### 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 the Application of Duke Energy Ohio, Inc., for Approval to Change Accounting

Methods.

Case No. 12-1688-GA-AAM

### PREFILED TESTIMONY OF WM. ROSS WILLIS

RATES DIVISION
UTILITIES DEPARTMENT
PUBLIC UTILITIES COMMISSION OF OHIO

IN SUPPORT
OF
JOINT STIPULATION AND RECOMMENDATION

Staff Exhibit

- 1 1. Q. Please state your name and your business address.
- A. My name is Wm. Ross Willis. My business address is 180 East Broad
- 3 Street, Columbus, Ohio 43215.

4

- 5 2. Q. By who are you employed?
- A. I am employed by the Public Utilities Commission of Ohio (PUCO).

7

- 8 3. Q. What is your current position with the PUCO and what are your duties?
- A. I am Chief of the Rates Division within the Utilities Department. My
- duties include developing, organizing, and directing staff during rate case
- investigations and other financial audits of public utility companies subject
- to the jurisdiction of the PUCO. The determination of revenue require-
- ments in connection with rate case investigations is under my purview.

14

- 15 4. Q. Would you briefly state your educational background?
- 16 A. I earned a Bachelor of Business Administration Degree that included a
- Major in Finance and a Minor in Management from Ohio University in
- December 1983. In November 1986, I attended the Academy of Military
- Science and received a commission in the Air National Guard. Moreover, I
- 20 have attended various seminars and rate case training programs sponsored
- by this Commission.

1	5.	Q.	Please outline your work experience.
2		<b>A</b>	Eallarying and dystion from Ohio Univ

A. Following graduation from Ohio University, I joined the Public Utilities

Commission in February 1984, in the Utilities Department as a Utility

Examiner. I have held several technical and managerial positions with the

PUCO. They include Utility Examiner, Utility Rate Analyst, Utility Audit

Coordinator, Utility Supervisor, Utility Administrator 1, Utility Administrator 2, and my current position, Chief of Rates Division.

My military career spans 27 honorable years of service with the Ohio National Guard. I earned the rank of Lieutenant Colonel and I am a veteran of the war in Afghanistan. I retired from the Air National Guard in March 2006.

I have previously testified before this Commission.

- 6. Q. What is the purpose of your testimony in this proceeding?
- 17 A. The purpose of my testimony is to support the Joint Stipulation and Recom18 mendation (Stipulation) and the proposed revenue requirement schedules,
  19 which are attached to my testimony.

21 7. Q. Are the results of the Stipulation reasonable?

- 1 A. Yes. The results are reasonable for three basic reasons: (1) the settlement
  2 was a product of serious bargaining among capable, knowledgeable parties;
  3 (2) the settlement, as a package, benefits ratepayers and is in the public
  4 interest; and (3) the settlement does not violate any regulatory principle or
  5 practice.
- 8. Q. Is the settlement a product of serious bargaining among capable,
  knowledgeable parties?

6

15

- 9 A. Yes. The results of the settlement reflect consensus building on the part of
  10 the signatories to the settlement. The signatories are represented by experi11 enced counsel who regularly participate in regulatory proceedings before
  12 the Commission and are familiar with Commission practice and procedure.
  13 The agreement is the result of good faith negotiations and serious bargain14 ing on the part of the signatories to the Stipulation and Recommendation.
- 9. Q. How does the Stipulation, as a package, benefit ratepayers and is in the
   public interest?
- A. The signatories to the settlement have examined the case record and represent diverse interests. The stipulated settlement results in a just and reasonable revenue requirement that benefits ratepayers by recognizing some of the objections to the Staff Report of Investigation, rejecting some of the objections, and where appropriate, alternative approaches were considered.

### The settlement is in the public interest because it:

Avoids the added cost of litigation by limiting litigation to the various positions taken associated with the remediation of manufactured gas plants (MGP) sites.
Combines Duke's existing base rates with existing riders for SmartGrid and Accelerated Main Replacement Program (AMRP) resulting in a \$0 increase in base gas retail rates.
The incremental increase to the AMRP for residential customers will be capped at \$1.00 annually on a cumulative basis.
The Rider AMRP revenue requirement calculation will include amortization of camera work expense over a five-year period related to the AMRP activity during 2001 through 2006.
Duke agrees to withdraw its request for approval of an Accelerated Service Replacement Program (ASRP) saving \$317 million in rates over a 9-10 year time frame. If this Rider is proposed again by Duke in the future, and if the Commission approves such Rider, Duke shall ensure that rates for such a program will not go into effect before January 1, 2016.
• Reconnection charge will remain at the current amount.
Recognizes the Staff's recommendation that Rider FRT (Facilities Relocation – Mass Transportation) will not be approved in this proceeding.
Establishes a rate of return of 7.73% based on a return on equity of 9.84% and a cost of debt at 5.32%
Provides for shareholder-funded low-income weatherization programs and a low income fuel fund.

1	10.	Q.	Does the settlement violate any regulator	ory principle or practice?
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A. No. The revenue requirement schedules attached to my testimony are the result of traditional rate setting policies, practices, and procedures followed by the Staff. The recommended revenue requirement is consistent with sound regulatory rate setting practices.

7 11. Q. Doe this conclude your testimony?

6

A. Yes, it does. However, I reserve the right to submit supplemental testimony as described herein, as new information subsequently becomes available or in response to positions taken by other parties.

### PROOF OF SERVICE

I hereby certify that a true copy of the foregoing Prefiled Testimony of Wm. Ross Willis, submitted on behalf of the Staff of the Public Utilities Commission of Ohio, was served via electronic mail, upon the following parties of record, this 22 day of April,

2013.

Devin D. Parram

Assistant Attorney General

### Parties of Record:

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

REVISED SCHEDULE A-1 PAGE 1 OF 1

SEE BELOW
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WORK

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¥ 6 E	DESCRIPTION	Schedule Referance	Applicant	Lower	Upper Bound
<del>-</del>	Rate Base	8 <del>.</del> 1	891,013,614	882,242,442	882,242,442.
7	Current Operating Income	<u>-</u>	43,639,349	68,197,341	68,197,341
ო	Earned Rate of Return (Line 2 / Line 1)		4.90%	7.73%	7.73%
4	Requested Rate of Return	D-1A	8.13%	7.73%	7.73%
5	Required Operating Income (Line 1 x Line 4)		72,439,407	68,197,341	68,197,341
9	Operating Income Deficiency (Line 5 - Line 2)		28,800,058	(0)	(0)
7	Gross Revenue Conversion Factor	A-2	1,5488809	1.5468532	1.5468532
ω	Revenue Deficiency (Line 6 x Line 7)		44,607,860	0	0
თ	Revenue Increase Requested / Recommended		44,607,929	0	0
10	Adjusted Operating Revenues	2	246,539,382	384,015,062	384,015,062
=	Revenue Requirements (Line 9 + Line 10)		291,147,242	384,015,062	384,015,062
12	Percent Increase (Line 9 / Line 11)		18.09%	%00.0	0.00%

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

REVISED SCHEDULE B-1

WOR	WORK PAPER REFERENCE NO(S): SEE BELOW		Ā.	REVISED SCHEDULE B-1 PAGE 1 OF 1
E E		Supporting Schedule	Applicant Proposed	Stipulated
Ó	RATE BASE COMPONENT	Reference		Amount
-	Plant In Service	B-2	\$ 1,629,640,883 \$	1,623,220,034
2	Reserve for Accumulated Depreciation	B-3	(450,909,840)	(447,052,644)
က	Net Plant In Service (Line 1+ Line 2)		1,178,731,043	1,176,167,390
4	Construction Work in Progress	B.4	0	0
3	Cash Working Capital Allowance	B-5	0	0
9	Material and Supplies	B-5	6,139,137	0
7	Other Items:			
œ	Customer Advances for Construction	B-6	(3,597,473)	(3,597,473)
တ	Customer Service Deposits	B-6	(8,453,180)	(8,521,562)
10	Contributions in Aid of Construction (a)	B-6	0	0
Ξ	Postretirement Benefits	B-6	(14,645,755)	(14,645,755)
12	Investment Tax Credits	B-6	(6,554)	(6,554)
13	Deferred Income Taxes	8-6	(282,950,314)	(282,950,314)
4	Other Rate Base Adjustments	9-8	15,797,710	15,796,710
15	Jurisdictional Rate Base (Line 3 thru Line 14)	13	\$ 891,014,614	\$ 882,242,442

<sup>(</sup>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 PLANT IN SERVICE SUMMARY BY MAJOR PROPERTY GROUPINGS AS OF MARCH 31, 2012

