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Duke Energy Ohio, Inc.

Independent Accountants' Report on the
Uniform Purchased Gas Adjustment for the
12-Month Period Ended August 28, 2014,
in Response to Case No. 14-218-GA-GCR

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DUKE ENERGY OHIO, INC.

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INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Directors of
Duke Energy Ohio, Inc.
550 South Tryon Street, Suite 4400
Charlotte, NC 28202

We have examined the periodic filings of Duke Energy Ohio, Inc. (the "Company") which support the gas cost recovery ("GCR") rates for the monthly periods ended September 29, 2013, October 28, 2013, December 1, 2013, January 1, 2014, January 30, 2014, March 2, 2014, March 31, 2014, April 30, 2014, June 1, 2014, June 30, 2014, July 30, 2014 and August 28, 2014 for conformity in all material respects with the financial procedural aspects of the uniform purchased gas adjustment as set forth in Chapter 4901: 1-14 and related appendices of the Ohio Administrative Code. These filings and the Company's compliance with those requirements are the responsibility of the Company's management. Our responsibility is to express an opinion as to the accurate determination of GCR rates calculated within the monthly filings and as to whether those rates have been properly applied to customer bills based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the Company's computation of the GCR rates in accordance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Company's compliance with specified requirements.

In our opinion, the Company has accurately determined, in all material respects, the GCR rates for the periods stated above in accordance with the financial procedural aspects of the uniform purchased gas adjustment as set forth in Chapter 4901:1-14 and related appendices of the Ohio Administrative Code and properly applied the GCR rates to customer bills.

Specific findings, which are presented for the attention of the Public Utilities Commission of Ohio ("PUCO"), are attached in a separate memorandum entitled "Summary of Findings." This report is intended solely for the information and use of the Company, the PUCO, and the Ohio Consumers' Counsel, and is not intended to be, and should not be, used by anyone other than these parties.

Deloitte + Touche LLP

November 14, 2014

DUKE ENERGY OHIO, INC.

UNIFORM PURCHASED GAS ADJUSTMENT RATES

The following is a summary of the uniform purchased gas adjustment rates reviewed as part of the examination (\$/MCF):

Period in Effect	Expected Gas Cost	Supplier Refund and Reconciliation Adjustment	Actual Adjustment	Total Uniform Purchased Gas Adjustment
August 29, 2013 to September 29, 2013	\$ 5.058	\$ (0.002)	\$ 0.034	\$ 5.090
September 30, 2013 to October 28, 2013	5.304	(0.002)	0.034	5.336
October 29, 2013 to December 1, 2013	5.117	(0.002)	0.034	5.149
December 2, 2013 to January 1, 2014	4.850	0.000	0.064	4.914
January 2, 2014 to January 30, 2014	5.340	0.000	0.064	5.404
January 31, 2014 to March 2, 2014	5.339	0.000	(0.287)	5.052
March 3, 2014 to March 31, 2014	5.718	0.000	(0.095)	5.623
April 1, 2014 to April 30, 2014	5.440	0.000	(0.095)	5.345
May 1, 2014 to June 1, 2014	5.484	0.000	(0.095)	5.389
June 2, 2014 to June 30, 2014	5.625	0.000	0.356	5.981
July 1, 2014 to July 30, 2014	5.791	0.000	0.356	6.147
July 31, 2014 to August 28, 2014	5.434	0.000	0.356	5.790

DUKE ENERGY OHIO, INC.

SUMMARY OF FINDINGS

Matters Identified in Current-Year Examination

1. Actual Adjustment Rate Clerical Error

The second quarter 2013 (i.e., June 2013 to August 2013) current period actual adjustment rate was calculated to be (\$0.091). During the period from September 2013 through January 2014, the second quarter 2013 actual adjustment rate was erroneously input into the previous period component of the actual adjustment in the GCR calculation as \$0.091. The error was identified by the Company in January 2014. This clerical error resulted in a misstatement of the individual monthly GCR rate calculated from September 2013 through January 2014 which had a dollar impact of \$1,896,081 over that time period. The error amount was corrected through the application of an amended rate used over the remaining period of revenue months (February 2014 through May 2014). The Company has represented to us that this approach to correct the error was agreed to by the PUCO staff.

2. Company Use Reporting Error

During a portion of the examination period, the Company misreported company use for purposes of determining the monthly GCR rate due to an administrative error. This error resulted in a misstatement of the individual monthly GCR rate calculated from August 2013 through November 2013 which had a dollar impact of \$26,811. The error amount was corrected through a prior period adjustment in Schedule III of the second quarter 2014 GCR filing.