

FILE

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Duke)	
Energy Ohio for Authority to Establish a)	
Standard Service Offer Pursuant to Section)	
4928.143, Revised Code, in the Form of)	Case No. 14-841-EL-SSO
an Electric Security Plan, Accounting)	
Modifications and Tariffs for Generation)	
Service.)	
In the Matter of the Application of Duke)	
Energy Ohio for Authority to Amend its)	Case No. 14-842-EL-ATA
Certified Supplier Tariff, P.U.C.O. No. 20.)	

DIRECT TESTIMONY OF

PEGGY A. LAUB

ON BEHALF OF

DUKE ENERGY OHIO, INC.

RECEIVED-COOKETING DIV

2014 MAY 29 PM 4:06

PUCO

May 29, 2014

This is to certify that the images appearing are an
accurate and complete reproduction of a case file
document delivered in the regular course of business
Technician MN Date Processed MAY 29 2014

TABLE OF CONTENTS

	<u>PAGE</u>
I. INTRODUCTION.....	1
II. RIDER DCI – DISTRIBUTION CAPITAL INVESTMENT.....	2
III. RIDER DSR – DISTRIBUTION STORM RIDER	6
IV. SIGNIFICANTLY EXCESSIVE EARNINGS TEST	8
V. CONCLUSION	8

Attachments:

- PAL-1: Template for the Revenue Requirement Calculation for the Proposed
 Distribution Capital Investment Rider
- PAL-2: Formula for Calculating Duke Energy Ohio Earnings for Significantly
 Excessive Earnings Test

I. INTRODUCTION

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Peggy A. Laub, and my business address is 139 East Fourth Street,
3 Cincinnati, Ohio 45202.

4 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5 A. I am employed by Duke Energy Business Services LLC (DEBS) as Director,
6 Rates and Regulatory Planning. DEBS provides various administrative and other
7 services to Duke Energy Ohio, Inc., (Duke Energy Ohio or Company) and other
8 affiliated companies of Duke Energy Corporation (Duke Energy).

9 **Q. PLEASE BRIEFLY SUMMARIZE YOUR EDUCATION AND**
10 **PROFESSIONAL EXPERIENCE.**

11 A. I earned a Bachelor of Business Administration degree, with a major in
12 accounting, from the University of Cincinnati.

13 I began my career with The Cincinnati Gas & Electric Company, the
14 predecessor of Duke Energy Ohio, as a co-operative education student in the
15 Accounting Department. In 1984, I was employed full-time in the Tax
16 Department. I progressed through various positions to Coordinator, State & Local
17 Taxes. In 1998, I was transferred to the Regulated Business Unit's financial
18 group. In 2000, I was transferred to Fixed Assets Accounting and I was promoted
19 to manager in 2002. In May 2006, following the merger between Cinergy Corp.
20 and Duke Energy, I transferred to the Midwest U.S. Franchised Electric & Gas
21 accounting group. In November 2008, I transferred to Midwest Wholesale

1 Accounting as Manager, Accounting. In May 2010, I transferred to the Rate
2 Department in my current position, now titled Director, Rates and Regulatory
3 Planning.

4 **Q. PLEASE DESCRIBE YOUR DUTIES AS DIRECTOR, RATES AND**
5 **REGULATORY PLANNING.**

6 A. As Director, Rates and Regulatory Planning, I am responsible for the preparation of
7 financial and accounting data used in retail rate filings and various other rate
8 recovery mechanisms for Duke Energy Ohio and Duke Energy Kentucky, Inc.

9 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PUBLIC**
10 **UTILITIES COMMISSION OF OHIO?**

11 A. Yes. I have previously testified in a number of cases before the Public Utilities
12 Commission of Ohio (Commission) and other regulatory commissions.

13 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THESE**
14 **PROCEEDINGS?**

15 A. The purpose of my testimony is to support various aspects of Duke Energy Ohio's
16 proposed electric security plan (ESP). I will provide testimony describing the
17 proposed Distribution Capital Investment Rider (Rider DCI), the proposed
18 Distribution Storm Rider (Rider DSR), and the Company's proposal for
19 calculations addressing the significantly excessive earnings test (SEET).

II. RIDER DCI – DISTRIBUTION CAPITAL INVESTMENT

20 **Q. PLEASE DESCRIBE RIDER DCI.**

21 A. Rider DCI, as proposed in the Application, is intended to recover a return on
22 incremental capital investment and the associated depreciation and property tax

1 expense for distribution-related reliability investment that is not otherwise
2 recovered through base rates or another rider. Rider DCI would be used as a
3 mechanism for all distribution upgrades, excluding the Company's current
4 SmartGrid deployment program.

5 **Q. PLEASE DESCRIBE HOW RIDER DCI WILL BE CALCULATED.**

6 A. The incremental revenue requirement applicable to Rider DCI would be
7 determined by calculating the revenue requirement associated with the projected
8 rate base at the end of the next quarter, and subtracting out the revenue
9 requirement for rate base that is recovered through base rates. An example of the
10 calculation is shown in Attachment PAL-1, as described later in my testimony.

11 **Q. HOW WILL THE COMPANY DETERMINE WHICH CAPITAL**
12 **INVESTMENTS TO INCLUDE IN THE RIDER?**

13 A. All capital investments (excluding those recovered via Rider DR-IM) recorded in
14 FERC Plant accounts 360 through 374 will be included in this rider. In addition,
15 the portions of the electric and common general plant accounts in FERC Plant
16 accounts 389 through 398 and account 303 that are allocated to distribution will
17 also be included.

18 **Q. WHAT IS THE RATE OF RETURN THAT WOULD BE APPLICABLE**
19 **TO THE INCREMENTAL CAPITAL INVESTMENT RECOVERED VIA**
20 **RIDER DCI?**

21 A. The rate of return grossed up for taxes (*i.e.*, the pre-tax rate of return) would be
22 based on the weighted-average cost of capital and gross revenue conversion factor
23 approved in the Company's then most recent electric distribution rate case, which

1 currently is 10.70 percent. Included in the rate of return is the Commission
2 approved 9.84% return on equity.

3 **Q. IF RIDER DCI IS APPROVED, WILL THE COMPANY CONTINUE**
4 **SEEKING RECOVERY OF ITS SMARTGRID INVESTMENT THROUGH**
5 **RIDER DR-IM?**

6 A. Yes. The Company will continue to recover its SmartGrid investment separately
7 through Rider DR-IM until that program is fully deployed, with the determination
8 of full deployment to be made by the Staff of the Commission¹

9 **Q. WILL RIDER DCI RECOVER ONLY THE INCREMENTAL REVENUE**
10 **REQUIREMENT ON DISTRIBUTION INVESTMENT, EXCLUDING**
11 **GRID MODERNIZATION?**

12 A. Yes.

13 **Q. WHAT BASELINE WILL BE USED TO MEASURE THE**
14 **INCREMENTAL COSTS?**

15 A. The baseline for the Rider DCI calculation is the revenue requirement on
16 distribution and distribution-related rate base for the sum of (1) return, (2) income
17 taxes, (3) depreciation, and (4) property taxes.

18 **Q. HOW WILL THE INCREMENTAL REVENUE REQUIREMENT TO BE**
19 **RECOVERED IN RIDER DCI BE CALCULATED?**

20 A. The incremental revenue requirement will be calculated as shown on Attachment

¹ See *In the Matter of the Application of Duke Energy Ohio, Inc. to Adjust Rider DR-IM and Rider AU for 2010 SmartGrid Costs and Mid-Deployment Review*, Case No. 10-2326-GE-RDR, Opinion and Order (June 13, 2012), at pg. 14 (Commission approved stipulation in its entirety).