WORK PAPER REFERENCE NO(S).: Schedule B-2.1

REVISED SCHEDULE B-2 PAGE 1 OF 1

LINE NO.	MAJOR PROPERTY GROUPINGS	COMPANY	ALLOCATION %	ALLOCATIED TOTTAL	ADJUSTMENTS	ADJUSTED JURISDICTION
		ь		€	<del>69</del>	
<del>-</del>	Production	11,408,389	100.00	11,408,389	0	11,408,389
8	Distribution	1,506,169,486	100.00	1,506,169,486	(4,745,042)	1,501,424,444
ဗ	General	51,239,806	100.00	51,239,806	(1,153,900)	50,085,906
4	Common (Allocated to Gas)	61,160,507	100.00	61,160,507	(859,212)	60,301,295
ß	Other (specify)					
9	TOTAL	1,629,978,188		1,629,978,188	(6,758,154)	1,623,220,034
					•	

DUKE ENERGY OHIO, INC.
CASE NO. 12-1685-GA-AIR
PLANT IN SERVICE BY ACCOUNTS AND SUBACCOUNTS
AS OF MARCH 31, 2012
GENERAL PLANT

SCHEDULE B-2.1 PAGE 3 OF 5

WORK PAPER REFERENCE NO(S).: Staff Schedule B-2.2, Applicant Schedule B-2.3

F.E.R.C. ACCT. NO.	COMPANY ACGT NO	ACCOUNT TITLE	COMPANY	ALLOCATION %	ALLOCATED TOTAL A	ADJUSTMENTS	ADJUSTED JURISDICTION
			€		↔	₩	₩
000	2030	Miscellaneous Intangible Plant	14,539,717	100.00	14,539,717	(45,425)	14,494,292
93	2890	Land	0	100.00	0		0
390	2900	Structures & Improvements	2,065,248	100.00	2,065,248		2,065,248
<u> </u>	2910	Office Furniture & Equipment	596,371	100.00	596,371		596,371
. <del>.</del>	2911	Electronic Data Processing Equipment	1,311,766	100.00	1,311,766		1,311,766
	2920		24,590	100.00	24,590		24,590
: 2	2921	Trailers	644,188	100.00	644,188		644,188
1 4	2940	Tools, Shop & Garage Equipment	8,167,347	100.00	8,167,347		8,167,347
ൃ	2950	Laboratory Equipment	234,056	100.00	234,056		234,056
ဖွ	2960	Power Operated Equipment	219,039	100.00	219,039		219,039
<u> </u>	2970	Communication Equipment	23,437,484	100.00	23,437,484	(1,108,475)	22,329,009
	The second secon	Total General Plant	51,239,806		51,239,806	(1,153,900)	50,085,906
		Total Gas Plant	1,568,817,681		1,568,817,681	(5,898,942)	1,562,918,739

DUKE ENERGY OHIO, INC.
CASE NO. 12-1685-GA-AIR
PLANT IN SERVICE BY ACCOUNTS AND SUBACCOUNTS
AS OF MARCH 31, 2012
COMMON PLANT - SMARTGRID

SCHEDULE B-2.1 PAGE 5 OF 5

WORK PAPER REFERENCE NO(S).: Staff Schedule B-2.2, Applicant Schedule B-2.3

LINE F.E.R.C. NO. NO.	F.E.R.C. COMPANY ACCT. ACCT. NO. NO.	ACCOUNT TITLE	COMPANY	ALCCATION %	ADJUSTED ALLOCATED TOTAL	ADJUSTMENTS	ADJUSTED JURISDICTION
			₩				₩
₩ CI	1911	Electronic Data Processing - SmartGrid Communication Equipment - SmartGrid	113,194 27,261,331	100.00	113,194 27,261,331	00	113,194 27,261,331
ant anticolar tribularity strans with other hands transfer weeper transfer transfer transfer transfer transfer		Total Common Plant - SmartGrid	27,374,525		27,374,525	0	27,374,525
4	3	Common Plant Allocated to Gas - SmartGrid	13,383,405		13,383,405	0	13,383,405
જ		Total Common Plant	316,932,720		316,932,720	(5,207,346)	311,725,374
g		Total Common plant allocated to Gas	61,160,507		61,160,507	(859,212)	60,301,295
2		Total Gas Plant Including Allocated Common	1,629,978,188		1,629,978,188	(6,758,154)	1,623,220,034

(1) Allocation of Common Plant / SmartGrid to gas determined by SmartGrid filings

### DUKE ENERGY OHIO, INC. CASE NO. 12-1685-GA-AIR ADJUSTMENTS TO PLANT IN SERVICE AS OF MARCH 31, 2007

REVISED SCHEDULE B-2.2

WORK PAPER KEPEKENCE NO(V).: SERE	rachedi	NO(S).: Start Schedule B-2.58 (Infolign B-2.50			PAGE 1 OF	5
ACCT.	\$ 100 P		TOTAL STAFF	ALLOCATION %	4 JURISDICTIONAL ADJUSTMENT	
PLANT			*		G	announce and conference
388		Gas ARO	(4,745,042)	100.00	(4.745,042)	<u>@</u>
GENERAL PLANT		Total Distribution Plant	(4,745,042)		(4,745,042)	
	2030	Miscelleanous Intanglble Plant	(45,425)	100.00	(45,425)	( <u>p</u>
397	2970	Communication Equipment	(1,108,475)	100.00	(1,108,475)	<u>0</u>
COMMON PLANT		Total General Plant	(1,153,900)		(1,153,900)	
	1900	Structures & Improvements	(1,968,452)	100.00	(1,968,452)	9
	1900	Structures & Improvements - Golf Course at Hartwell	(171,131)	100.00	(171,131)	ê
	1900	Structures & Improvements - Envision Center	(1,726,080)	100.00	(1,726,080)	€
	1900	Structures & Improvements -Holiday Park	(2,509)	100.00	(2,509)	6
	1900	Structures & Improvements -Fourth & Watnut (Clopay)	(202,197)	100.00	(202,197)	(B)
	1900	Structures & Improvements -Atrium II	(961,419)	100.00	(961,419)	6)
	1910	Office Furniture & Equipment	(6,594)	100.00	(6,594)	9
	1940	Tools, Shop & Garage Equipment	(62,910)	100.00	(52,910)	9
	1970	Communication Equipment	(8.238)	100.00	(8,238)	ĝ
	1980	Miscellaneous Equipment	(8,081)	100.00	(8,081)	9
196	990, 199	1990, 1991 ARO Common General Plant	(98,735)	100.00	(89,735)	Ξ
		Total Common Plant	(5,207,346)		(5,207,346)	
The second section of the second second section of the second sec	16.50%	Common Allocated to Gas	(859,212)		(859,212)	
TOTAL PLANT A	ADJUST	STAL PLANT ADJUSTMENTS INCLUDING ALLOCATED COMMON	(6,758,154)		(6,758,154)	

3555555

See Staff Data Request 50 - Supplemental

Duke Rider AU - Company Allocation Errors 1 and 2 (See Staff Text)

Duke Rider AU - Company Allocation Errors 1 and 2 (See Staff Text)

Duke Rider AU - Adjustment for Stores Loading and Adjustment for Uninstalled Gas Modules (See Staff Text)

Applicant's Exclusion of the Hartwell Recreation Facilities.

