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September 4, 2012

Ms. Barcy F. McNeal, Secretary  
Public Utilities Commission of Ohio  
180 East Broad Street, 11<sup>th</sup> Floor  
Columbus, Ohio 43215

Re: Case No. 11-4393-EL-RDR

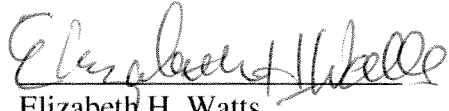
Dear Ms. McNeal:

On August 22, 2012, Duke Energy Ohio, Inc. filed proposed tariffs in the above-captioned matter. Subsequent to that filing, we have made corrections to several of these tariffs to bring them into conformity with the Commission's Opinion and Order in this proceeding. The enclosed amended tariffs emphasize and clarify that no generation lost revenue will be recovered from customers. The amended tariffs also include a correction to the residential rate calculation. The specific changes to the documents are as follows:

- Work paper, page 3: Revised language to eliminate references to fuel, and change "NF" to "Net of Free Riders."
- Work paper, page 6: Removed lost distribution revenue recovery from the residential rate calculation. Residential customers are not subject to lost distribution revenue recovery because they are subject to Rider DDR, Distribution Decoupling Rider. Added a Total Charge summary section to page 6.
- Sheet No. 119, Rider EE-PDRR: Revised the residential rate to \$0.002317 per kWh as shown on page 6 of the work paper. Changed the effective date to September 28, 2012 (October cycle 1).
- Sheet No. 120, Rider EE-PDR: Modified some of the language in the "Charges" section to clarify and emphasize that LR only recovers lost base distribution revenue. LR does not recovery any lost generation-related or transmission revenue. Changed the effective date to September 28, 2012 (October cycle 1).

Kindly file these amended tariffs in the above-captioned docket. Thank you for your assistance with this matter.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Elizabeth H. Watts". The signature is written in a cursive style with a horizontal line underneath the name.

Elizabeth H. Watts

Associate General Counsel

Duke Energy Ohio, Inc.

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Cincinnati, Ohio 45201-0960

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[Elizabeth.Watts@duke-energy.com](mailto:Elizabeth.Watts@duke-energy.com)

**RIDER EE-PDRR  
ENERGY EFFICIENCY AND PEAK DEMAND RESPONSE RECOVERY RATE**

The EE-PDRR rate shall be determined in accordance with the provisions of Rider EE-PDR, Energy Efficiency and Peak Demand Response Recovery rider, Sheet No. 120 of this Tariff.

The EE-PDRR rate to be applied to residential service customer bills beginning with the September 2012 revenue month is \$0.002317 per kilowatt-hour.

The EE-PDRR rate to be applied to non-residential service customer bills, other than service under Rates DS, DP, TS, and RTP, beginning with the September 2012 revenue month for distribution service is \$0.001301 per kilowatt-hour.

The EE-PDRR rate to be applied to non-residential service customer bills, for service under Rates DS, DP, TS, and RTP, beginning with the September 2012 revenue month for distribution service is \$0.001334 per kilowatt-hour.

Filed pursuant to an Order dated August 15, 2012 in Case No. 11-4393-EL-RDR before the Public Utilities Commission of Ohio.

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Issued: August 22, 2012

Effective: September 28, 2012

Issued by Julie Janson, President

**RIDER EE-PDR  
ENERGY EFFICIENCY AND PEAK DEMAND RESPONSE RECOVERY RIDER**

**APPLICABILITY**

Applicable to service rendered under the provisions of the following Rates to retail jurisdictional customers in the Company's electric service territory including those customers taking generation service from a Certified Retail Electric Service (CRES) provider:

- Rate RS
- Rate ORH
- Rate TD-AM
- Rate TD
- Rate CUR
- Rate RS3P
- Rate RSLI
- Rate TD-CPP\_LITE
- Rate TD-LITE
- Rate TD-2012
- Rate DS
- Rate GS-FL
- Rate EH
- Rate DM
- Rate DP
- Rate SFL-ADPL
- Rate TS

