

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Duke)
Energy Ohio, Inc., for Administration of the)
Significantly Excessive Earnings Test under) Case No. 15-665-EL-UNC
Section 4928.143(F), Revised Code, and)
Rule 4901:1-35-10, Ohio Administrative)
Code.)

STIPULATION AND RECOMMENDATION

INTRODUCTION

Rule 4901-1-30, Ohio Administrative Code (O.A.C.), provides that any two or more parties to a proceeding may enter into a written stipulation covering the issues presented in such a proceeding. The purpose of this document is to set forth the understanding and agreement of the parties that have signed below (the Signatory Parties) and to recommend that the Public Utilities Commission of Ohio (the Commission or PUCO) approve and adopt the Stipulation and Recommendation (Stipulation), as part of its Opinion and Order in this proceeding, resolving all of the issues in the proceeding.

This Stipulation is supported by adequate data and information; represents a just and reasonable resolution of the issues in this proceeding, violates no regulatory principle or precedent, and is the product of serious bargaining among knowledgeable and capable Signatory Parties in a cooperative process and undertaken by the Signatory parties representing a wide range of interests to resolve the aforementioned issues. For purposes of resolving the issues raised by this proceeding, the Signatory parties stipulate, agree, and recommend as set forth below.

PARTIES

This Stipulation is entered into by and among Duke Energy Ohio, Inc., (Duke Energy Ohio or Company) and the Staff of the Public Utilities Commission of Ohio (Staff) (collectively, the Signatory Parties).

STIPULATION

In Case No. 11-3549-EL-SSO, *et al.*, the Commission approved an electric security plan (ESP) for Duke Energy Ohio. Said ESP includes provision for the application of the significantly excessive earnings test (SEET) and further establishes a 15 percent threshold, below which the Company's earnings shall be deemed not to be significantly excessive. In reliance upon the SEET provisions included in its current ESP, Duke Energy Ohio has calculated its earned return on average electric common equity for the year ended December 31, 2014, to be 8.27 percent. As the Company's 2014 earned return on average electric common equity is substantially below the 15 percent threshold, the Signatory Parties agree and stipulate that Duke Energy Ohio did not have significantly excessive earnings in 2014.

The Signatory Parties stipulate, agree, and recommend that the Commission admit the Company's Application and accompanying materials, as filed April 30, 2015, into the record of this proceeding and issue an Opinion and Order in this proceeding determining that significantly excessive earnings under Ohio Revised Code Section 4928.143(F) did not occur with respect to the Company's ESP in 2014.

PROCEDURAL ISSUES

This Stipulation is submitted for purposes of this proceeding. The agreement of the Signatory Parties reflected in this document is expressly conditioned upon its acceptance in its entirety and without alteration by the Commission. The Signatory Parties agree that, if the

Commission or any court of competent jurisdiction rejects all or any material part of this Stipulation, or otherwise materially modifies its terms, any adversely affected Signatory Party shall have the right to file an application for rehearing or motion for reconsideration. If such application or motion is filed and the Commission or court does not, on rehearing or reconsideration, accept the Stipulation without material modification within forty-five days of the filing of such motion, then, anytime thereafter, the adversely affected Signatory Party may terminate its Signatory Party status without penalty or cost and regain its rights as a non-Signatory Party as if it had never executed the Stipulation by filing a notice with the Commission and the other Signatory Parties, if any. Unless the Signatory Party exercises its right to terminate its status as a Signatory Party as described above, each Signatory Party agrees to and will support the reasonableness of this Stipulation before the Commission and in any appeal from the Commission's adoption and/or enforcement of this Stipulation and will further cause its counsel to do the same. The Signatory Parties also recommend that the Commission accept and approve the terms hereof as promptly as possible.

IN WITNESS WHEREOF, this Stipulation has been signed by the authorized agents of the undersigned Parties this 10th day of June 2015.

STAFF OF THE PUBLIC UTILITIES
COMMISSION OF OHIO

By:



Thomas McNamee, Assistant Attorney General,
its Attorney

DUKE ENERGY OHIO, INC.

By:



Jeanne W. Kingery, Associate General Counsel,
its Attorney

PROOF OF SERVICE

I certify that a true copy of the foregoing **Stipulation and Recommendation** submitted on behalf of the Staff of the Public Utilities Commission of Ohio was served by regular U.S. mail, postage prepaid, or via electronic mail, upon the following parties of record, this 10th day of June, 2015.

/s/Thomas W. McNamee

Thomas W. McNamee
Assistant Attorney General,

Parties of Record:

Elizabeth H. Watts
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in

Case No(s). 15-0665-EL-UNC

Summary: Stipulation Stipulation and Recommendation electronically filed by Mrs. Tonnetta Y Scott on behalf of PUCO