

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Duke)
Energy Ohio, Inc., for Approval to Establish) Case No. 17-1197-GA-ATA
an Infrastructure Development Rider.)

In the Matter of the Application of Duke)
Energy Ohio, Inc., for Approval to Establish) Case No. 17-1198-GA-IDR
an Infrastructure Development Rider.)

APPLICATION OF DUKE ENERGY OHIO, INC.,
TO ADOPT AN INFRASTRUCTURE DEVELOPMENT RIDER TARIFF

1. APPLICANT RESPECTFULLY PROPOSES:

<input checked="" type="checkbox"/> New Service	<input type="checkbox"/> Change in Rule or Regulation
<input type="checkbox"/> New Classification	<input type="checkbox"/> Reduction in Rates
<input type="checkbox"/> Change in Classification	<input type="checkbox"/> Correction of Error
<input type="checkbox"/> Other, not involving increase in rates	<input type="checkbox"/> Various related and unrelated textual revision, without change in intent

2. DESCRIPTION OF PROPOSAL:

Duke Energy Ohio, Inc., (Duke Energy Ohio or Company) proposes to incorporate a new rider known as the Infrastructure Development Rider (IDR) into its tariff. The IDR is a mechanism created pursuant to Ohio Revised Code (R.C.) 4929.161 and Ohio Administrative Code (O.A.C.) 4901:1-43-04. The purpose of the IDR is to recover the Infrastructure Development Costs, as defined in R.C. 4929.16, associated with economic development projects approved under R.C. 4929.163 (economic development projects) and 4929.164 (certified site projects).

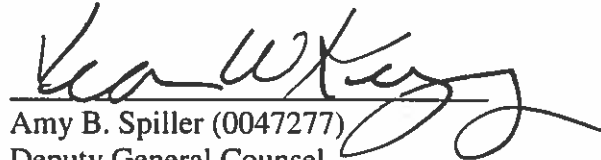
In addition to establishing the IDR, Duke Energy Ohio is also revising the applicable tariff pages concerning the capital investments for distribution mains to new customers in order to reflect the impact of the IDR upon the tariff provisions applicable to the extension of distribution mains. In addition, the base rate tariff sheets for each rate class will be amended to add Rider IDR.

3. TARIFF SHEET(S) AFFECTED: See Exhibit A.

4. ATTACHED HERETO AND MADE A PART HEREOF ARE:

- X Exhibit A – existing schedule sheets (to be superseded if application is approved)
- X Exhibit B – proposed schedule sheets
- X Exhibit B-1 – redlined tariff sheets showing changes made to existing tariffs
- X Exhibit C-1
- a. If new service is proposed, describe;
- b. If new equipment is involved, describe (preferably with a picture, brochure, etc.) and, where appropriate, a statement distinguishing proposed service from existing services;
- c. If proposed service results from customer requests, so state, giving, if available, the number and type of customers requesting proposed service
- Exhibit C-2 – if a change of classification, rule or regulation is proposed, a statement explaining the reason for the change
- Exhibit C-3 – statement explaining the reason for any proposal not covered by Exhibit C-1 or Exhibit C-2
5. This application will not result in an increase in any rate, joint rate, toll, classification, charge or rental.
6. Duke Energy Ohio respectfully requests that the Commission expeditiously approve this application and the proposed tariffs attached hereto.

Respectfully submitted,
DUKE ENERGY OHIO, INC.



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Attorneys for Duke Energy Ohio, Inc.

EXHIBIT A

RIDER X

MAIN EXTENSION POLICY

APPLICABILITY

Applicable to gas service supplied in accordance with provisions of the appropriate rate currently in effect, from the nearest available distribution main when, in the opinion of the Company, it is necessary to extend such main.

EXTENSION PLAN

1. One-Hundred Feet or Less.

An extension of one hundred (100) feet or less shall per service installation shall be made by the Company to an existing distribution main without charge to a prospective customer or customers who shall each apply for and contract to use service for one (1) year or more.

2. Excess of One Hundred Feet.

(a) Individual Service Installation.