**CHARGES**

The monthly amount computed under each of the rate schedules to which this rider is applicable shall be increased or decreased by the EE-PDR Charge at a rate per kilowatt-hour of monthly consumption and, where applicable, a rate per kilowatt of monthly billing demand, in accordance with the following formula:

$$\text{EE-PDR Charge} = \text{PC} + \text{LR} + \text{PI} + \text{BA}$$

Where: PC = PROGRAM COST RECOVERY.  
LR = LOST BASE DISTRIBUTION REVENUE FROM LOST SALES RECOVERY.  
PI = PDR PROGRAM INCENTIVE RECOVERY.  
BA = BALANCE ADJUSTMENT.

For each twelve month period, the PC shall include all expected costs for the energy efficiency and peak demand response programs. Such program costs shall include the cost of planning, developing, implementing, monitoring, and evaluating the EE-PDR programs. Program costs will be assigned for recovery purposes to the rate classes whose customers are directly participating in the program. In addition, all costs incurred by or on behalf of the collaborative process, including but not limited to costs for consultants, employees and administrative expenses, will be recovered through the PC. Administrative costs that are allocable to more than one rate class will be recovered from those classes and allocated by rate class on the basis of the estimated avoided capacity and energy costs resulting from each program.

The PC applicable to each rate class shall be determined by dividing the costs of approved programs allocated or assigned to that class by the expected kilowatt-hour sales for the upcoming twelve-month period.

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## CHARGES (Cont'd)

Lost base distribution revenues (LR) from lost sales due to EE-PDR programs shall be computed by 1) multiplying the amount of kilowatt-hour sales that will be lost during the year as a result of the implementation of the approved programs times the base distribution charge for the applicable rate schedule, and 2) dividing that product by the expected kilowatt-hour sales for the upcoming twelve-month period. Base distribution charges include only those charges related to distribution base rates, and they do not include any generation-related charges or transmission charges. Recovery of base distribution revenues from lost sales for each rate class shall be included in the LR for three years from the implementation of the measures or until terminated by the implementation of new rates pursuant to a general rate case, whichever comes first. Base distribution revenues from lost sales will be assigned for recovery purposes to the rate classes whose programs resulted in the lost sales. Only those rate classes (e.g., Rates DS, DP, and TS) that are excluded from Rider DDR, Distribution Decoupling Rider, are subject to the LR charge.

The EE-PDR Program Incentive (PI) amount shall be computed by multiplying the net resource savings expected from the approved programs which are to be installed during the upcoming twelve-month period times the allowed shared savings percentage. The allowed shared savings percentages are as follows: 0% for achievement level of 100% or less, 7.5% for achievement level greater than 100% and less than or equal to 110%, 10% for achievement level greater than 110% and less than or equal to 115%, and 15% for achievement level greater than 115%. Net resource savings are defined as program benefits less the costs of the program, where program benefits will be calculated on the basis of the present value of the Company's avoided costs over the expected life of the program, and will include both capacity and energy savings. The amount related to programs for each rate class shall be divided by the expected kilowatt-hour sales for the upcoming twelve-month period to determine the PI for that rate class. EE-PDR incentive amounts will be assigned for recovery purposes to the rate classes whose programs created the incentive.

The BA is used to reconcile the difference between the amount of revenues actually billed through the respective EE-PDR Charge components; namely, the PC, LR, and PI and previous application of the BA and the revenues which should have been billed, as follows:

For the PC, the balance adjustment amount will be the difference between the actual amount billed in a twelve-month period due to the application of the PC unit charge and the actual costs of the approved programs during the same twelve-month period.

For the LR, the balance adjustment amount will be the difference between the amount billed during the twelve-month period from the application of the LR unit charge and the LR amount established for the same twelve-month period.

For the PI, the balance adjustment amount will be the difference between the actual amount billed during the twelve-month period due to application of the PI unit charge and the program incentive amount determined for the actual EE-PDR programs or measures implemented during the twelve-month period.