1 PAL-1. Our actual filings will include projected capital for the next upcoming
2 quarter.

3 **Q. IS DUKE ENERGY OHIO PROPOSING TO RECOVER INCREMENTAL**
4 **OPERATING AND MAINTENANCE EXPENSE THROUGH RIDER DCI?**

5 A. No. The Company has modeled its Rider DCI to be similar to AEP Ohio's Rider
6 DIR (Distribution Investment Rider) and the FirstEnergy distribution utilities'
7 Rider DCR (Delivery Capital Rider). As the specific riders of these other Ohio
8 electric distribution companies only recover capital costs, Duke Energy Ohio is
9 not seeking recovery of operating and maintenance (O&M) expenses through
10 Rider DCI.

11 **Q. IS DUKE ENERGY OHIO PROPOSING TO RECOVER POST IN**
12 **SERVICE CARRYING COSTS THROUGH RIDER DCI?**

13 A. No.

14 **Q. IS RIDER DCI PROPOSED TO BE A NON-BYPASSABLE RIDER?**

15 A. Yes. Rider DCI addresses distribution issues and, hence, relates to all customers,
16 whether they purchase competitive generation supply from Duke Energy Ohio or
17 from a competitive supplier.

18 **Q. WHAT PROCEDURAL TIMELINE DO YOU PROPOSE FOR THIS**
19 **RIDER?**

20 A. The Company proposes a timeline similar to those used by AEP Ohio for its Rider
21 DIR and the FirstEnergy utilities for their Rider DCR. Filings will be made
22 quarterly, at least 60 days prior to the start of a calendar quarter. Rates are to be

1 automatically approved, absent a Commission Order that states otherwise, within 60
2 days of the quarterly filing.

3 **Q. HOW WILL THE INCREMENTAL REVENUE REQUIREMENT BE**
4 **ALLOCATED TO THE VARIOUS CUSTOMER CLASSES?**

5 A. The incremental revenue requirement will be allocated based on the same allocation
6 as used in Schedule E in the Company's then most recently approved distribution
7 base rate case.

8 **Q. PLEASE EXPLAIN ATTACHMENT PAL-1.**

9 A. Schedule PAL-1 is a template for the revenue requirement calculation for the
10 proposed Rider DCI, using historical December 2013 data. As shown on this
11 attachment, the filing will include detailed plant in service and accumulated
12 depreciation schedules similar to the format used in Duke Energy Ohio's most
13 recent distribution rate case. There are also detailed schedules showing the
14 depreciation expense, deferred tax and property tax calculations for both the current
15 period and the amount in base rates for distribution related property. The revenue
16 requirement also includes an amount for the CAT (Commercial Activity Tax).

III. RIDER DSR – DISTRIBUTION STORM RIDER

17 **Q. PLEASE DESCRIBE RIDER DSR.**

18 A. Rider DSR, as proposed in the Application, is intended to mitigate the financial
19 impact of major storms experienced by Duke Energy Ohio. For each calendar
20 year, the Company has \$4.4 million in its base distribution rates for major storm

1 O&M recovery.² The Company is proposing to establish a regulatory asset
2 account to defer the costs above or below this amount in each calendar year. The
3 Company will recover the balance of this deferral in its next base distribution case
4 unless the cumulative balance exceeds \$5 million at the end of a calendar year.
5 Once the balance exceeds \$5 million, as either a regulatory debit or a regulatory
6 credit, the Company will adjust Rider DSR to collect the balance in the regulatory
7 account.

8 **Q. HOW DOES DUKE ENERGY OHIO DEFINE A MAJOR STORM?**

9 A. The Company uses the methodology outlined in the IEEE (Institute of Electrical and
10 Electronics Engineers) Guide for Electric Power Distribution Reliability Indices to
11 determine when a major storm has affected its service territory.

12 **Q. WILL THIS RIDER INCLUDE CAPITAL?**

13 A. No. Any capital costs will be addressed in Rider DCI or in a subsequent distribution
14 rate case.

15 **Q. IS THE COMPANY PROPOSING ONLY TO DEFER COSTS IN EXCESS
16 OF THE \$4.4 MILLION?**

17 A. No. In years when storm costs are below the \$4.4 million baseline, there will be a
18 corresponding credit to the regulatory asset account.

19 **Q. WILL RIDER DSR INCLUDE CARRYING COSTS?**

20 A. Yes. Any monthly positive or negative balance in this deferral account would

² *In the Matter of the Application of Duke Energy Ohio, Inc., for an Increase in its Electric Distribution Rates, Case No. 12-1682-EL-AIR, et al.*

1 accrue a carrying cost at the Company's long-term cost of debt as approved in its
2 most recent base distribution case.

IV. SIGNIFICANTLY EXCESSIVE EARNINGS TEST

3 **Q. DOES THE COMPANY PROPOSE ANY CHANGES TO THE WAY ITS**
4 **CURRENT SEET TEST IS PERFORMED?**

5 A. No. The Company administers its annual significantly excessive earnings test
6 (SEET) as required under R.C. 4928.143(F) and Rule 4901:1-35-10, Ohio
7 Administrative Code. The Company proposes the calculation as detailed in
8 Attachment PAL-2, which is similar to Commission-approved manner in which the
9 SEET is applied to Duke Energy Ohio under its current ESP.³

V. CONCLUSION

10 **Q. WERE ATTACHMENT PAL-1 AND ATTACHMENT PAL-2 PREPARED**
11 **BY YOU OR UNDER YOUR SUPERVISION?**

12 A. Yes.

13 **Q. IS THE INFORMATION CONTAINED IN ATTACHMENT PAL-1 AND**
14 **ATTACHMENT PAL-2 TRUE AND ACCURATE TO THE BEST OF**
15 **YOUR KNOWLEDGE AND BELIEF?**

16 A. Yes.

17 **Q. DOES THIS CONCLUDE YOUR PRE-FILED DIRECT TESTIMONY?**

18 A. Yes.

³ *In the Matter of the Application of Duke Energy Ohio for Authority to Establish a Standard Service Offer Pursuant to Section 4928.143, Revised Code, in the Form of an Electric Security Plan, Accounting Modifications and Tariffs for Generation Service, Case No. 11-3549-EL-SSO, et al., Stipulation and Recommendation (October 24, 2011), Attachment H, and Opinion and Order (November 22, 2011).*