See Staff Data Request 129 in Case No. 12-1682-EL-4/R

See Staff Data Request 131 in Case No. 12-1682-EL-4/R

See Staff Data Request 37 in Case No. 12-1682-EL-4/R

See Staff Data Request 78 in Case No. 12-1682-EL-4/R

DUKE ENERGY OHIO, INC.
CASE NO. 12-1685-GA-AIR
PROPERTY EXCLUDED FROM RATE BASE
(FOR REASONS OTHER THAN RATE AREA ALLOCATION)
AS OF MARCH 31, 2012

REVISED SCHEDULE B-2.5d **PAGE 1 OF 1** 

WORK PAPER REFERENCE NO(S).:

- FOR EXCLUSION	Rider AU (a)		Rider AU (b)	
TEST YEAR REVENUE & EXPENSES ACCT. ACCT. AMOUNT NO. DESCRIP.				
ORIGINAL COST	22,967	22,967	1,086,080	
ACCUM	22,458	22,458	22,395	
ORIGINAL	45,425	45,425	1,108,475	
DESCRIPTION OF IN-SERVICE EXCLUDED PROPERTY DATE	Miscellaneous Intangible Plant	Total	Communication Equipment  Total	
COMPANY NO.	2030		2970	
<u> </u>	₹-	7	ω 4	

To eliminate Allocation Errors 1 and 2 (See Text)

To eliminate the Adjustment for Stores Loading and Adjustment for Uninstalled Gas Modules (See Text) 

DUKE ENERGY OHIO, INC.
CASE NO. 12-1885-GA-AIR
ACCUMULATED DEPRECIATION AND AMORTIZATION
AS OF MARCH 31, 2012
GENERAL PLANT

REVISED SCHEDULE B.3 PAGE 3 OF 5

WORK PAPER REFERENCE NO[5].: Staff Schedule B-2.1, Applicant Schedule B-3.3, Staff Schedule B-3.1

<u>.</u> 2	A O O O	ACCOUNT TITLE	COMPANY PLANT NVESTMENT	COMPANY	Š E V s <sup>g</sup>	ALLOCATED TOTAL	ADJUSTMENTS	ADJUSTED JURISDICTION
			en.	us.		€9	b <sup>a</sup> )	မာ
000	2030	Miscellaneous Intangible Plant	14,539,717	8,977,114	100.00	8,977,114	(4,087)	8,973,027
386	2890	l,and	0	0	100.00	0 040		0 670 246
380	2900	Structures & Improvements	2,065,248	5/0,245 256 143	100.00	256.143		256,143
391	2010	Citiza Furnicia o Equipinati Electronic Data Processino Forimment	1.311.766	211,602	100.00	211,602		211,602
202	7020	Transportation Foundment	24,590	24,590	100.00	24,590		24,590
303	2921	Trailers	644,188	445,198	100.00	445.198		445,198
394	2940	Tools, Shop & Garage Equipment	8,167,347	3,906,925	100.00	3,906,925		3,906,925
395	2950	Laboratory Equipment	234,056	165,130	100.00	165,130		165,130
308	2960	Power Operated Equipment	219,039	107,839	100,00	107,839		107,839
397	2970	Communication Equipment	23,437,484	1,095,412	100.00	1,095,412	(22,385)	1,073,017
; i	108	Retirement Work in Progress		212,586	100.00	212,586		212,586
		Total General Plant	51,239,806	16,072,785		16,072,785	(26,482)	16,046,303
		Total Gas Plant	1,568,817,681	426,002,737		426,002,737	(3,530,873)	422,471,864

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

REVISED SCHEDULE B-3 PAGE 5 OF 5

WORK PAPER REFERENCE NO(S).: Staff Schedule B-2.1, Applicant Schedule B-3.3, Staff Schedule B-3.1

AD JUSTED	us	34,024 1,908,843	1,942,867	949,868	145,160,519	24,580,780	447,052,644
The second secon			0	0			
ADJUSTMENTS	in				(2,366,440)	(390,463)	(3,921,336)
ALLOCATED	÷	34,024 1,908,843	1,942,867	949,868	147,526,959	24,971,243	450,973,980
The second secon		100.00		100.00			
TOTAL	so	34,024 1,908,843	1,942,867	949,868	147,526,959	24,971,243	450,973,980
TOTAL COMPANY PLANT NVESTMENT	அ	113,194 27,261,331	27,374,525	13,383,405	316,932,720	61,160,507	1,629,978,188
ACCOUNTITUE		Electronic Data Processing - SmartSnd Communication Equipment - SmartGrid	Total Common Plant - SmartGrid	Common Plant Allocated to Gas (SG) Original Cost Reserve	Total Common Plant	Total Common plant allocated to Gas	Total Gas Plant Including Allocated Common
COMPANY NO T		1971	A count to send while did in the control No. 9 minute.	€€	and a law that documents to be able to be a		
LINE FERC. COMPANY LINE ACCT. ACCT. NO. NO.		~ 0	Comment of the Commen	<b>ታ</b> ለን	9	2	<b>&amp;</b>

<sup>(1)</sup> Altocation of Common Plant / SmartGrid to gas determined by SmartGrid filings

### DUKE ENERGY OHIO, INC. CASE NO. 12-1685-GA-AIR ADJUSTMENTS TO ACCUMULATED DEPRECIATION AND AMORTIZATION AS OF MARCH 31, 2012

### WORK PAPER REFERENCE NO(S):

REVISED SCHEDULE B-3.1 PAGE 1 OF 1

LINE	FERG	COMPANY		TOTAL COMPANY	ALLOCATION	JURISDICTIONAL	1 1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2
NO.	NO.		ACCOUNT TITLE	ADJUSTMENT	%	ADJUSTMENT	
1	Distribution Plant						
2	388		Gas ARO	3,504,391	100.00	3,504,391	(a)
3			Total Distribution Plant	3,504,391	,	3,504,391	-
4	General Plant						
5		2030	Miscellaneous Intangible Plant	4,087	100.00	4,087	(b)
6	397	2970	Communication Equipment	22,395	100.00	22,395	(c)
7			Total General Plant	26,482		26,482	-
8	Common Plant			\$		s	
9		1900	Structures & Improvements	351,037	100.00	351,037	<b>(</b> d)
10		1900	Structures & improvements-Hartwell Golf Course	60,252	100.00	60.252	(e)
11		1900	Structures & Improvements-Envision Center	681,977	100.00	681,977	<b>(f)</b>
12		1900	Structures & Improvements-Fourth & Walnut (Clopay)	154,281	100.00	154,281	(h)
13		1900	Structures & Improvements-Holiday Park	2,509	100.00	2,509	<b>(i)</b>
14		1900	Structures & Improvements-Atrium II	961,419	100.00	961,419	<b>(j)</b>
15		1910	Office Furniture & Equipment	(2,038)	100.00	(2,038)	) (d)
16		1940	Tools, Shop & Garage Equipment	33,208	100.00	33,208	(d)
17		1970	Communication Equipment	1,232	100.00	1,232	(d)
18		1980	Miscellaneous Equipment	5,290	100.00	5,290	(d)
19		1990, 1991	Retirement Work in Progress-ARO	117,273	100.00	117,273	_(g)
20			Total	2,366,440		2,366,440	
21		16.50%	Common Allocated to Gas	390,463		390,463	-
22			Total Gas Plant	3,921,336		3,921,336	_

To eliminate from rate base the Asset Retirement Obligation (See Staff Data Request No. 50 Supplemental)
To eliminate from rate base Company Atlocation Errors 1 and 2 (See Staff's Workpapers WPB-3.1a and WPB-3.1b)

To eliminate from rate base the Adjustment for Stores Loading and Adjustment for Uninstalled Gas Modules ( See Staffs Workpapers WPB-3.1c and WPB-31d)

To eliminate from rate base the Hartwell Recreation Facilities allocated to uses other than for specific company purposes. (See Applicant's Schedule B-2.5) (c)

To eliminate from rate base the Hartwell Golf Course ( See Staff's Data Request No. 133)

to eliminate from rate base the Envision Center (See Applicant's Schedule B-3.4)

To eliminate from rate base the Envision Center (See Applicant's Schedule B-3.4)

To eliminate from rate base the Common Plant Retirement Work in Progress-ARO (See Staff Data Request No. 78 in Case No. 12-1692-EL-AIR)

To eliminate from rate base the Clopay Bldg & Access Ramp (See Staff's Workpaper WPB- 3.1e)

To eliminate from rate base the Leasehold Improvements that are fully amortized (See Applicant's Schedule B-3.4 & Staff's Schedule B-2.2)

# 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

REVISED SCHEDULE B-3.2 PAGE 3 OF 5

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

	FFRC	FFR C COMPANY	ACCOUNTAILE	ADJUSTED J	ADJUSTED JURISDICTION	PROPOSED	CALCULATED		AVERAGE	
¥	ACCT.	Å F	ORMAJOR	Page	ACCUMULATED	ACCRUAL	<b>D</b>		SERVICE	1975
°ंड	NO. NO.	NO B	PROPERTY GROUPING (C)		BALANCE (E)	3 G	EXPENSE (G=DxF)	SALVAGE (H)	# =	
Recessions descentiary	de la companya de la			w	49	%	ь			
Ŧ.	000	2030	Miscellaneous Intancible Plant	14,494,292	8,973,027	Varions	1,960,260 (b)	~	S)	
2	389	2890	Land	0	0		0	Perpetual Life	a)	
'n	390	2900	Structures & Improvements	2,065,248	670,246	3.33	68,773	0	30	501
4	391	2910	Office Furniture & Equipment	596,371	256,143	5.00	29,818	0	20	S
· w	394	2911	Electronic Data Processing Equipment	1,311,766	211,602	20,00	262,353	0	ß	S
υc	392	2920	Transportation Equipment	24,590	24,590	9.00			10	
. ~	392	2921	Tailers	644,188	445,198	5.00	0	15	17	.દ
. cc	394	2940	Tools, Shop & Garage Equipment	8,167,347	3,906,925	4,00	326,694	0	28	SOS
o chi	395	2950	Laboratory Equipment	234,056	165,130	6.67	15,612	0	15	SO
Ç	388	2960	Power Operated Power Equipment	219,039	107,839	6.36	(0)	30	7.	51.5
=	397	2970	Communication Equipment	22,329,009	1,073,017	6.67	1,489,345	0	\$	SOS
. 27		108	Retirement Work in Progress		212,586		0			
5		And the state of t	Total General Plant	50,085,906	16,046,303		4,152,856			
4		Avenue de confession de confes	Total Gas Plant	1,562,918,739	422,471,864		40,955,614			