The Company, at its sole discretion, may perform a net present value (NPV) analysis based upon total construction costs for the entire length of the extension, and not just the costs of the extension in excess of 100 feet. The NPV analysis will take into account all volumetric base distribution revenues and fixed monthly charge revenues to be received from the customer. The NPV analysis will use 5.32% as the discount rate and, for residential customers, it will assume a term of no less than ten (10) years. If the NPV calculation is positive, the customer will not be charged for the construction costs. If the NPV calculation is negative, the customer must deposit with the Company an amount equal to the results of the NPV calculation prior to construction taking place. Any such deposit shall be eligible for a refund consistent with the terms and conditions of the main extension contract entered into between the Company and customer. Further, the customer must continue to receive gas service from the Company at the same service installation or premises in order to be eligible for a refund. Refunds shall not exceed the amount of the deposit and shall be limited to a period of ten (10) consecutive years following the effective date of the main extension contract.

For large commercial and industrial customers with process load, Duke Energy Ohio may require a minimum customer usage commitment for a defined period of time not to exceed six (6) years.

(b) Multiple Service Installations.

(i) Existing Subdivisions, New Non-Joint Trench Subdivisions, and Existing Non-Subdivision.

When an extension of the Company's main to serve an applicant amounts to more than one hundred (100) feet per service installation, the Company may require total cost of the footage in excess of 100 feet per customer to be deposited with the Company by the applicant based upon the estimated cost per foot for main extensions. Additionally, the Company, at its sole discretion, may perform a net present value (NPV) analysis based upon total construction costs for the entire length of the extension, and not just the costs of the extension in excess of 100 feet. The NPV analysis will take into account include all volumetric base distribution revenues and fixed monthly charge revenues to be received

Filed pursuant to an Order dated November 13, 2013 in Case No. 12-1685-GA-AIR before the Public Utilities Commission of Ohio.

EXTENSION PLAN (Contd.)

from the customers to be connected. The NPV analysis will use 5.32% as the discount rate and, for residential customers, it will assume a term of no less than ten (10) years. If the NPV calculation is positive, the applicant will not be charged for the construction costs. If the NPV calculation is negative, the applicant must deposit with the Company an amount equal to the results of the NPV calculation prior to construction taking place. Any such deposit shall be eligible for a refund consistent with the terms and conditions of the main extension contract entered into between the Company and applicant. Further, where the applicant is the customer, the customer must continue to receive gas service from the Company at the same service installation or premises in order to be eligible for a refund. Refunds shall not exceed the amount of the deposit and shall be limited to a period of ten (10) consecutive years following the effective date of the main extension contract.

(ii) **New Joint Trench Subdivisions.**

When an extension of the Company's approach and/or internal mains is necessary to serve a new subdivision, the Company will perform a net present value (NPV) analysis of total construction costs and the revenue to be received from each customer to be connected to the new mains. For purposes of the NPV calculation, the Company will assume that a complete build-out of the subdivision will occur in five (5) years. If the NPV calculation is positive, no deposit will be required for the new subdivision and the NPV results will be credited toward the calculation of the deposit requirement for any approach main that may be required. If the NPV calculation is negative, the amount of the NPV results must be deposited with the Company prior to the construction of the mains to serve the new subdivision. Any deposit made when the NPV calculation is negative is eligible for a refund due to subsequent connections or extensions consistent with the terms and conditions of the main extension contract entered into between the Company and applicant. Refunds shall not exceed the amount of the deposit and shall be limited to a period of ten (10) consecutive years following the effective date of the main extension contract.

3. Nothing contained herein shall be construed to prohibit the Company from making extensions under different arrangements provided such arrangements have been approved by the Public Utilities Commission of Ohio.
4. Nothing contained herein shall be construed as to prohibit the Company from making, at its expense, greater extensions than herein prescribed, should its judgment so dictate, provided like free extensions are made to other customers under similar conditions.

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 Company's Service Regulations currently in effect, as filed with The Public Utilities Commission of Ohio, as provided by law.

Filed pursuant to an Order dated November 13, 2013 in Case No. 12-1685-GA-AIR before the Public Utilities Commission of Ohio.

EXHIBIT B

RIDER IDR

INFRASTRUCTURE DEVELOPMENT RIDER

APPLICABILITY

Applicable to all customers receiving service under the Company's sales and transportation rate schedules.

DESCRIPTION

An additional charge per account, per month, regardless of gas consumed, to recover infrastructure development costs associated with Commission-approved Economic Development Projects and Certified Site Projects.