Duke Energy Ohio
Calculation of Rates for Rider DCI

Line No.	Rate Classification	Base Revenue Allocation		Allocation of Tracked Components (c)	Billing Determinants Base Period (d)	Base Per Bill Rate For Tracked Components (e) = (c) ÷ (d)	Billing Determinants 12 ME 12/31/13 (f)	Current Revenue at Base Rates (g) = (e) * (f)	Current Revenue Required (h)	Incremental Revenue Required (i) = (h) - (g)	Calculated Rider DR (j) = (i) ÷ (f)	Per Bill Per kW Per kWh
		Dollars (a)	Percent (b)									
1	Residential (RS, CUR, etc)	\$228,064,940	56.4%	\$135,715,976	7,526,140	\$18.03	7/5/34,716	\$136,211,529	\$146,957,040	\$10,745,511	\$1.42	Per Bill
2	Small Commercial (DM)	20,773,279	5.1%	12,361,680	464,869	26.59	469,337	12,479,671	13,385,572	905,901	1.93	Per Bill
3	Distribution Secondary (DS and DS-RTP)	118,949,951	29.4%	70,784,287	20,323,052	3.48	20,787,160	72,339,317	76,847,198	4,507,881	0.21	Per kW
4	Distribution Primary (DP and DP-RTP)	24,620,991	6.1%	14,651,361	5,420,784	2.70	3,088,001	13,737,603	15,864,902	2,127,299	0.42	Per kW
5	Unmetered Small Fixed Loads (GSFL)	648,257	0.2%	385,762	4,199	91.87	4,493	412,772	417,714	4,942	1.10	Per Bill
6	Electric Space Heating (EH)	1,379,127	0.3%	820,685	6,945	118.17	6,658	786,776	888,661	101,885	15.30	Per Bill
7	Optional Unmetered Small Load Attached Directly to PL (SF-ADPL)	10,492	0.0%	6,244	49	127.42	48	6,116	6,761	645	13.44	Per Bill
8	Street Lighting (SL)	\$6,490,228	1.6%	3,862,179	39,007,870	0.099010	37,563,698	3,719,182	4,182,075	462,893	0.01	Per kWh
9	Traffic Lighting (TL)	185,244	0.0%	110,234	18,168,696	0.006067	15,527,375	94,205	119,365	25,160	0.00	Per kWh
10	Outdoor Lighting (OL)	2,118,146	0.5%	1,260,458	20,517,593	0.061433	20,112,018	1,235,542	1,364,859	129,317	0.01	Per kWh
11	Non-Standard Street Lighting (NSU)	119,381	0.0%	71,041	1,029,982	0.068973	923,868	63,722	76,925	13,203	0.01	Per kWh
12	Non-Standard Poles (NSP)	321,162	0.1%	191,116	1,339,766	0.142649	1,411,534	201,354	206,946	5,592	0.00	Per kWh
13	Customer-Owned Street Lighting (SC)	125,112	0.0%	74,451	21,155,286	0.003519	20,414,916	71,840	80,618	8,778	0.00	Per kWh
14	Overhead Equivalent Street Lighting (SE)	496,169	0.1%	295,258	4,987,476	0.059201	4,831,194	286,012	319,714	33,702	0.01	Per kWh
15	Unmetered Outdoor Lighting (UOLS)	98,599	0.0%	58,638	16,686,247	0.003514	16,637,320	58,464	63,495	5,031	\$0.00	Per kWh
16	Total Distribution Rate Schedules	\$404,401,058	100.0%	\$240,648,370				\$241,704,105	\$260,581,842	\$18,877,740		

Notes: (a),(b) From Schedule E-4 as filed and approved in Case No. 12-1682-EL-AIR, et al.

(c) Percent of Total Column (a).

(d) Total bills for current twelve-month period.

(e) Total current revenue requirement as calculated in supporting schedules.

**Duke Energy Ohio
Revenue Requirement for Rider DCI**

	<u>March 31, 2012</u>	<u>December 31, 2013</u>
Gross Plant	\$2,070,246,027	\$2,246,979,574
Accumulated Depreciation	746,082,535	799,309,122
Net Plant in Service	<u>\$1,324,163,492</u>	<u>\$1,447,670,452</u>
Accumulated Deferred Income Taxes	<u>(\$257,173,857)</u>	<u>(\$307,404,937)</u>
Rate Base for Rider	\$1,066,989,635	\$1,140,265,515
Return on Rate Base (Pre-Tax %)	10.70%	10.70%
Return on Rate Base (Pre-Tax)	\$114,167,891	\$122,008,410
Depreciation Expense	\$58,555,292	\$64,466,804
Property Tax Expense (Excludes M&S)	<u>\$67,300,499</u>	<u>\$73,429,115</u>
Revenue Requirement Before CAT	\$240,023,682	\$259,904,330
Commercial Activities Tax (CAT)	<u>625,688</u>	<u>677,513</u>
Total Revenue Requirement	<u><u>\$240,649,370</u></u>	<u><u>\$260,581,842</u></u>

Duke Energy Ohio, Inc.
Plant in Service Summary by Major Property Groupings (As of December 31, 2013)

Account Number			Account Title	Per Books	Adjustments ^(a)	Adjusted	Allocated to Distribution	
Line No.	FERC	Company				Total Company	Percent	Dollars
Distribution Accounts								
1	360	3600	Land and Land Rights	\$13,828,389		\$13,828,389	100.000%	\$13,828,389
2	360	3601	Rights of Way	26,180,593		26,180,593	100.000%	26,180,593
3	361	3610	Structures and Improvements	13,931,489		13,931,489	100.000%	13,931,489
4	362	3620	Station Equipment	207,345,720	(30,923,113)	176,422,607	100.000%	176,422,607
5	362	3622	Major Equipment	110,758,617	(3,624,290)	107,134,327	100.000%	107,134,327
6	362	3635	Station Equipment Electronic	942,659	(942,659)	0	100.000%	0
7	364	3640	Poles, Towers & Fixtures	272,746,250	(3,357,656)	269,388,594	100.000%	269,388,594
8	365	3650, 3651	Overhead Conductors and Devices	499,077,142	(27,618,558)	471,458,484	100.000%	471,458,484
9	366	3660	Underground Conduit	92,019,641		92,019,641	100.000%	92,019,641
10	367	3670	Underground Conductors and Devices	304,410,903		304,410,903	100.000%	304,410,903
11	368	3680, 3681	Line Transformers	323,219,428		323,219,428	100.000%	323,219,428
12	368	3682	Customer Transformer Installations	5,183,057		5,183,057	100.000%	5,183,057
13	369	3691	Services - Underground	3,574,533		3,574,533	100.000%	3,574,533
14	369	3692	Services - Overhead	76,694,253		76,694,253	100.000%	76,694,253
15	370	3700	Meters	15,502,708		15,502,708	100.000%	15,502,708
16	370	3701	Leased Meters	14,844,188		14,844,188	100.000%	14,844,188
17	370	3702	Utility of the Future Meters	65,113,874	(65,113,874)	0	100.000%	0
18	371	3710	Installations on Customers' Premises	1,242,058		1,242,058	100.000%	1,242,058
19	371	3712	Company Owned Outdoor Light	1,410,171	(1,410,171)	0	100.000%	0
20	372	3720	Leased Property on Customers' Premises	102,503		102,503	100.000%	102,503
21	373	3730, 3731	Street Lighting	19,199,737		19,199,737	100.000%	19,199,737
22	373	3732	Street Lighting - Boulevard	27,976,814		27,976,814	100.000%	27,976,814
23	373	3733	Light Security OL POL Flood	17,708,343		17,708,343	100.000%	17,708,343
24	373	3734	Light Choice OLE - Public	0	(0,384,047)	0	100.000%	0
25				\$2,118,397,117	(\$138,374,468)	\$1,980,022,649		\$1,980,022,649
General Plant Accounts								
26	303	3030	Miscellaneous Intangible Plant	29,691,748		\$29,691,748	92.374%	\$27,427,455
27	389	3890	Land and Land Rights	949,213		949,213	92.374%	876,826
28	390	3900	Structures and Improvements	23,972,635		23,972,635	92.374%	22,144,486
29	391	3910	Office Furniture and Equipment	370,890		370,890	92.374%	342,606
30	391	3911	Electronic Data Processing Equipment	2,575,180	(1,459,802)	2,575,180	92.374%	2,378,797
31	391	3920	Transportation Equipment	1,347,709		1,347,709	92.374%	1,244,933
32	391	3921	Trailers	2,905,041		2,905,041	92.374%	2,683,503
33	393	3930	Stores Equipment	1,325,910		1,325,910	92.374%	1,224,796
34	392	3940	Tools, Shop & Garage Equipment	18,379,895		18,379,895	92.374%	16,978,244
35	392	3950	Laboratory Equipment	60,146		60,146	92.374%	55,559
36	393	3960	Power Operated Equipment	1,656,402		1,656,402	92.374%	1,530,085
37	393	3970	Communication Equipment - 75023	14,586,820	(89,980,023)	14,586,820	92.374%	13,474,429
38	393	3970	Communication Equipment - 75024	52,866		52,866	92.374%	48,834
39	393	3970	Communication Equipment - 75025	2,924,243		2,924,243	92.374%	2,701,240
40	393	3970	Communication Equipment Microwave	197,898		197,898	92.374%	182,806
41	394	3980	Miscellaneous Equipment	86,534		86,534	92.374%	79,935
42				\$198,410,860	(\$97,327,726)	\$101,083,134		\$93,374,534
							Allocated to	
							Electric T&D	
43		1030	Miscellaneous Intangible Plant	\$107,796,463		\$107,796,463	63.340%	\$68,278,280
44		1701	Common AMI Meters	\$18,892,473	(\$18,892,473)			
45		1890	Land and Land Rights - 4th and Main	1,378,244		1,378,244	61.240%	844,037
46		1890	Land and Land Rights	455,540		455,540	63.340%	288,539
47		1890	Land and Land Rights - Microwave	287,863		287,863	36.080%	103,861
48		1891	Rights of Way	37,969		37,969	36.080%	13,699
49		1900	Structures & Improvements - 4th and Main	108,673,431		108,673,431	61.240%	66,551,609
50		1900	Structures & Improvements	42,583,478		42,583,478	63.340%	26,972,375
51		1900	Structures & Improvements - Microwave	133,308		133,308	36.080%	48,098
52		1900	Structures & Improvements - Holiday Park	303,876		303,876	62.180%	188,950
53		1910	Office Furniture & Equipment	6,792,396		6,792,396	61.240%	4,159,663
54		1911	Electronic Data Processing	821,780	(61,445)	760,335	63.340%	481,596
55		1920	Transportation Equipment	85,311		85,311	63.340%	54,036
56		1921	Trailers	474,273		474,273	63.340%	300,405
57		1930	Stores Equipment	224,695		224,695	63.340%	142,322
58		1940	Tools, Shop & Garage Equipment	2,533,784		2,533,784	63.340%	1,604,899
59		1950	Laboratory Equipment	23,250		23,250	63.340%	14,727
60		1960	Power Operated Equipment	153,899		153,899	63.340%	97,480
61		1970	Communication Equipment - Non SmartGrid	20,849,642		20,849,642	63.340%	13,206,163
62		1970	Communication Equipment - Microwave	11,843,278		11,843,278	36.080%	4,273,055
63		1980	Miscellaneous Equipment	455,971		455,971	63.340%	288,812
64								
65				\$324,800,924	(\$18,953,918)	\$305,847,006		\$187,912,606
66	92.374%		Electric Portion of Common Allocated to Electric Distribution	\$300,031,606	(\$17,508,492)	\$282,523,113		\$173,582,391
67			Total Distribution Gross Plant	\$2,616,839,583	(\$253,210,686)	\$2,363,628,896		\$2,246,979,574