For the BA the balance adjustment amount will be the difference between the actual amount billed during the twelve-month period due to the application of the BA unit charge and the balance adjustment amount estimated for the same twelve-month period.

The balance adjustment amounts determined above shall include interest. The interest applied to the monthly amounts, shall be calculated at a rate equal to the average of the "3-month Commercial Paper

Filed pursuant to an Order dated August 15, 2012 in Case No. 11-4393-EL-RDR before the Public Utilities Commission of Ohio.

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Rate" for the immediately preceding 12-month period. EE-PDR balance adjustment amounts will be assigned for recovery purposes to the rate classes to which over or under-recoveries of EE-PDR amounts were realized.

All costs recovered through the EE-PDR Charge will be assigned or allocated to Duke Energy Ohio, Inc.'s electric on the basis of the estimated net electric savings resulting from each program.

#### **FILINGS**

The filing of modifications to the EE-PDR Charge shall be made at least thirty days prior to the beginning of the effective period for billing. Each filing will include the following information as needed:

A detailed description of each EE-PDR program.

The total cost of each program over the twelve-month period.

An analysis of expected resource savings.

Information concerning the specific EE-PDR or efficiency measures to be installed.

Any applicable studies which have been performed, as available.

A statement setting forth the detailed calculation of each component of the EE-PDR Charge.

Each change in the EE-PDR Charge shall be applied to customers' bills with the first billing cycle of the revenue month which coincides with, or is subsequent to, the effective date of such change.

#### **SERVICE REGULATIONS**

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Public Utilities Commission of Ohio, and to the Company's Service Regulations currently in effect, as filed with the Public Utilities Commission of Ohio.

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Issued: August 22, 2012

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**RIDER EE-PDR  
ENERGY EFFICIENCY AND PEAK DEMAND RESPONSE RECOVERY RIDER**

**APPLICABILITY**

Applicable to service rendered under the provisions of the following Rates to retail jurisdictional customers in the Company's electric service territory including those customers taking generation service from a Certified Retail Electric Service (CRES) provider:

Rate RS  
Rate ORH  
Rate TD-AM  
Rate TD  
Rate CUR  
Rate RS3P  
Rate RSLI  
Rate TD-CPP\_LITE  
Rate TD-LITE  
Rate TD-2012  
Rate DS  
Rate GS-FL  
Rate EH  
Rate DM  
Rate DP  
Rate SFL-ADPL  
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Duke Energy Ohio  
Energy Efficiency and Peak Demand Response Rider  
Summary of Calculations for 2012 Programs