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

REVISED SCHEDULE B-3.2 PAGE 5 OF 5

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

LINE ACCT. NO. NO.	COMPANY ACCT. NO. (B-2)	ACCOUNT TITLE OR MAJOR PROPERTY GROUPING (C)	ADJUSTED JURISDICTION PLANT ACCUMULATED INVESTMENT BALANCE (D)	SDICTION COUNTY SOUTH	ACCRUAL RATE (F)	CALCULATED DEPR. EXPENSE (G=DxF)	% NET SERVICE CURVE SALVAGE LIFE FORM (H) (I) (J)	WGE CL	ORAN SE SE
			w	Ø	*	69			
~ 0	1911	Electronic Data Processing - SmartGrid Communication Equipment - SmartGrid	113,194 27,261,331	34,024 1,908,843	20.00	22,639 1,818,331	00	æ <del>र</del> ्ट	80 80
3	espite de la companya	Total Common Plant ( SmartGrld)	27.374,525	1,942,867		1,840,970			
4 % Q	(e) (e) (e)	Common Plant Allocated to Gas - SmartGrid Original Cost Reserve Annual Provision	13,383,405	949,868		890,661			
7	and the same and t	Total Common Plant	311,725,374	145,160,519		15,391,022			
8 o o o o o		Common Plant Allocated to Gas Original Cost Reserve Annual Provision	60,301,295	24,580,780		3,126,420			
<del></del>	Coordinates	Total Gas Plant Including Allocated Common	1,623,220,034	447,052,644		44,082,034			

<sup>(</sup>a) Fully Amortized
(b) See Staff Workgaper WPB-3.2b
(c) Deprecalation Charged to Transportation Expense
(c) Deprecalation Charged to Transportation Expense
(d) Those Leasehold improvements are being amortized over the life of the Lease (Applicant's Schuddue B-3.4 and Staff's Data Request No 122)
(e) Common Plant / SmartGrid Allocated to Gas Determined by SmartGrid Filings

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

AGOM	DAPER REFERS	MOBY DADER REFERENCE NO(S) - WPR-6 1c through WPB-6.19	<b>4</b>		REVISED SCHEDULE B-6 PAGE 1 OF 2
N O	ACCOUNT		COMPANY (A)	ADJUSTMENTS	ADJUSTED
	252	Customers' Advances for Construction	(3,597,473)	0	(3,597,473)
ପ୍ର	235	Customer Service Deposits/Unclaimed Funds	(8,453,180)	(68,382)	(8,521,562)
4 ro	271	Contributions in Aid of Construction	0	0	0
9 /		Post Retirement Benefits	0	(14,645,755)	(14,645,755)
သတင္	255	Investment Tax Credits: (B)			
5 # 5		Pre-1971 3% Credit	0 6 554)	00	0
5 5			(tereta)	0 0	(C)
<u>4</u> &		1981 10% Credit Tax Credits	(2,845,131) (2,851,685)	2,845,131 2,845,131	(6,554)
დ ⊱ ფ		Deferred Income Taxes:			
5	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
2 5	8 5	FAS 106 OPEB	3,550,411	<b>&gt;</b> C	3,030,411
24	<u> </u>	FAS 87 Qualified Pension	(4,146,062)	0	(4,146,062)
52	190	Federal Deferred Tax Receivable	12,418,562	0	12,418,562
56	190	Gas Meters	(3,456,610)	0	(3,456,610)
27	190	Gas Supplier Refund	435,728	D ·	435,728
28	190	Incentive Plan	241,214	0 (	241,214
53	190	Misc	37,456	00	37,456
₹ ₹	35	Natural Gas in Transit	050,08	<b>,</b>	96,96 762 972
- E	<u>8</u> 5	Post Retrement Renefits - SFAS 112	530,912	0	530.912
E	90	Property Tax	8,254,533	(8,254,533)	0
8	190	Property Tax on Propane	536,061	0	536,061
35	190	ITC FAS 109	(467,584)	467,584	0
မ္တ	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
36	190	Uncallectible Accounts PiP	(1,104,646)	00	(1,104,646)
<del>\$</del> 4	061	Vacation t'ay Acctuals Total Account 190	33.058.239	(8.846.999)	24.211.240
-		analysis to			

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

PAGE 1 OF 1 **REVISED SCHEDULE C-1** 

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

1 Operating Revenues 2 3 Operating Expenses 4 Operation & Maintenance 5 Depreciation 6 Taxes - Other 7 Operating Expenses before Income Taxes 8 Federal Income Taxes 10 Total Operating Expenses 11 Net Operating Income 14 Rate Base 16 Rate Base 16	REVENUE & EXPENSES	STIPULATED INCREASE	The second secon	REVENUE & EXPENSES
		<b>(a)</b>	6	204 045 062
	384,015,062	1 <del>/}</del>	<del>?</del>	204,010,002
	221,071,618	0		221,071,618
	44,082,034	0		44,082,034
	24,898,498	0		24,898,498
ע מ	ncome Taxes 290,052,150	0		290,052,150
<u>т</u> с с		•		
α α	25,765,571	0		25,765,571
<u> </u>		•		
<b>α</b> α	315,817,721			315,817,721
α α		,	•	
	\$ 68,197,341	9	co.	68,197,341
			,	
	\$ 882,242,442		မှာ	882,242,442
17 Rate of Return				
	7.73%			7.73%

<sup>(</sup>A) Staff's Schedule C-2

<sup>(</sup>B) Applicant"s WPC-1a (C) Column (A) + Column (B)