The IDR shall be calculated annually pursuant to an Annual Report filed by Duke Energy Ohio. Such annual adjustments to the IDR will become effective with bills rendered on or after the first billing cycle following the expiration of the Commission Staff's 75-day review period of the Annual Report, unless the adjustment to the IDR proposed in the Annual Report is suspended by the Commission for good cause, and shall be subject to reconciliation adjustments following any hearing, if necessary.

The charges for the respective gas service schedules are:

Rate RS and RSLI, Residential Service	\$ 0.00/month
Rate RFT and RFTLI, Residential Firm Transportation Service	\$ 0.00/month
Rate GS-S and GS-L, General Service	\$ 0.00/month
Rate DGS, Distributed Generation Service	\$ 0.00/month
Rate FT-S and FT-L, Firm Transportation Service	\$ 0.00/month
Rate IT, Interruptible Transportation Service	\$ 0.00/month

Issued pursuant to an Order dated _____ in Case 17-____-GA-RDR before the Public Utilities Commission of Ohio.

Issued: _____

Issued by James P. Henning, President

Effective: _____

EXHIBIT B-1

RIDER X

MAIN EXTENSION POLICY

APPLICABILITY

Applicable to gas service supplied in accordance with provisions of the appropriate rate currently in effect, from the nearest available distribution main when, in the opinion of the Company, it is necessary to extend such main.

EXTENSION PLAN

1. One-Hundred Feet or Less.

An extension of one hundred (100) feet or less shall per service installation shall be made by the Company to an existing distribution main without charge to a prospective customer or customers who shall each apply for and contract to use service for one (1) year or more.

2. Excess of One Hundred Feet.

(a) Individual Service Installation.

The Company, at its sole discretion, may perform a net present value (NPV) analysis based upon total construction costs for the entire length of the extension, and not just the costs of the extension in excess of 100 feet. The NPV analysis will take into account all volumetric base distribution revenues and fixed monthly charge revenues to be received from the customer. The NPV analysis will use 5.32% as the discount rate and, for residential customers, it will assume a term of no less than ten (10) years. If the NPV calculation is positive, the customer will not be charged for the construction costs. If the NPV calculation is negative, the customer must deposit with the Company an amount equal to the results of the NPV calculation prior to construction taking place. Any such deposit shall be eligible for a refund consistent with the terms and conditions of the main extension contract entered into between the Company and customer. Further, the customer must continue to receive gas service from the Company at the same service installation or premises in order to be eligible for a refund. Refunds shall not exceed the amount of the deposit and shall be limited to a period of ten (10) consecutive years following the effective date of the main extension contract.

For large commercial and industrial customers with process load, Duke Energy Ohio may require a minimum customer usage commitment for a defined period of time not to exceed six (6) years.

(b) Multiple Service Installations.

(i) Existing Subdivisions, New Non-Joint Trench Subdivisions, and Existing Non-Subdivision.

When an extension of the Company's main to serve an applicant amounts to more than one hundred (100) feet per service installation, the Company may require total cost of the footage in excess of 100 feet per customer to be deposited with the Company by the applicant based upon the estimated cost per foot for main extensions. Additionally, the Company, at its sole discretion, may perform a net present value (NPV) analysis based upon total construction costs for the entire length of the extension, and not just the costs of the extension in excess of 100 feet. The NPV analysis will take into account ~~include~~ all volumetric base distribution revenues and fixed monthly charge revenues to be received

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Issued: November 22, 2013

Effective: December 2, 2013

Issued by James P. Henning, President

EXTENSION PLAN (Contd.)

from the customers to be connected. The NPV analysis will use 5.32% as the discount rate and, for residential customers, it will assume a term of no less than ten (10) years. If the NPV calculation is positive, the applicant will not be charged for the construction costs. If the NPV calculation is negative, the applicant must deposit with the Company an amount equal to the results of the NPV calculation prior to construction taking place. Any such deposit shall be eligible for a refund consistent with the terms and conditions of the main extension contract entered into between the Company and applicant. Further, where the applicant is the customer, the customer must continue to receive gas service from the Company at the same service installation or premises in order to be eligible for a refund. Refunds shall not exceed the amount of the deposit and shall be limited to a period of ten (10) consecutive years following the effective date of the main extension contract.