**OHIO REVENUE REQUIREMENT (excluding Lost Revenues) WORKPAPER**  
in \$

Discount Rate	8.10%		
M&V	5.0%		
Shared Savings	7.5%		
Self Direct 2012 Cost	\$2,250,000	estimated 7.5 cents/kwh	
			<b>2012</b>
<b>Summary Revenue Requirement</b>	Res from Portfolio		\$16,636,107
	NonRes from Portfolio		15,020,766
	NonRes Self-Direct		2,250,000
	<b>Total</b>		<b>33,906,873</b>
			<b>2012</b>
<b>Total Portfolio</b>	Total Avoided Costs		\$85,579,439
	Program Costs & Overhead		(25,885,554)
	Shared Savings		59,693,886
			7.5%
	x Utility Sharing Rate		4,477,041
	Utility Share		25,885,554
	+ Program Cost & Overhead Recovery		1,294,278
	+ M&V Recovery		<b>31,656,873</b>
	<b>Total Revenue Requirement</b>		<b>2,250,000</b>
	Self Direct		<b>33,906,873</b>
	<b>Total Revenue Requirement</b>		
			<b>2012</b>
<b>Res EE</b>	NPV Avoided Costs: T&D	Cumulative Avoided T&D Electric NF	\$3,888,041
	NPV Avoided Costs: Energy	Cumulative Cost-Based Avoided Elec Production NF	16,811,910
	NPV Avoided Costs: Capacity	Cumulative Cost-Based Avoided Elec Capacity NF	5,189,779
	Total Avoided Costs		25,889,729
	Program Costs & Overhead	Total Utility Costs	(10,985,271)
	Shared Savings		14,904,458
			7.5%
	x Utility Sharing Rate		1,117,834
	Utility Share		10,985,271
	+ Program Cost & Overhead Recovery		549,264
	+ M&V Recovery		<b>12,652,369</b>
	<b>Total Revenue Requirement</b>		
			<b>2012</b>
<b>NonRes EE</b>	NPV Avoided Costs: T&D	Cumulative Avoided T&D Electric NF	\$4,693,706
	NPV Avoided Costs: Energy	Cumulative Cost-Based Avoided Elec Production NF	34,320,957
	NPV Avoided Costs: Capacity	Cumulative Cost-Based Avoided Elec Capacity NF	7,787,217
	Total Avoided Costs		46,801,881
	Program Costs & Overhead	Total Utility Costs	(9,694,882)
	Shared Savings		37,106,999
			7.5%
	x Utility Sharing Rate		2,783,025
	Utility Share		9,694,882
	+ Program Cost & Overhead Recovery		484,744
	+ M&V Recovery		<b>12,962,651</b>
	<b>Total Revenue Requirement</b>		
			<b>2012</b>
<b>Res DR</b>	1-Year Avoided Costs: T&D	Cumulative Avoided T&D Electric NF	\$2,639,530
	1-Year Avoided Costs: Capacity	Cumulative Cost-Based Avoided Elec Capacity NF	4,314,401
	Total Avoided Costs		6,953,931
	Program Costs & Overhead	Total Utility Costs	(3,550,967)
	Shared Savings		3,402,964
			7.5%
	x Utility Sharing Rate		255,222
	Utility Share		3,550,967
	+ Program Cost & Overhead Recovery		177,548
	+ M&V Recovery		<b>3,983,738</b>
	<b>Total Revenue Requirement</b>		
			<b>2012</b>
<b>NonRes DR</b>	1-Year Avoided Costs: T&D	Cumulative Avoided T&D Electric NF	\$2,252,352
	1-Year Avoided Costs: Capacity	Cumulative Cost-Based Avoided Elec Capacity NF	3,681,546
	Total Avoided Costs		5,933,899
	Program Costs & Overhead	Total Utility Costs	(1,654,434)
	Shared Savings		4,279,465
			7.5%
	x Utility Sharing Rate		320,960
	Utility Share		1,654,434
	+ Program Cost & Overhead Recovery		82,722
	+ M&V Recovery		<b>2,058,115</b>
	<b>Total Revenue Requirement</b>		

Duke Energy Ohio  
 Energy Efficiency and Peak Demand Response Rider  
 Summary of Calculations for 2012 Programs

Sales Forecast By Customer Class

Year	Month	Residential	Commercial	Industrial	OPA	SL	ID	CU
2012	1	780,533,746	573,359,620	447,384,114	108,346,169	8,038,000	478,000	1,643,000
	2	690,730,238	524,137,474	420,095,084	101,154,441	8,043,000	394,000	1,185,000
	3	603,707,114	516,793,756	433,381,162	102,401,313	8,132,000	467,000	1,733,000
	4	492,226,472	507,575,169	422,350,161	98,966,535	8,036,000	330,000	1,178,000
	5	431,209,540	513,792,074	433,660,894	101,590,330	7,990,000	351,000	1,433,000
	6	551,512,288	590,639,642	453,828,855	112,359,881	8,104,000	318,000	1,159,000
	7	693,894,281	628,249,954	465,747,896	114,427,888	8,014,000	366,000	1,445,000
	8	724,310,958	630,683,600	477,875,162	115,200,399	8,051,000	416,000	1,453,000
	9	645,495,705	608,794,404	465,870,489	116,589,021	8,027,000	340,000	1,343,000
	10	471,670,006	530,628,218	441,790,671	103,537,418	8,001,000	309,000	1,241,000
	11	452,680,186	499,935,011	423,871,842	95,046,292	7,978,000	268,000	1,081,000
	12	643,068,237	558,684,832	434,273,275	101,745,709	8,039,000	478,000	1,787,000
	total	7,181,038,771	6,683,273,754	5,320,129,605	1,271,365,396	96,453,000	4,515,000	16,681,000