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

REVISED SCHEDULE B-6 PAGE 2 OF 2

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

(1,172,089) 715,729 (461,822) (15,729 (461,822) (15,600,264) (15,600,264) (15,444,583) (12,344,583) (12,344,583) (12,344,583) (12,344,583) (12,344,583) (12,344,583) (12,344,583) (12,344,583) (13,444,583) (14,444,5					
Comparison of the Cost of th		Deferred income Taxes (Con't)			
CIAC Composite control of the Control of the Carrying Costs  City 2  (15,644,563)  (15,444,563)  (16,444,563)  (16,444,563)  (16	2		(1,172,089)		(1,172,089)
Chip   Differences   (15,444,583   15,444,583   15,444,583   15,444,583   15,444,583   15,444,583   15,444,583   15,444,583   15,444,583   15,444,583   15,444,583   15,444,583   15,444,583   15,444,583   15,444,583   14,600,284   14,900,	. 0	CIAC	715,729		715,729
FASTOB   Leased Meters   (15,444,583)   15,444,583   15,444,583   16,444   16,	8	Cwip Differences	(461,822)		(461,822)
Case of Meters   Case of Meters   Case of Meters		FAS109	(15,444,583)	15,444,583	0
Miscellaneous         (8 683 344)           Non-Cash Overheads         (234,230,149)           Tax Interest Capitalized         15,444,583           Tax Interest Capitalized         15,444,583           ARO Cumulative Effect         (5,007,186)         0           Deferred Fuel         (5,007,186)         0           Deferred Fuel         (6,585,303)         (6,585,303)           Deferred Fuel         (1,660,920)         (849,819)           FAS 106 OPEB         (1,660,920)         (1,660,920)           FAS 87 Non-Qualified Pension         (8,699,583)         (6,585,303)           FAS 87 Non-Qualified Pension         (8,699,583)         (102,753)           FAS 87 Non-Qualified Pension         (8,699,583)         (6,586,303)           Loss on Reacquired Debt         (102,753)         (102,753)           Merger Costs         (5,982,648)         0           Rate Case         (5,083,4)         0           Smart Grid         (3,083,4)         0           Uncollectible Accounts         (3,686,690)         0           Vacation Pay Accruals         Total Account 283         (28,66,690)         0           Vacation Pay Accruals         Total Account 283         (3,686,690)         0           Oth	. ~	l eased Meters	(19,600,264)		(19,600,264)
Non-Cash Overheads		Miscellaneous	(8,683,344)		(8,683,344)
Tax Depreciation         (224,290,149)           Tax Depreciation         Total Account 282         (5,007,186)         15,444,583           ARO Cumulative Effect         6,586,303         0         0           Deferred Fuel         6,586,303         (6,586,303)         0           Deferred Smart Grid Costs         (24,745,199)         (849,819)         0           Environmental Reserve         (19,447)         0         0           FAS 106 OPEB         (19,60,920)         (6,586,303)         0           FAS 37 Qualified Pension         (8,699,839)         0         0           FAS 87 Qualified Pension         (8,699,833)         0         0           FAS 97 Qualified Pension         (8,699,833)         0         0           FAS 97 Qualified Pension         (8,699,833)         0         0           Rose In-Service Carrying Costs         (5,982,633)         0         0           Rade Costs         (5,264,619)         (7,537,875)         0           Named Grid         (20,07,186)         0         0           Smart Grid         (20,07,186)         0         0           Vacailon Pay Accruals         (24,082,1806)         (7,537,875)         0           Total Deferred Income Tax	۰. د	Non-Cash Overheads	4,970,661		4,970,661
ARO Cumulative Effect Total Account 282 (271,225,455) 15,444,583 (6,585,303) (		Tax Degree after	(234,290,149)		(234,290,149)
ARO Cumulative Effect (5,007,186) (6,585,303)  Deferred Fuel Costs (5,607,186) (6,585,303)  Deferred Smart Grid Costs (19,464) (6,585,303)  Environmental Reserve (19,464) (6,585,303)  Environmental Reserve (19,464) (19,464) (19,464)  FAS 106 OPEB (19,464)		Tax Interest Capitalized	2,730,405		2,730,405
ARO Cumulative Effect (5,007,186) 0  Deferred Fuel Costs Deferred Sand Gid Costs Deferred Sand Gid Costs Deferred Sand Gid Costs Deferred Sund Gid Costs C4,718 0 C4,745,199) (849,819) FAS 106 OPEB FAS 106 OPEB FAS 70 Qualified Pension (19,464) 0 FAS 87 Qualified Pension (894,232) 0 Loss Of Qualified Pension (894,232) 0 C105 Office Carrying Costs (896,080) (7,537,875) 0 C105 Office Carrying Costs (894,0291) (15,796,710 0 C105 Office Carrying Costs (15,796,710 0 C105 O			(271,235,455)	1 3	(255,790,873)
ARO Cumulative Effect  ARO Cumulative Effect  Befored Fuet  Cat, 745, 199  FAS 106 OPEB  FAS 106 OPEB  FAS 7 Non-Qualified Pension  FAS 87 Non-Qualified Post-in-Service Carrying Costs  FAS 87 Non-Qualified Post-in-Service Carrying Costs  Catal Deferred Income Taxes  Other:  Other:  AMRP and Smart Grid Post-in-Service Carrying Costs					
Deferred Fuel         6,585,303         (6,585,303)           Deferred Smart Grid Costs         584,718         0           Environmental Reserve         (24,745,199)         (849,819)           FAS 106 OPED         (15,464)         0           FAS 87 Qualified Pension         (8,695,583)         0           FAS 87 Qualified Pension         (8,695,583)         0           Loss on Reacquired Debt         (8,694,232)         0           Merger Costs         (6,982,683)         0           Post In-Service Carrying Costs         (5,982,648)         0           Rate Grid Obst         (5,082,648)         0           Incollectible Accounts         (5,082,648)         0           Uncollectible Accounts         (686,080)         (7,537,875)           Vacation Pay Accruals         (43,832,806)         (7,537,875)           Total Deferred Income Taxes         (282,010,022)         (340,291)           Other:         AMRP and Smart Grid Post-in-Service Carrying Costs         (282,010,022)         (340,291)	~	ARO Cumulative Effect	(5,007,186)	0	(5,007,186)
Deferred Smart Grid Costs     584,718     0       Deferred Smart Grid Costs     (24,745,199)     (849,819)       Environmental Reserve     (1,660,920)     0       FAS 106 OPEB     (1,660,920)     0       FAS 7 Non-Qualified Pension     (8,695,583)     0       Loss of Qualified Pension     (8,694,232)     0       Loss of Qualified Pension     (694,232)     0       Merger Costs     (5,982,648)     0       Rate Case     (5,982,648)     0       Smart Grid     1,705,185     0       Uncollectible Accounts     (686,619)     0       Vacation Pay Accruals     (43,832,806)     0       Total Account 283     (282,010,022)     (340,291)       Other:     AMRP and Smart Grid Post-in-Service Carrying Costs     0		Deferred Fuel	6,585,303	(6,585,303)	0
Environmental Reserve FAS 106 OPEB FAS 87 Non-Qualified Pension FAS 87 Non-Cualified Pension FAS 87 Non	o of	n Grid Co	584,718	0	584,718
FAS 106 OPEB FAS 87 Non-Qualified Pension FAS 87 Non-Cualified Pension FAS	. ~	Environmental Reserve	(24,745,199)	(849,819)	(25,595,018)
FAS 87 Non-Qualified Pension FAS 87 Oualified Pension FAS 87 Qualified Post-in-Service Carrying Costs FAS 87 Qualified Post-in-Service Carrying Costs FAS 87 Qualified Post-in-Service Carrying Costs FAS 87 Non-Qualified Post-in-Service Carrying Costs FAS 87 Non-Qualified Post-in-Service Carrying Costs FAS 87 Qualified Post-in-Service Carrying Costs	. ~	FAS 106 OPEB	(1,660,920)	0	(1,660,920)
FAS 87 Qualified Pension       (8,699,583)       0         Loss on Reacquired Debt       (694,232)       0         Loss on Reacquired Debt       (102.753)         Merger Costs       (5,982,648)       0         Post In-Service Carrying Costs       (5,264,619)       0         Rate Case       (5,264,619)       0         Smart Grid       Uncollectible Accounts       0         Vacation Pay Accruals       (43,832,806)       (7,537,875)         Total Deferred Income Taxes       (282,010,022)       (940,291)         Other:       AMRP and Smart Grid Post-in-Service Carrying Costs       0       15,786,710		FAS 87 Non-Qualified Pension	(19,464)	0	(19,464)
Loss on Reacquired Debt (694,232) 0  Merger Costs Merger Costs Post In-Service Carrying Costs (5,982,648) 0  Rate Case Smart Grid Uncollectible Accounts Total Account 283 (282,010,022) (340,291)  Other:  AMRP and Smart Grid Post-in-Service Carrying Costs (694,231)	. ~	FAS 87 Qualified Pension	(8,699,583)	0	(8,699,583)
Merger Costs	. m	Loss on Reacquired Debt	(694,232)	٥	(694,232)
Post In-Service Carrying Costs		Merger Costs	102,753	(102,753)	C
Rate Case       (50,834)       0         Smart Grid       1,705,185       0         Uncollectible Accounts       (686,080)       0         Vacation Pay Accruals       (43,832,806)       0         Total Deferred Income Taxes       (282,010,022)       (940,291)         Other:       AMRP and Smart Grid Post-in-Service Carrying Costs       0       15,796,710	. ~	Post In-Service Carrying Costs	(5,982,648)	0	(5,982,648)
Smart Grid       (5,264,619)       0         Uncollectible Accounts       1,705,185       0         Vacation Pay Accruals       (686,080)       0         Total Account 283       (43,832,806)       (7,537,875)         Total Deferred Income Taxes       (282,010,022)       (940,291)         Other:       AMRP and Smart Grid Post-in-Service Carrying Costs       0       15,796,710	o er	Rate Case	(50,834)	0	(50,834)
Uncollectible Accounts Uncollectible Accounts Uncollectible Account 283  Vacation Pay Accruals  Total Account 283  (43,832,806)  (7,537,875)  Total Deferred Income Taxes  Other:  AMRP and Smart Grid Post-in-Service Carrying Costs  0  15,796,710	. e	Smart Grid	(5,264,619)	0	(5,264,619)
Vacation Pay Accruals         (686,080)         0           Total Account 283         (43,832,806)         (7,537,875)           Total Deferred Income Taxes         (282,010,022)         (940,291)           Other:         AMRP and Smart Grid Post-in-Service Carrying Costs         0         15,796,710	· ~	Uncollectible Accounts	1,705,185	0	1,705,185
Total Account 283 (43,832,806) (7,537,875)  Total Deferred Income Taxes (282,010,022) (940,291)  Other:  AMRP and Smart Grid Post-in-Service Carrying Costs 0 15,796,710	, cr	Vacation Pay Accruals	(080'989)	0	(686,080)
Taxes     (282,010,022)     (940,291)       Post-in-Service Carrying Costs     0     15,796,710	2		(43,832,806)	(7,537,875)	(51,370,681)
Taxes (262,010,022) (340,231)  Post-in-Service Carrying Costs 0 15,796,710			(00000000000000000000000000000000000000	1000 000	1810 040 000
Post-in-Service Carrying Costs 0 15,796,710		Total Deferred Income Taxes	(282,010,022)	(340,231)	(4) 5,055,207)
15 70K 71			0	15,796,710	15,796,710

<sup>(</sup>A) Total Company is 100% Jurisdictional.