(a) Grid Mod additions

Duke Energy Ohio, Inc.
Plant in Service Summary by Major Property Groupings (As of March 31, 2012)

Line No.	Account Number		Account Title	Per Books	Adjustments ^(a)	Adjusted Total Company	Allocated to Distribution	
	FERC	Company					Percent	Dollars
Distribution Accounts								
1	360	3600	Land and Land Rights	\$13,109,977		\$13,109,977	100.000%	\$13,109,977
2	360	3601	Rights of Way	26,110,943		26,110,943	100.000%	26,110,943
3	361	3610	Structures and Improvements	8,317,815		8,317,815	100.000%	8,317,815
4	362	3620	Station Equipment	182,040,569	{17,100,300}	164,940,269	100.000%	164,940,269
5	362	3622	Major Equipment	103,229,213	{2,103,326}	101,125,887	100.000%	101,125,887
6	362	3635	Station Equipment Electronic	2,620,440	{2,719,820}	{99,380}	100.000%	{99,380}
7	364	3640	Poles, Towers & Fixtures	243,486,355	{1,162,056}	242,324,299	100.000%	242,324,299
8	365	3650, 3651	Overhead Conductors and Devices	396,969,778	{12,365,335}	384,604,443	100.000%	384,604,443
9	366	3660	Underground Conduit	88,227,723		88,227,723	100.000%	88,227,723
10	367	3670	Underground Conductors and Devices	282,336,871		282,336,871	100.000%	282,336,871
11	368	3680, 3681	Line Transformers	367,228,972		367,228,972	100.000%	367,228,972
12	368	3682	Customer Transformer Installations	5,272,832		5,272,832	100.000%	5,272,832
13	369	3691	Services - Underground	3,391,901		3,391,901	100.000%	3,391,901
14	369	3692	Services - Overhead	64,385,178		64,385,178	100.000%	64,385,178
15	370	3700	Meters	41,968,249		41,968,249	100.000%	41,968,249
16	370	3701	Leased Meters	17,699,187		17,699,187	100.000%	17,699,187
17	370	3702	Utility of the Future Meters	40,433,742	{40,433,742}	0	100.000%	0
18	371	3710	Installations on Customers' Premises	241,509		241,509	100.000%	241,509
19	371	3712	Company Owned Outdoor Light	{14,040}	{774,940}	0	100.000%	0
20	372	3720	Leased Property on Customers' Premises	102,503		102,503	100.000%	102,503
21	373	3730, 3731	Street Lighting	20,946,536	{150,500}	20,946,536	100.000%	20,946,536
22	373	3732	Street Lighting - Boulevard	28,103,634		28,103,634	100.000%	28,103,634
23	373	3733	Light Security OL POL Flood	17,694,862		17,694,862	100.000%	17,694,862
24	373	3734	Light Choice OLE - Public	1,364,763	{1,364,763}	0	100.000%	0
25				\$1,956,178,401	{\$78,144,191}	\$1,878,034,210		\$1,878,034,210
General Plant Accounts								
26	303	3030	Miscellaneous Intangible Plant	\$34,776,041	{\$5,191,891}	\$29,584,150	92.257%	\$27,293,450
27	389	3890	Land and Land Rights	949,213		949,213	92.257%	875,715
28	390	3900	Structures and Improvements	25,029,892	{96,525}	24,933,367	92.257%	23,002,776
29	391	3910	Office Furniture and Equipment	502,944		502,944	92.257%	464,001
30	391	3911	Electronic Data Processing Equipment	2,403,741	{1,069,127}	1,334,614	92.257%	1,231,275
31	391	3920	Transportation Equipment	1,302,268		1,302,268	92.257%	1,201,433
32	391	3921	Trailers	2,940,408		2,940,408	92.257%	2,712,732
33	393	3930	Stores Equipment	1,090,920		1,090,920	92.257%	1,006,450
34	392	3940	Tools, Shop & Garage Equipment	14,796,560		14,796,560	92.257%	13,650,862
35	392	3950	Laboratory Equipment	125,110		125,110	92.257%	115,423
36	393	3960	Power Operated Equipment	1,555,719		1,555,719	92.257%	1,435,260
37	393	3970	Communication Equipment	53,946,585	{40,153,265}	13,793,320	92.257%	12,725,303
38	394	3980	Miscellaneous Equipment	83,798		83,798	92.257%	77,310
39				\$139,503,199	{\$46,510,808}	\$92,992,391		\$85,791,990
Common Plant Accounts								
40		1030	Miscellaneous Intangible Plant	\$121,520,890		\$121,520,890	44.821%	\$54,466,878
41		1890	Land and Land Rights	2,121,647		2,121,647	44.821%	950,943
42		1891	Rights of Way	37,969		37,969	44.821%	17,018
43		1900	Structures & Improvements	129,745,709	{5,031,788}	124,713,921	44.821%	55,898,027
44		1910	Office Furniture & Equipment	4,220,950	{6,594}	4,214,356	44.821%	1,888,917
45		1911	Electronic Data Processing - Non SmartGrid	693,843		693,843	44.821%	310,987
46		1920	Transportation Equipment	85,311		85,311	44.821%	38,237
47		1921	Trailers	474,273		474,273	44.821%	212,574
48		1930	Stores Equipment	189,750		189,750	44.821%	85,048
49		1940	Tools, Shop & Garage Equipment	1,829,999	{52,910}	1,777,089	44.821%	796,509
50		1950	Laboratory Equipment	23,250		23,250	44.821%	10,421
51		1960	Power Operated Equipment	153,899		153,899	44.821%	68,979
52		1970	Communication Equipment - Non SmartGrid	27,931,369	{8,238}	27,923,131	44.821%	12,515,427
53		1980	Miscellaneous Equipment	429,603	{8,081}	421,522	44.821%	188,930
54		1990, 1991	Retirement Work in Process - ARO	99,735	{99,735}	0	44.821%	0
55				\$289,558,197	{\$5,207,346}	\$284,350,851		\$127,448,895
56	83.50%		Common Allocated to Electric - Excl Smart Grid	\$241,781,094	{\$4,348,134}	\$237,432,961	44.821%	\$106,419,827
57			Total Distribution Gross Plant	\$2,337,462,694	{\$129,003,133}	\$2,208,459,562		\$2,070,246,027