Duke Energy Ohio  
 Energy Efficiency and Peak Demand Response Rider  
 Summary of Calculations for 2012 Programs

**OHIO LOST REVENUE ESTIMATE WORKPAPER**  
 in \$

Line Losses 6.8420%

					<b>2012</b>
					954,945
<b>SUMMARY</b>	Res				441,185
<b>Half-year</b>	NonRes				1,396,130
<b>Convention</b>	<b>Total</b>				<b>1,396,130</b>
					<b>2012</b>
					1,909,890
<b>SUMMARY</b>	Res				882,370
<b>Jan 1 start</b>	NonRes				2,792,260
	<b>Total</b>				<b>2,792,260</b>
					<b>2012</b>
<b>Res EE</b>	Vintage				1,909,890
	1	Lost Revenues	<i>Cumulative Elec Lost Rev Net of Free Riders</i>		0
	2	Lost Revenues	<i>Cumulative Elec Lost Rev Net of Free Riders</i>		0
	3	Lost Revenues	<i>Cumulative Elec Lost Rev Net of Free Riders</i>		0
	4	Lost Revenues	<i>Cumulative Elec Lost Rev Net of Free Riders</i>		0
	5	Lost Revenues	<i>Cumulative Elec Lost Rev Net of Free Riders</i>		0
		<b>Lost Revenues</b>			<b>1,909,890</b>
					<b>2012</b>
	Vintage				79,888,330
	1	KWH at Meter, Net of Free Riders	<i>Cumulative kWh Net of Free Riders</i>		0
	2	KWH at Meter, Net of Free Riders	<i>Cumulative kWh Net of Free Riders</i>		0
	3	KWH at Meter, Net of Free Riders	<i>Cumulative kWh Net of Free Riders</i>		0
	4	KWH at Meter, Net of Free Riders	<i>Cumulative kWh Net of Free Riders</i>		0
	5	KWH at Meter, Net of Free Riders	<i>Cumulative kWh Net of Free Riders</i>		0
		<b>KWH at Meter, Net FR</b>	<i>Cumulative kWh Net of Free Riders</i>		<b>79,888,330</b>
					<b>2012</b>
	Vintage				\$0.0239
	1	Implicit \$/KWH			\$0.0000
	2	Implicit \$/KWH			\$0.0000
	3	Implicit \$/KWH			\$0.0000
	4	Implicit \$/KWH			\$0.0000
	5	Implicit \$/KWH			\$0.0000
		<b>Implicit \$/KWH</b>			<b>\$0.0239</b>
					<b>2012</b>
<b>NonRes EE</b>	Vintage				882,370
	1	Lost Revenues	<i>Cumulative Elec Lost Rev Net of Free Riders</i>		0
	2	Lost Revenues	<i>Cumulative Elec Lost Rev Net of Free Riders</i>		0
	3	Lost Revenues	<i>Cumulative Elec Lost Rev Net of Free Riders</i>		0
	4	Lost Revenues	<i>Cumulative Elec Lost Rev Net of Free Riders</i>		0
	5	Lost Revenues	<i>Cumulative Elec Lost Rev Net of Free Riders</i>		0
		<b>Lost Revenues</b>			<b>882,370</b>
					<b>2012</b>
	Vintage				73,113,433
	1	KWH at Meter, Net of Free Riders	<i>Cumulative kWh Net of Free Riders</i>		0
	2	KWH at Meter, Net of Free Riders	<i>Cumulative kWh Net of Free Riders</i>		0
	3	KWH at Meter, Net of Free Riders	<i>Cumulative kWh Net of Free Riders</i>		0
	4	KWH at Meter, Net of Free Riders	<i>Cumulative kWh Net of Free Riders</i>		0
	5	KWH at Meter, Net of Free Riders	<i>Cumulative kWh Net of Free Riders</i>		0
		<b>KWH at Meter, Net FR</b>	<i>Cumulative kWh Net of Free Riders</i>		<b>73,113,433</b>
					<b>2012</b>
	Vintage				\$0.0121
	1	Implicit \$/KWH			\$0.0000
	2	Implicit \$/KWH			\$0.0000
	3	Implicit \$/KWH			\$0.0000
	4	Implicit \$/KWH			\$0.0000
	5	Implicit \$/KWH			\$0.0000
		<b>Implicit \$/KWH</b>			<b>\$0.0121</b>