<sup>(</sup>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 ADJUSTED TEST YEAR OPERATING INCOME FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

WORK PAPER REFERENCE NO(S).: Staff's Schedule C-2.1 & Staff's Schedule C-3.

REVISED SCHEDULE C-2 PAGE 1 OF 1

LINE NO.	DESCRIPTION	UNADJ REVEN EXPE	NUE &	AD	STAFF'S JUSTMENTS	RI	ADJUSTED EVENUE & (PENSES
1	OPERATING REVENUES		0.40.007	•	(00.047.457)	•	244 226 776
2	Base Revenue and Riders		,343,927	\$.	(26,017,157)	\$	241,326,770
3	Gas Costs Revenue		,105,778		(13,058,922)		138,046,856
4	Other Operating Revenue		733,651		1,907,785		4,641,436
5 6	Total Operating Revenues	421	,183,356		(37,168,294)		384,015,062
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	1	,276,268		0		1,276,268
13							
14	Other Gas Supply Expenses						
15	Purchased Gas		959,346		(5,974,444)		137,984,902
16	Other		,814,319		0_		1,814,319
17 18	Total Other Gas Supply Expense	145	,773,665		(5,974,444)		139,799,221
19	Transmission Expense		0		0		C
20	Distribution Expense	23	114,442		(150,050)		22,964,392
21	Customer Accounts Expense	30	,317,499		(13,892,724)		16,424,775
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		(7,052,760)		30021486
25	Amortization of Deferred Expense	3	136,489		(604,676)		2,531,813
26 27	Total Operation and Maintenance Expense	248	,924,724		(27,853,106)		221,071,618
28	Depreciation Expense	41	,322,736		2,759,298		44,082,034
29							
30	Taxes Other Than Income Taxes		101004		(700 601)		1,761,753
31	Other Federal Taxes		2,484,354		(722,601)		23,136,745
32	State and Other Taxes		0,670,721		(27,533,976) (28,256,577)		24,898,498
33	Total Taxes Other Than Income Taxes	53	3,155,075		(20,200,077)		24,030,430
34							
35	Federal Income Taxes	746	) CE 4 000\		E 606 974		(6,928,089)
36	Normal and Surcharge		2,554,963)		5,626,874		32,693,660
37	Provision for Deferred Income Taxes		3,479,991		(786,331)	-	25,765,571
38 39	Total Federal Income Tax Expense		0,925,028	· ——	4,840,543		
40 41	Total Operating Expenses and Taxes	364	1,327,563		(48,509,842)		315,817,721
42	Net Operating Income	\$ 56	3,855,793	\$	11,341,548	\$	68,197,341

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

		FOR THE TWEL	FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012	O DECEMBER 31,	2012	REV	REVISED SCHEDULE C-3 PAGE 1 OF 5
SON.	WORK PAPER REFERENCE NO(S).: SEE BELOW	TOTAL	ANNITALIZE	INTENTIONALLY	RATE	ANNUALIZED	
Ž	And the second s	SCHEDULE			CASE		ANNUALIZE Debografion
2	TITLE OF ACCOUNT	3	REV & EXP	224			
Property and Personal	ELEMENT of OPERATING INCOME		C-3.1	C-3.2	C-3.3	4.5-7	6-8-3
-	OPERATING REVENUE		,				
Ø	Base	(26.017.157)	6,980,628				
හ	Gas Costs	(13,058,922)	(13,058,922)				
4	Other	1,907,785	1,907,7050		-0	0	0
ശ	Total Revenue	(37, 100,234)	(4,1,0,0,0)				
9 1	OPERATING EXPENSES						
- 0	Organism and Mainfenance Expenses						
0 0	Production Expenses						
» 5	Liguified Petroleum Gas	0					
=	Other	0		sand the second	The state of the s		
72	Total Production Expense	0	0	0	7	2	1
33							
<u>*</u>	Other Gas Supply Experises		1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1				
15	Purchased Gas	(5,974,444)	(5,974,444)				
9	Other	0	100000000000000000000000000000000000000				0
17	Total Other Gas Supply Expense	(5,974,444)	(5,974,444)	D			
<u>x</u>		•					
<u> </u>	Transmission Expense	2 6 6 6					
20	Distribution Expense	(hch,hch)					
27	Customer Accounts Expense	(13,092,124)					
22	Customer Serv & Into Expense	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0					
8	Sales Expense	(304,011)			(15,998)	(1.559.495)	
<b>2</b> 2	Administrative & General Expense	(4,054,709)			(anaian)		
G 8	Amorgization or Deterred Expenses Total Operation and Maintenance Expenses	(27 853 106)	(5.974.444)	0	(15,998)	(1,559,495)	0
27						'	4
28	Depreciation Expense	2,759,298	0	0	0	0	2,759,298
29	Tayor Other Then land a Tayor						
3 5		(722.601)					
		(27,533,976)					
33	<b>}</b>	(28,256,577)	0	0	0	0	0
8							
35		70000	970 970	c	A 500	545 823	U
99		9,020,04	010,100	>	P C C	25,010	(965.754)
37	Prov Deferred Inc. Lax (Deferrals)	(100,001)					
3 8	-	4,840,543	631,376	0	5,599	545,823	(965,754)
<b>4</b> :		(48 500 842)	(4 343 068)	c	(40.399)	(1.013.672)	1,793,544
4 5	rotal Oper. Expenses and rax	7-1000000	7237	***			
4 4	Net Operating Income	11,341,548	1,172,559	0	10,399	1,013,672	(1,793,544)
,			W				

### 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

W. S.	WORK PAPER REFERENCE NOISH: SEE BELOW						REVISED SCHEDULE C-3 PAGE 2 OF 5
E S	The second secon	CUSTOMER SERVICE	OHIO	ANNUALIZE PROPERTY	ELIMINATE PIPP REVENUE	INTEREST EXPENSE	ELIMINATE SMART GRID O&M
ON O	TTEOENCE	DEPOSITS		2 C	AND EXPENSE	DEDUCATED	C.3.14
-	OPERATING REVENUE	6-5-5	1.0.5	0.5.0			
. 01	Base		(16,428,536)		(10,674,058)		
ო	Gas Costs						
4 W	Other Total Revenue	O CONTRACTOR CONTRACTO	(16,428,536)	0	(10,674,058)	0	0
<u>ه</u> کو	OPERATING EXPENSES						
- ∞	Operation and Maintenance Expenses						
6	Production Expenses						
₽°₹	Liquified Petroleum Gas Other						
- 2	Total Production Expense	0	0	0	0	0	0
13							
7	Other Gas Supply Expenses						
<del>1</del>	Purchased Gas						
2 12	Total Other Gas Simply Expense	0	0	0	0	0	0
φ.							
19	Transmission Expense						
202	Distribution Expense	303 636		-	(40 R12 400)		
2 8	Customer Serv & Info Expense	060,062			(000) 410(01)		
3 2	Sales Expense						
24	Administrative & General Expense						
25	Amortization of Deferred Expense			terr (Sterraute Liver markets concentrations and the con-		ALL PLANTS IN CHARGO STATE AND ADDRESS OF THE PARTY OF TH	(2,827,689)
26	Total Operation and Maintenance Expenses	253,595	0	0	(10.612,499)	0	(2,827,689)
23	Depreciation Expense	0	0	0	0	0	0
23							
8 8	Taxes Other Than Income Taxes						
5 6	Other rederations		/10.002 607)	(124 250)			
3 8	Total Taxes Other Than Income Tax	0	(19,992,607)	(124,250)	0	0	0
8 8							
35	Federal Income Taxes	1	i d	0	1000	1000 000 F	.00
36	Normal and Surfax	(867,58)	1,44,1425	004,04	(040'17)	786.091	60,808
3 8	Prov Deferred inc Tax (Writebacks)						
36	Total Federal Inc Tax Expense	(88,758)	1,247,425	43,488	(21,546)	(823,189)	989,691
<b>4</b> £	Total Oper Evpenses and Lay	164 837	(18 745 182)	(80.762)	(10.634.045)	(823,189)	(1,837,998)
42			eater tryping areas and the second			Andreas of the contract of the	of sever decimal services of every real services and the services are serviced to the services of the services of the services and the services are services are services are services and the services are services a
₩.	Net Operating Income	(164,837)	2,316,646	80,762	(40,013)	823,189	1,837,998

DUKE ENERGY OHIO, INC.