(ii) New Joint Trench Subdivisions.

When an extension of the Company's approach and/or internal mains is necessary to serve a new subdivision, the Company will perform a net present value (NPV) analysis of total construction costs and the revenue to be received from each customer to be connected to the new mains. For purposes of the NPV calculation, the Company will assume that a complete build-out of the subdivision will occur in five (5) years. If the NPV calculation is positive, no deposit will be required for the new subdivision and the NPV results will be credited toward the calculation of the deposit requirement for any approach main that may be required. If the NPV calculation is negative, the amount of the NPV results must be deposited with the Company prior to the construction of the mains to serve the new subdivision. Any deposit made when the NPV calculation is negative is eligible for a refund due to subsequent connections or extensions consistent with the terms and conditions of the main extension contract entered into between the Company and applicant. Refunds shall not exceed the amount of the deposit and shall be limited to a period of ten (10) consecutive years following the effective date of the main extension contract.

3. Nothing contained herein shall be construed to prohibit the Company from making extensions under different arrangements provided such arrangements have been approved by the Public Utilities Commission of Ohio.
4. Nothing contained herein shall be construed as to prohibit the Company from making, at its expense, greater extensions than herein prescribed, should its judgment so dictate, provided like free extensions are made to other customers under similar conditions.

5. In those instances where the main extension is for a Commission-approved economic development project, deposits may be funded, in whole or in part, by dollars recovered by the Company's Infrastructure Development Rider. Any incremental revenue, resulting from each additional customer connected to the line extension for a Commission-approved economic development project, will first be refunded through a credit to the Infrastructure Development Rider. This refund priority will continue until the refund credit to the Infrastructure Development Rider equals that portion of the deposit previously recovered through the Infrastructure Development Rider.

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Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

P.U.C.O. Gas No. 18
Sheet No. 62.45
Cancels and Supersedes
Sheet No. 62.34
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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 Company's Service Regulations currently in effect, as filed with The Public Utilities Commission of Ohio, as provided by law.

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before the Public Utilities Commission of Ohio.

Issued: November 22, 2013

Effective: December 2, 2013

Issued by James P. Henning, President

EXHIBIT C-1

Exhibit C-1
Statement Explaining the Reason for the Proposal

Duke Energy Ohio proposes to incorporate a new rider, known as the Infrastructure Development Rider (IDR), into its tariff. The IDR is a mechanism created pursuant to R.C. 4929.161 and O.A.C. 4901:1-43-04. The purpose of the IDR is to recover the Infrastructure Development Costs, as defined in R.C. 4929.16, associated with economic development projects approved under R.C. 4929.163, pertaining to economic development projects, and R.C. 4929.164, pertaining to certified site projects. In addition to establishing the IDR, Duke Energy Ohio is also revising the applicable tariff pages concerning the capital investments for distribution mains to new customers in order to reflect the impact of the IDR upon the tariff provisions applicable to the extension of distribution mains.

The IDR is a key regulatory mechanism established by Substitute House Bill 319 to permit natural gas companies to recover costs associated with certain economic development and certified site projects approved by the Commission. Pursuant to R.C. 4929.162, IDR cost recovery of these dollars is capped at \$18 per customer annually from all customers in all rate classes. With this application Duke Energy Ohio is proposing to establish the IDR with the initial IDR rate set at \$0 per customer. Beginning in 2018, Duke Energy Ohio will file with the Commission, on an annual basis, for approval to adjust the IDR rate as necessary.

This application requests approval of a new service. The proposed rates and charges are, therefore, “first-filed” rates and charges within the meaning of R.C. 4909.18, as interpreted and applied by both the Commission and the Supreme Court of Ohio:

Where the application is not for an increase in any rate, but is for a new service, as in the instant causes, or for a reduction in rate, the commission is required to permit the filing of the schedule proposed in the application and fix the time when such schedule shall take effect.¹

¹ *Ohio Bell Tel. Co. v. Public Util. Com.*, 17 Ohio St.2d 45, 48, 245 N.E.2d 351, 352-3, (1969); *see also Cookson Pottery v. Public Util. Comm.*, 161 Ohio St. 498, 120 N.E.2d 98 (1954).