Duke Energy Ohio, Inc.
Accumulated Depreciation by Major Property Groupings (As of December 31, 2013)

Line No.	Account Number		Account Title	Per Books	Adjustments ^(a)	Adjusted	Allocated to Distribution	
	FERC	Company				Total Company	Percent	Dollars
Distribution Accounts								
1	360	3600	Land and Land Rights	\$1,538		\$1,538	100.000%	\$1,538
2	360	3601	Rights of Way	3,129,132		3,129,132	100.000%	3,129,132
3	361	3610	Structures and Improvements	4,284,607		4,284,607	100.000%	4,284,607
4	362	3620	Station Equipment	76,953,434	(1,557,423)	75,396,011	100.000%	75,396,011
5	362	3622	Major Equipment	40,846,659	(189,304)	40,657,355	100.000%	40,657,355
6	363	3635	Dist Station Equip Elec	53,966	(53,966)	0	100.000%	0
7	364	3640	Poles, Towers & Fixtures	115,280,916	(79,223)	115,201,693	100.000%	115,201,693
8	365	3650, 3651	Overhead Conductors and Devices	121,490,653	(1,281,087)	120,209,566	100.000%	120,209,566
9	366	3660	Underground Conduit	38,835,088		38,835,088	100.000%	38,835,088
10	367	3670	Underground Conductors and Devices	81,562,391		81,562,391	100.000%	81,562,391
11	368	3680, 3681	Line Transformers	136,624,780		136,624,780	100.000%	136,624,780
12	368	3682	Customer Transformer Installations	2,847,503		2,847,503	100.000%	2,847,503
13	369	3691	Services - Underground	2,324,273		2,324,273	100.000%	2,324,273
14	369	3692	Services - Overhead	40,490,126		40,490,126	100.000%	40,490,126
15	370	3700	Meters	(7,598,008)		(7,598,008)	100.000%	(7,598,008)
16	370	3701	Leased Meters	5,440,509		5,440,509	100.000%	5,440,509
17	370	3702	Utility of the Future Meters	8,401,452	(8,401,452)	0	100.000%	0
18	371	3710	Installations on Customers' Premises	108,979		108,979	100.000%	108,979
19	371	3712	Company Owned Outdoor Light	(583,155)	583,155	0	100.000%	0
20	372	3720	Leased Property on Customers' Premises	(68,909)		(68,909)	100.000%	(68,909)
21	373	3730, 3731	Street Lighting - Overhead	10,128,012		10,128,012	100.000%	10,128,012
22	373	3732	Street Lighting - Boulevard	7,052,770		7,052,770	100.000%	7,052,770
23	373	3733	Light Security OL POL Flood	6,606,491		6,606,491	100.000%	6,606,491
24	373	3734	Light Choice OLE - Public	(332,957)	332,957	0	100.000%	0
25		108	Retirement Work in Progress	(12,825,285)		(12,825,285)	100.000%	(12,825,285)
26				\$681,054,965	(\$10,646,343)	\$670,408,622		\$670,408,622
27	303	3030	Miscellaneous Intangible Plant	\$26,754,437	(\$1,100,775)	\$25,653,662	92.374%	\$23,697,314
28	389	3890	Land and Land Rights	0		\$0	92.374%	0
29	390	3900	Structures and Improvements	11,223,454		\$11,223,454	92.374%	10,367,553
30	391	3910	Office Furniture and Equipment	14,754		\$14,754	92.374%	13,629
31	391	3911	Electronic Data Processing Equipment	1,609,225	(653,287)	\$955,938	92.374%	883,038
32	391	3920	Transportation Equipment	1,225,489		\$1,225,489	92.374%	1,132,033
33	391	3921	Trailers	1,847,783		\$1,847,783	92.374%	1,706,871
34	393	3930	Stores Equipment	41,914		\$41,914	92.374%	38,718
35	392	3940	Tools, Shop & Garage Equipment	4,642,884		\$4,642,884	92.374%	4,288,818
36	392	3950	Laboratory Equipment	(1,137,846)		(\$1,137,846)	92.374%	(1,051,074)
37	393	3960	Power Operated Equipment	1,123,498		\$1,123,498	92.374%	1,037,820
38	393	3970	Communication Equipment - 75023	15,532,863	(11,667,769)	\$3,865,094	92.374%	3,570,342
39	393	3970	Communication Equipment - 75024	7,399		\$7,399	92.374%	6,835
40	393	3970	Communication Equipment - 75025	1,120,494		\$1,120,494	92.374%	1,035,045
41	393	3970	Communication Equipment Micro - 75025	60,000		\$60,000	92.374%	55,424
42	394	3980	Miscellaneous Equipment	17,746		\$17,746	92.374%	16,393
43		108	Retirement Work in Progress				0.000%	0
				\$64,084,094	(\$13,421,831)	\$50,662,263		\$46,798,759
44		1030	Miscellaneous Intangible Plant	\$103,217,886		\$103,217,886	63.340%	\$65,378,209
45		1890	Land and Land Rights - 4th and Main	82,196		82,196	61.240%	50,337
46		1890	Land and Land Rights	17,483		17,483	63.340%	11,074
47		1890	Land and Land Rights - Microwave	7,228		7,228	36.080%	2,608
48		1891	Rights of Way	0		0	36.080%	0
49		1900	Structures & Improvements - 4th and Main	26,255,721		26,255,721	61.240%	16,079,004
50		1900	Structures & Improvements	3,305,975		3,305,975	63.340%	2,094,005
51		1900	Structures & Improvements - Microwave	12,378		12,378	36.080%	4,466
52		1900	Structures & Improvements - Holiday Park	303,754		303,754	62.180%	188,874
53		1910	Office Furniture & Equipment	(2,049,166)		(2,049,166)	61.240%	(1,254,909)
54		1911	Electronic Data Processing	584,196	(41,396)	542,800	63.340%	343,810
55		1920	Transportation Equipment	85,311		85,311	63.340%	54,036
56		1921	Trailers	275,467		275,467	63.340%	174,481
57		1930	Stores Equipment	(127,497)		(127,497)	63.340%	(80,757)
58		1940	Tools, Shop & Garage Equipment	683,531		683,531	63.340%	432,949
59		1950	Laboratory Equipment	4,005		4,005	63.340%	2,537
60		1960	Power Operated Equipment	73,634		73,634	63.340%	46,640
61		1970	Communication Equipment - Non SmartGrid	4,271,399		4,271,399	63.340%	2,705,504
62		1970	Communication Equipment - Microwave	8,462,281		8,462,281	36.080%	3,053,191
63		1980	Miscellaneous Equipment	162,196		162,196	63.340%	102,735
64	1990, 1991		Retirement Work in Process - ARO	186,723	(186,723)	0	0.000%	0
65		108	Retirement Work in Progress	(803,736)		(803,736)	63.340%	(509,086)
				\$145,010,965	(\$228,119)	\$144,782,846		\$88,879,708
66	92.374%		Common Allocated to Electric - Excl SG	\$133,952,429	(\$210,723)	\$133,741,706		\$82,101,741
67			Total Distribution Gross Plant	\$879,091,488	(\$24,278,897)	\$854,812,591		\$799,309,122