CASE NO. 12-1685-GA-01-10-10-10-10-10-10-10-10-10-10-10-10-	SUMMARY OF JURISDICTIONAL ADJOSTIMENTS TO OPERATING INCOME	FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012
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	WO THE HER - VOICE BORDONLING CHOICE VICES						PAGE 3 OF 5
NE CENT	PAPER REFERENCE NO(5): SEE DECOM	<b>A</b>	The second secon	ELIMINATE NON JURIS EXPENSES	ADJUST PUCO/OCG ASSESSMENTS	UNCOLLECTIBLE REVENUE & EXPENSE	ANNUALIZE PENSION & BENEFIT EXP
2	ELEMENT OF DEPOY INCOME	C-3.12	C-3.13	C-3.14	C-3.15	C-3.16	C-3,17
-	OPERATING REVENUE					5	
ର (	Base	(7,631,139)				1,735,948	
m r	Gas Costs						Andrew (A) a second by Anni grand manifester a controller commence of the control
t ru	Total Revenue	(7,631,139)	0	0	0	1,735,948	0
9 !	GLIGHT LEVEL CONF. C. STATE C.						
۰ م	OPERATING EXPENSES Operation and Maintenance Expenses						
0 9	Operation Expenses						
, <del>c</del>	Liquified Petroleum Gas						
= :	Other			0	0	0	0
2 5	total Production Expense			The state of the s		and the second control of the second control	
2 *	Other Gas Supply Expenses						
15	Purchased Gas						
40	Other		- Production of the Contract o	0	,	0	0
<u>~</u> α	Total Other Gas Supply Expense		2				
2 0	Transmission Expense			!			
20	Distribution Expense		(100 445)	(ng)		497 587	
3 2	Customer Accounts Expense		(att-'60)				
វ ន	Sales Expense			(178,452)			3000
24	Administrative & General Expense		(2,853,114)	(251,133)	(282,701)	1 918 247	(228,128,1)
25	Amortization of Deferred Expense Total Operation and Maintenance Expenses	0	(3,612,559)	(429,635)	(282,701)	2,415,809	(1,921,322)
27				۰	c	c	c
28	Depreciation Expense	0					
8 8	Taxes Other Than Income Taxes						
ઝ	Other Federal Taxes	1					
3 33	State and Other Taxes Total Taxes Other Than Income Tax	(7,417,119)	0	0	0	0	0
8 8							
32	Federal Income Taxes	(7/4 9/)	1 264 396	150.372	98.945	(237,951)	672,463
37	Prov Deferred Inc Tax (Deferrals)						
8 8	Prov Deferred Inc Tax (Writebacks) Total Federal Inc Tax Expense	(74,907)	1,264,396	150,372	98,945	(237,951)	672,463
<b>4</b> :		(960 607 6)	(2 348 163)	(579 263)	(183 756)	2.177.858	(1,248,859)
÷ 5	rotal Oper. Expenses and rax	(0.00,000)	22.22.22.22				
4 6	Net Operating Income	(139,113)	2,348,163	279,263	183,756	(441,910)	1,248,859

REVISED SCHEDULE C-3

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

O C	WO 198 990 CONTRACTOR OF A STATE						PAGE 4 OF 5
E SE	THE POP AND THE PO	ANNUALIZE PAYROLU TAXES	INTENTIONALLY LEFT BLANK	ANNUALIZE AMORT OF PISCC	INTENTIONALLY LEFT BLANK	AMORTIZE CAMERA WORK	ELIMINATE MERGER COSTS
	ELEMENT of OPERATING INCOME	C-3.18	C-3.19	C-3.20	C-3.21	C-3.22	C-3.23
-	OPERATING REVENUE						
N C	Base						
י מ	Gas Costs Other						
(A)	Total Revenue	0	0	0	0	0	0
9 <b>~</b>	OPERATING EXPENSES						
∞	Operation and Maintenance Expenses						
ආ ද	Production Expenses						
2 #	Liquilled Petroraum Gas Office						
<u>4</u>	Total Production Expense	0	0	0	0	0	0
<u> </u>	Olber Gas Stipoly Expenses						
<u>+</u>	Purchased Gas						
16	Other						
1,7	Total Other Gas Supply Expense	0	0	0	0	0	0
00							
<u> </u>	Transmission Expense Distribution Expanse						
7.5	Customer Accounts Expense						
22	Customer Serv & Info Expense						
23	Sales Expense						
24	Administrative & General Expense					4	(168,997)
25	Amortization of Deferred Expense			304,766		210	(100 003)
26	Total Operation and Maintenance Expenses	0	0	304,100			(/65'901)
28 28	Depreciation Expense	0	0	0	0	0	0
53							
8 8	Taxes Other Than Income Taxes	(700 601)					
- C	Omer receial taxes	(144,001)					
2 6	State and Other Taxes Total Taxes Other Than Income Tax	(722.601)	0	0	0	0	0
8 8					No. of the last three		
35	Federal Income Taxes			1	•	•	4
36	Normal and Surfax	252,910	0	0 000	<b>-</b>	5	58,149
37	Prov Deferred Inc Lax (Deferrals)  Drow Deferred Inc Tay (Mittehacks)			(600,001)			
æ	Total Federal Inc Tax Expense	252,910	0	(106,668)	0		59,149
40							
<del>1</del> 4	Total Oper. Expenses and Tax	(469,691)	0	198,098	0	0	(109,848)
4 5	Net Operating Income	469,691	0	(198,098)	0	0	109,848
	•	0.000000 Company (0.000000 Company (0.00000000000000000000000000000000000	Contracting the contraction of t			SAME SECOND AND ASSOCIATION OF THE PERSON OF	A STATE A STAT

### 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

25	WORK PAPER REFERENCE NO(S): SEE BELOW	FOR THE TWEL	.VE MONTHS END	FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012	2012	RE	REVISED SCHEDULE C-3 PAGE 5 OF 5
		ADDITIONAL CAMERA	INTENTIONALLY LEFT	SMART GRID ADJUSTMENT	3 1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	INTENTIONALLY LEFT	INTENTIONALLY LEFT
O N	ELEMENT of OPERATING INCOME	C-3.24	C-3.25	C-3.26	C-3.27	C-3.28	C-3.29
-	OPERATING REVENUE						s unterdativent i et det klassifierte Addalling igne-Addalling daten op en
8	Base						
ო -	Gas Costs						
4 m	Ounei Total Revenue	0	0	0	0	0	0
φi							
~ a	OPERATING EXPENSES Operation and Mainfenance Expenses						
ော	Production Expenses						
10	Liquified Petroleum Gas						
<del></del> ;	Other Total Broduction Expenses	0	B	0	0	0	0
4 4			***************************************				
3 4	Other Gas Supply Expenses						
15	Purchased Gas						
91	Other	•	•				
<u>, 4</u>	Total Other Gas Supply Expense		>		>	0	7
<u> </u>	Transmission Expense						
20	Distribution Expense	(150,000)		1			
2 5	Customer Accounts Expense			(3,271,937)			
3 %	Customer bery a line expense Sales Expense						
2 2					O		0
25			0	,		0	
<b>9</b>	Total Operation and Maintenance Expenses	(150,000)	0	(3,271,937)	0	0	0
78	Depreciation Expense	0	0	0	0	0	0
29							
8 8	•						
5	Other Federal Taxes						
3 8	-	0	0	0	0	0	O
34		management and a company of the management of the company of the c	En ykkyminiminan i V vinama si Vinamana akkimininin koloninininy yakin ananana	<ul> <li>All voollet versichteren er er ner ner is der er eine der er er er er gehabet.</li> <li>Bil voollet versichteren er er</li></ul>	making by Versional california cust fact that the best side of the time and ti		
35	_		•	1	•	•	•
36	Normal and Surfax	92,500	•	1,145,178	Ð	>	<b>&gt;</b>
700							
38		52,500	0	1,145,178	Ô	0	O Company of the state of the s
<del>\$</del> ;		(002 500)	c	(0 106 750)	c	c	c
<del>1</del> 4	lotal Oper, Experises and Tax	Inne're)		(4, 120, 139)			
43	Net Operating Income	97,500	0	0 2,126,759	0	0	0

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

REVISED SCHEDULE C-3.1
PAGE 1 OF 2

AMOUNT

WORK PAPER REFERENCE NO(S).: WPC-3.1a, WPC-3.1b

PURPOSE and DESCRIPTION

PURPOSE and DESCRIPTION: To reflect adjustments to operating revenues to reclassify and annualize base and gas cost recovery revenue, to eliminate unbilled revenues and to adjust other operating revenues.