Workpaper Notes:

Lost Revenues have been shown for 36 months.  
 The Lost Revenue and KWH shown assume a Jan 1 start date for all participants. In practice, participation for lost margins would be tracked on a monthly basis

Duke Energy Ohio  
Energy Efficiency and Peak Demand Response Rider  
Summary of Calculations for 2012 Programs

January 2012 through December 2012

	Program Costs (A)
<u>Electric Rider EE-PDR</u>	
Residential Rates RS, ORH, TD, RS3P, RSLI, TD-AM, TD-LITE, TD-CPP_LITE	\$ 16,636,107
Non-Residential Rates DS, DP, DM, GS-FL, EH, SP, SFL-ADPL, TS, RTP, & CUR	\$ 17,270,766

(A) See page 1.

(C) See page 3.

Duke Energy Ohio  
Energy Efficiency and Peak Demand Response Rider  
Summary of Billing Determinants

Year	2012
Projected Annual Electric Sales KWH	
Residential Rates RS, ORH, TD, RS3P, RSLI, TD-AM, TD-LITE, TD-CPP_LITE	7,181,038,771
Non-Residential Rates DS, DP, DM, GS-FL, EH, SP, SFL-ADPL, TS, RTP, & CUR	13,274,768,755

Duke Energy Ohio  
Energy Efficiency and Peak Demand Response Rider  
Summary of Calculations

January 2012 through December 2012

Rate Schedule	True-Up Amount (A)	Expected Program Costs (B)	Lost Revenues Costs (C)	Total DSM Revenue Requirements	Estimated Billing Determinants (D)	Energy Efficiency and Peak Demand Response Recovery Rider (EE-PDRR)
Electric Rider DSM	\$ -	\$ 16,636,107		\$ 16,636,107	7,181,038,771 kWh	0.002317 \$/kWh
Residential Rates RS, ORH, TD, RS3P, RSLI, TD-AM, TD-LITE, TD-CPP_LITE						
Distribution Level Rates - Program Cost Recovery (Part A)						
Applies to Rates DS, DP, DM, GS-FL, EH, SFL-ADPL, TS, RTP, & CUR	\$ -	\$ 17,270,766		\$ 17,270,766	13,274,768,755 kWh	0.001301 \$/kWh
Distribution Level Rates - Lost Revenue Recovery (Part B)						
Applies to Rates DS, DP, TS, & RTP			\$ 441,185	\$ 441,185	13,274,768,755	0.000033 \$/kWh
<b>Total Recovery</b>				\$ 34,348,058		
Total Charge for Residential Rates RS, ORH, TD, RS3P, RSLI, TD-AM, TD-LITE, TD-CPP_LITE						\$ 0.002317 \$/kWh
Total Charge for Rates DM, GS-FL, EH, SFL-ADPL, & CUR (Part A Only)						\$ 0.001301 \$/kWh
Total Charge for Rates DS, DP, TS, & RTP (Part A plus Part B)						\$ 0.001334 \$/kWh

Note: Rider DDR (Distribution Decoupling Rider) does not apply to Rates DS, DP, and TS. These rates are therefore subject to lost distribution revenue recovery under Rider EE-PDR.