Duke Energy Ohio, Inc.
Accumulated Depreciation by Major Property Groupings (As of March 31, 2012)

Line No.	Account Number		Account Title	Per Books	Adjustments ^(a)	Adjusted	Allocated to Distribution	
	FERC	Company				Total Company	Percent	Dollars
Distribution Accounts								
1	360	3600	Land and Land Rights	\$1,539		\$1,539	100.000%	\$1,539
2	360	3601	Rights of Way	2,520,994		2,520,994	100.000%	2,520,994
3	361	3610	Structures and Improvements	4,004,656		4,004,656	100.000%	4,004,656
4	362	3620	Station Equipment	70,648,575	(452,294)	70,196,281	100.000%	70,196,281
5	362	3622	Major Equipment	36,923,264	(86,536)	36,836,728	100.000%	36,836,728
6	363	3635	Dist Station Equip Elec	209,328	(178,269)	31,059	100.000%	31,059
7	364	3640	Poles, Towers & Fixtures	108,050,272	(13,609)	108,036,663	100.000%	108,036,663
8	365	3650, 3651	Overhead Conductors and Devices	99,685,733	(367,470)	99,318,263	100.000%	99,318,263
9	366	3660	Underground Conduit	35,969,974		35,969,974	100.000%	35,969,974
10	367	3670	Underground Conductors and Devices	73,293,965		73,293,965	100.000%	73,293,965
11	368	3680, 3681	Line Transformers	143,569,293		143,569,293	100.000%	143,569,293
12	368	3682	Customer Transformer Installations	2,628,003		2,628,003	100.000%	2,628,003
13	369	3691	Services - Underground	2,248,643		2,248,643	100.000%	2,248,643
14	369	3692	Services - Overhead	36,808,118		36,808,118	100.000%	36,808,118
15	370	3700	Meters	12,697,346		12,697,346	100.000%	12,697,346
16	370	3701	Leased Meters	4,187,966		4,187,966	100.000%	4,187,966
17	370	3702	Utility of the Future Meters	2,853,005	(2,853,005)	0	100.000%	0
18	371	3710	Installations on Customers' Premises	2,770		2,770	100.000%	2,770
19	371	3712	Company Owned Outdoor Light	(244,226)	244,226	0	100.000%	0
20	372	3720	Leased Property on Customers' Premises	(76,085)		(76,085)	100.000%	(76,085)
21	373	3730, 3731	Street Lighting - Overhead	8,989,199	1,748,866	10,738,065	100.000%	10,738,065
22	373	3732	Street Lighting - Boulevard	5,929,055		5,929,055	100.000%	5,929,055
23	373	3733	Light Security OL POL Flood	5,507,955		5,507,955	100.000%	5,507,955
24	373	3734	Light Choice OLE - Public	(375,920)	375,920	0	100.000%	0
25		108	Retirement Work in progress	(7,669,689)		(7,669,689)	100.000%	(7,669,689)
26				\$648,363,733	(\$1,582,171)	\$646,781,562		\$646,781,562
27	303	3030	Miscellaneous Intangible Plant	\$28,383,791	(\$1,526,149)	\$26,857,642	92.257%	\$24,778,055
28	389	3890	Land and Land Rights	0		0	92.257%	0
29	390	3900	Structures and Improvements	10,786,139	(53,298)	10,732,841	92.257%	9,901,797
30	391	3910	Office Furniture and Equipment	44,916		44,916	92.257%	41,438
31	391	3911	Electronic Data Processing Equipment	441,424	(216,033)	225,391	92.257%	207,939
32	391	3920	Transportation Equipment	1,218,529		1,218,529	92.257%	1,124,178
33	391	3921	Trailers	1,621,154		1,621,154	92.257%	1,495,628
34	393	3930	Stores Equipment	(597)		(597)	92.257%	(551)
35	392	3940	Tools, Shop & Garage Equipment	3,920,084		3,920,084	92.257%	3,616,552
36	392	3950	Laboratory Equipment	(1,080,986)		(1,080,986)	92.257%	(997,285)
37	393	3960	Power Operated Equipment	1,088,310		1,088,310	92.257%	1,004,042
38	393	3970	Communication Equipment	7,472,559	(4,244,815)	3,227,744	92.257%	2,977,820
39	394	3980	Miscellaneous Equipment	10,412		10,412	92.257%	9,606
		108	Retirement Work in progress	1,671,181		1,671,181	92.257%	1,541,781
40				\$55,576,916	(\$6,040,295)	\$49,536,621		\$45,701,000
41		1030	Miscellaneous Intangible Plant	\$107,949,728		\$107,949,728	44.821%	\$48,384,148
42		1890	Land and Land Rights	106,907		106,907	44.821%	47,917
43		1891	Rights of Way	0		0	44.821%	0
44		1900	Structures & Improvements	26,647,207	(2,211,475)	24,435,732	44.821%	10,952,339
45		1910	Office Furniture & Equipment	(1,746,218)	2,038	(1,744,180)	44.821%	(781,759)
46		1911	Electronic Data Processing - Non SmartGrid	274,745		274,745	44.821%	123,143
47		1920	Transportation Equipment	85,311		85,311	44.821%	38,237
48		1921	Trailers	234,543		234,543	44.821%	105,125
49		1930	Stores Equipment	(151,381)		(151,381)	44.821%	(67,850)
50		1940	Tools, Shop & Garage Equipment	555,791	(33,208)	522,583	44.821%	234,227
51		1950	Laboratory Equipment	1,293		1,293	44.821%	580
52		1960	Power Operated Equipment	62,759		62,759	44.821%	28,129
53		1970	Communication Equipment - Non SmartGrid	12,183,687	(1,232)	12,182,455	44.821%	5,460,298
54		1980	Miscellaneous Equipment	131,816	(5,290)	126,526	44.821%	56,710
55		1990, 1991	Retirement Work in Process - ARO	117,273	(117,273)	0	44.821%	0
56		108	Retirement Work in Progress	(869,369)		(869,369)	44.821%	(389,660)
				\$145,584,092	(\$2,366,440)	\$143,217,652		\$64,191,584
57		83.50%	Common Allocated to Electric - Excl 5G	\$121,562,717	(\$1,975,977)	\$119,586,739	44.821%	\$53,599,973
58			Total Distribution Gross Plant	\$825,503,366	(\$9,598,443)	\$815,904,922		\$746,082,535

