulatory Asset Deferral Accounting	1,918,247
Jurisdictional allocation percentage	100%
Jurisdictional amount	\$ 1,918,247
To Sch C-3 Summary <---	

(A) Expenses not being recovered via Rider UE-G.

DUKE ENERGY OHIO, INC.
CASE NO. 12-1685-GA-AIR
ANNUALIZE PENSION AND BENEFITS EXPENSE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

OCC
SCHEDULE C-3.17
PAGE 1 OF 1

WORK PAPER REFERENCE NO(S): WPC-3.17a

PURPOSE and DESCRIPTION	AMOUNT
PURPOSE and DESCRIPTION: To annualize pension and benefits	
Total	\$ (2,894,611)
Less: Separation Benefits Expense	\$ (244,935)
Total	\$ (3,139,546)
Jurisdictional allocation percentage	100%
Jurisdictional amount	\$ (3,139,546)
To Sch C-3 Summary <---	

DUKE ENERGY OHIO, INC.
CASE NO. 12-1685-GA-AIR
ANNUALIZE PAYROLL TAXES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

OCC
SCHEDULE C-3.18
PAGE 1 OF 1

WORK PAPER REFERENCE NO(S): WPC-3.18a

PURPOSE and DESCRIPTION	AMOUNT
-------------------------	--------

PURPOSE and DESCRIPTION: To annualize payroll taxes.

Total	\$ (949,086)
Less: Separation Payroll Taxes	<u>\$ (64,308)</u>
Total	\$ (1,013,394)
Jurisdictional allocation percentage	<u>100%</u>
Jurisdictional amount	<u>\$ (1,013,394)</u>

To Sch C-3 Summary <---

DUKE ENERGY OHIO, INC.
CASE NO. 12-1685-GA-AIR
AMORTIZE CAMERA WORK
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

OCC
SCHEDULE C-3.22
PAGE 1 OF 1

WORK PAPER REFERENCE NO(S): WPC-3.22a

PURPOSE and DESCRIPTION	AMOUNT
-------------------------	--------

PURPOSE and DESCRIPTION: To amortize the estimated balance in account 0182385, Camera Costs AMRP-Reg Asset, as of December 31, 2012, over a period of three years.

Total (A) \$ 500,000

Jurisdictional allocation percentage 100%

Jurisdictional amount To Sch C-3 Summary <--- \$ 500,000

(A) David Effron Testimony

DUKE ENERGY OHIO, INC.
CASE NO. 12-1685-GA-AIR
INCREASED MEDICAL COSTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

OCC
SCHEDULE C-3.27
PAGE 1 OF 1

WORK PAPER REFERENCE NO(S): WPC-3.27a

PURPOSE and DESCRIPTION	TOTAL AMOUNT
-------------------------	-----------------

PURPOSE and DESCRIPTION: To adjust expenses
for increased medical costs.

Medical Costs Adjustment (A) 0

Jurisdictional allocation percentage 100%

Jurisdictional amount To Sch C-3 Summary <---

(A) David Effron Testimony 0

DUKE ENERGY OHIO, INC.
CASE NO. 12-1685-GA-AIR
ADJUSTED JURISDICTIONAL FEDERAL INCOME TAXES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

OCC
SCHEDULE C-4
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WORK PAPER REFERENCE NO(S): SCHEDULE C-4.1, WPC-4.1a

LINE NO.	DESCRIPTION	AT CURRENT RATES			AT PROPOSED RATES	
		UNADJUSTED	SCHEDULE C-3 ADJUSTMENTS	ADJUSTED	PROFORMA ADJUSTMENTS	PROFORMA
		(1)	(2)	(3)	(4)	(5)
		(\$)	(\$)	(\$)	(\$)	(\$)
1	Operating Income before Federal					
2	Income Taxes	77,780,821	23,843,970	101,624,791	(22,216,050)	79,408,741
3						
4	Reconciling Items:					
5	Interest Charges	(19,527,647)	(2,343,309)	(21,870,956)	0	(21,870,956)
6	Net Interest Charges	(19,527,647)	(2,343,309)	(21,870,956)	0	(21,870,956)
7						
8	Tax Depreciation	(111,690,697)	0	(111,690,697)	0	(111,690,697)
9	Book Depreciation	43,361,628	2,497,218	45,858,846	0	45,858,846
10	Excess of Tax over Book Depreciation	(68,329,069)	2,497,218	(65,831,851)	0	(65,831,851)
11						
12	Other Reconciling Items:					
13	Permanent Differences	99,672	0	99,672	0	99,672
14	Temporary Differences	(25,895,100)	(512,638)	(26,407,738)	0	(26,407,738)
15	Total Other Reconciling Items	(25,795,428)	(512,638)	(26,308,066)	0	(26,308,066)
16	Total Reconciling Items	(113,652,144)	(358,729)	(114,010,873)	0	(114,010,873)
17	Federal Taxable Income	(35,871,323)	23,485,241	(12,386,082)	(22,216,050)	(34,602,132)
18						
19	Federal Income Taxes:					
20	First \$50,000	50,000 @ 15%	7,500	7,500		7,500
21	Next \$25,000	25,000 @ 25%	6,250	6,250		6,250
22	Next \$25,000	25,000 @ 34%	8,500	8,500		8,500
23	Next \$235,000	235,000 @ 39%	91,650	91,650		91,650
24	Next \$9,665,000	9,665,000 @ 34%	3,286,100	3,286,100		3,286,100
25	Next \$5,000,000	5,000,000 @ 35%	1,750,000	1,750,000		1,750,000
26	Next \$3,333,333	3,333,333 @ 38%	1,266,667	1,266,667		1,266,667
27	Over \$18,333,333 (A)	(54,204,656) @ 35%	(18,971,630)	(10,751,796)	(7,775,618)	(18,527,414)
28	Federal Income Taxes	(12,554,963)	8,219,834	(4,335,129)	(7,775,618)	(12,110,747)
29						
30	Deferred Income Taxes:					
31	Deferred Income Tax on Depreciation	24,039,299	(874,026)	23,165,273		23,165,273
32	Other Deferred Income Taxes - Net	9,063,285	179,423	9,242,708		9,242,708
33	Deferred Income Tax Adjustment - ARAM	4,128		4,128		4,128
34	Deferred Income Tax Adjustment - Flow-Through	592,325		592,325		592,325
35	Amortization of Investment Tax Credit	(219,046)	0	(219,046)		(219,046)
36	Total Deferred Income Taxes	33,479,991	(694,603)	32,785,388	0	32,785,388
37						
38	Total Federal Income Taxes	20,925,028	7,525,231	28,450,259	(7,775,618)	20,674,641

(A) Calculation may be different due to rounding

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Case No(s). 12-1685-GA-AIR, 12-1686-GA-ATA, 12-1687-GA-ALT, 12-1688-GA-AAM

Summary: Testimony Direct Testimony of Ibrahim Soliman on Behalf of the Office of the Ohio Consumers' Counsel electronically filed by Patti Mallarnee on behalf of Sauer, Larry S.