Base Revenue	To Sch C-3 Summary < \$	6,980,628
Gas Cost Revenue	To Sch C-3 Summary <	(13,058,922)
Other Revenue	To Sch C-3 Summary <	1,907,785
Total	↔	(4,170,509)
Jurisdictional allocation percentage		100%
Jurisdictional amount	8	\$ (4,170,509)

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

REVISED SCHEDULE C-3.1 PAGE 2 OF 2

WORK PAPER REFERENCE NO(S).: WPC-3.1a, WPC-3.1b

PURPOSE and DESCRIPTION	AMOUNT
PURPOSE and DESCRIPTION: To reflect the change in purchased gas cost which would result from the annualization of purchased gas cost and the elimination of gas costs associated with unbilled revenues.	
Gas Cost Expense Adjustment	\$ (5,974,444)
Jurisdictional allocation percentage	100%
Jurisdictional amount	To Sch C-3 Summary < \$ (5,974,444)

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

REVISED SCHEDULE C-3.4
PAGE 1 OF 1

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

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PURPOSE and DESCRIPTION. To annualize test year payroll costs using 12 months actual December 2012

Total		\$ (1,559,495)
Jurisdictional allocation percentage		100%
Jurisdictional amount	To Sch C-3 Summary <	\$ (1,559,495)

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

REVISED SCHEDULE C-3.5 PAGE 1 OF 2

AMOUNT

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

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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.

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

REVISED SCHEDULE C-3.5
PAGE 2 OF 2

AMOUNT

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

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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.

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

REVISED SCHEDULE C-3.8 PAGE 1 OF 1

AMOUNT

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

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Щ	ų	z ,
URPOSE and DESCRIPTION	DDDCC and DECPIDITION. To reflect the change in expense	if property taxes were calculated based on
ž	1 2	5 g
- Mary	<sup>ب</sup> اد	

plant in service as of March 31, 2012.

\$ 23,058,372 71,892 23,130,265 23,254,515 \$ (124,250)	100%	\$ (124,250)
		To Sch C-3 Summary <
Personal Property Tax (a) Real Property Tax (b) Adjusted Property Tax Expense (1) + (2) Less: Test Year Expense (c) Adjustment (3) - (4)	Jurisdictional allocation percentage	Jurisdictional amount
69933	Jurisdic	Jurisdik

- **®** ⊕ ⊙
- Staff's Schedule WPC-3.8a Staff's Schedule C-3.8b Applicant's Schedule C-2.1

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

REVISED 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

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.

### FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012 DUKE ENERGY OHIO, INC. CASE NO. 12-1685-GA-AIR **BUDGET EXPENSES**

REVISED SCHEDULE C-3.13 PAGE 1 OF 1

WORK PAPER REFERENCE NO(S):: WPC-3.13a

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nd DESCRIPTION

PURPOSE and DESCRIPTION: To reduce budgeted accounts to normalized levels.

	(3,612,559)	100%	(3,612,559)
	\$ (759,445) (927,533) (446,512) (1,479,069)		To Sch C-3 Summary <
Account	903 Customer Records and Collections 924 Property Insurance 930.2 Miscellaneous General Expense 931 Rents Total (a)	Jurisdictional allocation percentage	Jurisdictional amount

Derived from Staff Data Request #'s 12, 89, 92 and Staff Workpaper WPC-3.13 <u>a</u>

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

### REVISED SCHEDULE C-3.14 PAGE 1 OF 1

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

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PURPOSE and DESCRIPTION	を見るという。 1970年の日本の日本の日本の日本の日本の日本の日本の日本の日本の日本の日本の日本の日本の

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

Governmental Affairs Corporate Community Relations		<b>&gt;</b>	(178,452) (173,782) (173,782) (53,230) (24,121)
Total Adjustment Jurisdictional allocation percentage Jurisdictional amount	To Sch C-3 Summary <	↔	(429,635) 100% (429,635)

### DUKE ENERGY OHIO, INC. CASE NO. 12-1685-GA-AIR ANNUALIZE PENSION AND BENEFITS EXPENSE

## FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

REVISED SCHEDULE C-3.17
PAGE 1 OF 1

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

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

### REVISED 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.	ĸes.		
Total		↔	(722,601)
Jurisdictional allocation percentage			100%
Jurisdictional amount	To Sch C-3 Summary <	₩	(722,601)

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

SCHEDULE C-3.22 PAGE 1 OF 1

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

AMOUNT PURPOSE and DESCRIPTION

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.

क ↔ To Sch C-3 Summary <---Jurisdictional allocation percentage Jurisdictional amount Total

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

REVISED SCHEDULE C-3.27
PAGE 1 OF 1

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

PURPOSE and DESCRIPTION PURPOSE and DESCRIPTION: To adjust expenses for increased medical costs.		TOTAL
Medical Costs Adjustment		€
Jurisdictional allocation percentage		100%
Jurisdictional amount	To Sch C-3 Summary <	₩.

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

REVISED SCHEDULE C-4 PAGE 1 OF 1

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

				AT CURRENT RATES			AT STIPULATED RATES	
LINE				SCHEDULE C-3		PROFORMA		
NO.	DESCRIPTION			UNADJUSTED	ADJUSTMENTS	ADJUSTED	ADJUSTMENTS	PROFORMA
	NATION NOT THE CONTROL OF THE CONTRO			(1)	(2)	(3)	(4)	(5)
				(\$)	(\$)	(5)	(\$)	(S)
1	Operating Income before Federal						, -	
2	Income Taxes			77,780,821	16,182,091	93,962,912	0	93,962,912
3								
4	Reconciling Items:							
5	Interest Charges			(19,527,647)	(2,351,966)	(21,879,613)	0	(21,879,613)
6	Net Interest Charges			(19,527,647)	(2,351,966)	(21,879,613)	0	(21,879,613)
7								
8	Tax Depreciation			(111,690,697)	0	(111,690,697)	0	(111,690,697)
9	Book Depreciation			43 361,628	2,759,298	46,120,926	0	46,120,926
10	Excess of Tax over Book Deprei	ciation		(68,329,069)	2,759,298	(65,569,771)	0	(65,569,771)
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)	00	(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)	(105,308)	(113,757,450)	0	(113,757,450)
17	Federal Taxable Income			(35,871,323)	16,076,785	(19,794,638)	C	(19,794,538)
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)	5,626,875	(13,344,755)	O	(13,344,755)
28	Federal Income Taxes	(= 11== 1,= 1=)		(12,554,963)	5,626,875	(6,928,088)	Ö	(6,928,088)
29					······································	· · · · · · · · · · · · · · · · · · ·		······································
30	Deferred Income Taxes:							
31	Deferred Income Tax on Depre	eciation		24,039,299	(965,754)	23,073,545		23,073,545
32	Other Deferred income Taxes			9,063,285	179,423	9,242,708		9,242,708
33	Deferred Income Tax Adjustme			4,128	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	4,128		4,128
34	Deferred Income Tax Adjustme			592,325		592,325		592,325
35	Amortization of investment Tax			(219,046)	0	(219,046)		(219,046)
36	Total Deferred Income Taxes			33,479,991	(786,331)	32,693,660	0	32,693,660
37	Take District Health Fake	=		22,110,001	1,00,0013	52,530,000		7-1300,000
38	Total Federal Income Taxes			20,925,028	4.840.544	25,765,572	0	25,765,572

<sup>(</sup>A) Calculation may be different due to rounding

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**Commission of Ohio Docketing Information System on** 

4/22/2013 2:57:17 PM

in

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

Summary: Testimony Prefiled Testimony of Wm. Ross Willis electronically filed by Mrs. Tonnetta Y Scott on behalf of PUCO