Duke Energy Ohio, Inc.
Plant Related Accumulated Deferred Income Taxes - Excluding Grid Modernization (December 31, 2013)

Line No.	Account Number		Account Title	Per Books	Adjustments ^(a)	Adjusted Total Company	Allocated to Distribution	
	FERC	Company					Percent	Dollars
Account 282								
1	282	282.XXX	263A	\$	\$0	(\$39,358,756)	100.000%	(\$39,358,756)
2	282	282.XXX	AFUDC Debt		0	(2,536,635)	100.000%	(2,536,635)
3	282	282.XXX	Casualty Loss		0	(14,278,800)	100.000%	(14,278,800)
4	282	282.XXX	CIAC		0	15,792,599	100.000%	15,792,599
5	282	282.XXX	CWIP Differences		0	4,050,433	100.000%	4,050,433
6	282	282.XXX	FAS109		40,995,295	0	100.000%	0
7	282	282.XXX	Miscellaneous		0	2,863,943	100.000%	2,863,943
8	282	282.XXX	Non-Cash Overheads		0	19,065,676	100.000%	19,065,676
9	282	282.XXX	Section 174		368,221	0	100.000%	0
10	282	282.XXX	Software		0	(1,268,318)	100.000%	(1,268,318)
11	282	282.XXX	Tax Depreciation		60,366,228	(296,358,301)	100.000%	(296,358,301)
12	282	282.XXX	TIC		0	4,623,222	100.000%	4,623,222
				(\$409,134,682)	\$101,729,744	(\$307,404,938)		
13	Total Plant-Related Accumulated Deferred Income Tax			(\$409,134,682)	\$101,729,744	(\$307,404,938)	100.000%	(\$307,404,937)

Duke Energy Ohio, Inc.
Plant Related Accumulated Deferred Income Taxes - Excluding Grid Modernization (March 31, 2012)

Line No.	Account Number		Account Title	Per Books	Adjustments ^(a)	Adjusted Total Company	Allocated to Distribution	
	FERC	Company					Percent	Dollars
			Account 282					
1	282	282.XXX	263A	(\$41,534,825)	\$0	(\$41,534,825)	100.000%	(\$41,534,825)
2	282	282.XXX	AFUDC Debt	(3,210,820)	0	(3,210,820)	100.000%	(3,210,820)
3	282	282.XXX	Casualty Loss	(11,500,231)	0	(11,500,231)	100.000%	(11,500,231)
4	282	282.XXX	CIAC	12,778,410	0	12,778,410	100.000%	12,778,410
5	282	282.XXX	CWIP Differences	(2,633,663)	0	(2,633,663)	100.000%	(2,633,663)
6	282	282.XXX	FAS109	(67,639,487)	67,639,487	0	100.000%	0
7	282	282.XXX	Miscellaneous	(13,477,689)	0	(13,477,689)	100.000%	(13,477,689)
8	282	282.XXX	Non-Cash Overheads	17,831,308	0	17,831,308	100.000%	17,831,308
9	282	282.XXX	Section 174	(937,678)	937,678	0	100.000%	0
10	282	282.XXX	Software	(2,713,554)	0	(2,713,554)	100.000%	(2,713,554)
11	282	282.XXX	Tax Depreciation	(256,005,595)	37,843,852	(218,161,743)	100.000%	(218,161,743)
12	282	282.XXX	Light Choice OLE - Public	5,448,950	0	5,448,950	100.000%	5,448,950
				(\$363,594,874)	\$106,421,017	(\$257,173,857)		(\$257,173,857)
13			Total Plant-Related Accumulated Deferred Income Tax	(\$363,594,874)	\$106,421,017	(\$257,173,857)	100.000%	(\$257,173,857)

Duke Energy Ohio, Inc.
Depreciation Expense by Major Property Groupings

		Gross Plant Balance		Depreciation Rate (%)	Depreciation Expense	
		Base Case	Current Period		Base Case	Current Period
Distribution Accounts						
3600	Land and Land Rights	\$13,109,977	\$13,828,389	-	\$0	\$0
3601	Rights of Way	\$26,110,943	\$26,160,963	1.33	\$347,276	\$348,202
3610	Structures and Improvements	\$8,317,815	\$13,967,489	1.69	140,571	235,442
3620	Station Equipment	\$164,940,269	\$176,422,907	1.92	3,166,853	3,387,314
3622	Major Equipment	\$101,125,887	\$107,134,327	1.92	1,941,617	2,056,979
3636	Station Equipment - Electronic	(399,386)	\$0	5.00	(4,969)	-
3640	Poles, Towers & Fixtures	\$242,324,288	\$269,306,594	2.40	5,815,783	6,465,326
3650, 3651	Overhead Conductors and Devices	\$364,804,443	\$471,458,484	2.80	10,768,924	13,200,838
3666	Underground Conduit	\$86,227,723	\$92,019,641	2.00	1,784,554	1,840,393
3670	Underground Conductors and Devices	\$282,336,871	\$304,410,903	2.16	6,098,476	6,575,276
3680, 3681	Line Transformers	\$367,228,972	\$323,219,428	2.50	9,180,724	8,080,486
3682	Customer Transformer Installations	\$5,272,832	\$5,183,057	2.22	117,057	115,064
3691	Services - Underground	\$3,391,901	\$3,574,533	2.00	67,838	71,491
3699	Services - Overhead	\$64,385,178	\$76,694,253	3.26	2,088,957	2,500,233
3700	Meters	\$32,936,648	\$15,502,708	Amortization	3,508,121	3,508,121
3701	Instrument Transformers	\$9,031,501	\$0	2.86	258,304	-
3701	Leased Meters	\$17,695,187	\$14,844,188	Amortization	1,570,224	1,570,224
3702	Utility of the Future Meters	\$0	\$0	6.67	-	-
3710	Installations on Customers' Premises	\$241,509	\$1,242,058	6.67	16,108	82,845
3712	Company Owned Outdoor Lighting	\$0	\$0	6.67	-	-
3720	Leased Property on Customers' Premises	\$102,503	\$102,503	4.00	4,100	4,100
3730, 3731	Street Lighting - Overhead	\$20,946,536	\$19,199,737	3.93	823,189	754,550
3732	Street Lighting - Boulevard	\$28,103,634	\$27,916,914	2.44	685,728	682,634
3733	Light Security O/L, P.O. Flood	\$17,694,882	\$17,708,343	3.83	677,713	678,230
3734	Light Choice O/L - Public	\$0	\$0	4.20	-	-
sum	Total	\$1,878,034,210	\$1,980,022,649		\$49,047,161	\$52,157,746
General Plant Accounts						
3030	Miscellaneous Intangible Plant	\$27,283,450	\$27,427,455	Various	2,000,355	2,817,632
3899	Land and Land Rights	875,716	876,826	-	-	-
3900	Structures and Improvements	23,002,776	22,144,486	2.90	687,081	642,180
3910	Office Furniture and Equipment	464,001	342,606	5.00	23,200	17,130
3911	Electronic Data Processing Equipment	1,231,275	2,378,797	N/A	246,255	475,759
3920	Transportation Equipment	1,201,433	1,244,933	N/A	-	-
3921	Trailers	2,712,732	2,683,503	N/A	-	-
3930	Stores Equipment	1,006,450	1,224,796	5.00	50,323	61,240
3932	Tools, Shop & Garage Equipment	13,650,862	16,978,244	4.00	546,034	679,130
3932	Laboratory Equipment	115,423	55,559	5.67	7,699	3,706
3933	Power Operated Equipment	1,435,260	1,530,085	N/A	-	-
3970	Communication Equipment - 75023	12,725,303	13,474,429	6.87	848,778	898,744
3970	Communication Equipment - 75024	48,834	48,834	5.67	3,257	3,257
3970	Communication Equipment - 75025	2,701,240	2,701,240	6.67	180,173	180,173
3970	Communication Equipment Micro - 75025	-	182,806	6.67	12,193	12,193
3980	Miscellaneous Equipment	77,310	79,935	5.00	3,966	3,997
sum	Total Depreciation on General Plant Allocable to Distribution	\$85,791,990	\$93,374,534		\$4,423,589	\$5,795,151
Common Plant Accounts						
1030	Miscellaneous Intangible Plant	\$54,468,878	\$68,278,280	Various	\$3,133,434	2,301,545
1890	Land and Land Rights	\$950,943	1,236,437	-	-	-
1891	Rights of Way	\$17,018	13,699	-	-	-
1900	Structures & Improvements	53,429,404	88,184,911	3.47	1,854,000	3,060,016
1900	Structures & Improvements - Clipay Bldg - 3rd Floor	164,402	272,078	15.19	24,973	41,329
1900	Structs & Improvements - Clipay Bldg - 4th / 5th / 6th Flr	299,402	820,725	2.69	8,054	22,078
1900	Structs & Improvements - Clipay Bldg - Bld & Access Ramp	1,855,743	4,179,441	0.49	9,162	20,479
1900	Structures & Improvements - Holiday Park	135,076	303,876	16.23	21,923	49,319
1910	Office Furniture & Equipment	\$1,888,917	4,159,663	5.00	94,446	207,983
1911	Electronic Data Processing - Non SmartGrid	\$310,987	481,596	20.00	62,187	96,319
1920	Transportation Equipment	\$38,237	54,036	-	N/A	-
1921	Trailers	\$212,574	300,405	-	N/A	-
1930	Stores Equipment	\$85,048	142,322	5.00	4,252	7,116
1940	Tools, Shop & Garage Equipment	\$796,509	1,604,889	4.00	31,860	64,196
1950	Laboratory Equipment	\$10,421	14,727	6.67	695	982
1960	Power Operated Equipment	\$68,978	87,460	6.67	N/A	-
1970	Communication Equipment - Non SmartGrid	\$12,515,427	13,206,163	6.67	834,779	880,851
1970	Communication Equipment - Microwave	\$0	4,273,055	6.67	285,013	285,013
1980	Miscellaneous Equipment	\$188,930	298,812	5.00	9,447	14,441
sum	Total Depreciation on Common Plant Allocable to Distribution	\$127,448,895	\$187,912,806		\$5,089,272	\$7,051,667
Common Plant Allocated to Electric Distribution						
					\$5,084,542	\$6,513,907
Total Depreciation Expense for Electric Distribution					\$58,555,292	\$64,466,804

DUKE ENERGY OHIO, INC.
PROPERTY TAXES ALLOCABLE TO ELECTRIC DISTRIBUTION

		Property Taxes		
	Personal		Real	Total
1		71,145,935	477,713	71,623,648
2		696,536	203,884	900,420
3		127,768	777,279	905,047
4		\$71,970,239	\$1,458,877	\$73,429,115

**DUKE ENERGY OHIO, INC.
PERSONAL PROPERTY TAXES ALLOCABLE TO ELECTRIC DISTRIBUTION**

	Distribution	General	Common	Total
Jurisdictional Plant in Service	\$1,980,022,649	\$93,374,534	\$173,582,391	\$2,246,979,574
Jurisdictional Real Property	53,940,471	23,021,312	87,765,616	164,727,399
Jurisdictional Personal Property	\$1,926,082,178	\$70,353,222	\$85,816,775	\$2,082,252,175

Exclusions & Exemptions

Intangible Assets				
Exempt Facilities		\$27,427,455	\$63,071,378	\$90,498,833

Total Exclusions & Exemptions	\$0	\$27,427,455	\$63,071,378	\$90,498,833
Net Cost of Taxable Personal Property	\$1,926,082,178	\$42,925,767	\$22,745,396	\$1,991,753,341
True Value Percentage (1)	47.03%	73.17%	25.33%	
True Value of Taxable Personal Property	\$905,836,448	\$31,408,784	\$5,761,409	\$943,006,641
Assessment Percentage	85.0%	24.0%	24.0%	
Assessment Value	\$769,960,981	\$7,538,108	\$1,382,738	\$778,881,827
Personal Property Tax Rate	9.2402%	9.2402%	9.2402%	
Personal Property Tax	\$71,145,935	\$696,536	\$127,768	\$71,970,239

(1) Percentage based on 2013 Valuation of Dec 2012 property

Assessed Value	959,217,935	95,128,100	44,711,160
Gross Plant in Service per 2012 Form 1 (Excluding Software)	2,039,524,866	130,018,229	176,481,417
	47.03%	73.17%	25.33%

**DUKE ENERGY OHIO, INC.
REAL PROPERTY TAXES ALLOCABLE TO ELECTRIC DISTRIBUTION**

	Distribution	General	Common	Total
Jurisdictional Real Property	\$53,940,471	\$23,021,312	95,011,168	\$171,972,951
Allocation to Electric	100%	100%	92.37%	
Plant associated with electric distribution	\$53,940,471	\$23,021,312	\$87,765,616	
Assessment Percentage (1)	15.352%	15.352%	15.352%	
Assessment Value	\$8,280,941	\$3,534,232	\$13,473,777	\$25,288,950
Real Property Tax Rate	5.7688%	5.7688%	5.7688%	
Real Property Tax	\$477,713	\$203,884	\$777,279	\$1,458,877

(1) DEO 2012 property taxes paid in 2013

Real Property cost per return (Distr & General)
Assessed Value 163,939,297
25,167,212
Assessment Percentage 15.352%

**PUCO Case No. 14-841-EL-SSO
Attachment PAL-2**

**Formula for Calculating Duke Energy Ohio Earnings for
Significantly Excessive Earnings Test**

Use actual data for Duke Energy Ohio from the FERC Form 1 for the calendar year at issue.

Net Income as shown on page 117, column (c), line (78), of the Form 1, adjusted for the following, if necessary:

- Eliminate all impacts related to the purchase accounting recorded pursuant to the Duke Energy/Cinergy Corp. merger;
- Eliminate all impacts of refunds to customers pursuant to R.C. 4928.143(F);
- Eliminate all impacts of mark-to-market accounting;
- Eliminate all impacts of material, non-recurring gains or losses, including but not limited to, the sale or disposition of assets;
- Eliminate all impacts of material, non-recurring revenue or expenses;
- Eliminate all impacts of parent, affiliated, or subsidiary companies and, to the extent reasonably feasible and prudently justified in the opinion of Duke Energy Ohio, eliminate the impacts of its natural gas distribution business

The adjusted net income will be divided by Common Equity to determine the resulting ROE. Certain adjustments will be made to Common Equity.

- Common Equity used in the calculation will be the beginning and ending average common equity of Duke Energy Ohio on a stand-alone basis (i.e., equity associated with subsidiaries will be excluded and common equity will be allocated between gas and electric service to the extent practicable)
- Equity will be adjusted to eliminate the acquisition premium recorded to equity pursuant to the Duke Energy/Cinergy Corp. merger.
- Eliminate the cumulative effect of the Net Income adjustments

If the annual return on average common equity for the relevant year, as adjusted pursuant to the above, is above 15 percent, the Company will be deemed to have had "significantly" excessive earnings. Any significantly excessive earnings shall be grossed up for taxes and refunded to customers. Any refunds will be allocated to all retail customers on the same basis as is used for allocated costs under Rider RC.