BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Duke Energy Ohio to Adjust and Set its Electric Uncollectible Recovery Rate Under Rider UE-ED.	))))	Case No. 12-948-EL-UEX

APPLICATION OF DUKE ENERGY OHIO, INC.
TO ADJUST AND SET ITS
ELECTRIC UNCOLLECTIBLE RIDER UE-ED

Pursuant to R.C. 4909.18, Duke Energy Ohio, Inc., (Duke Energy Ohio or the Company) requests approval to adjust the rate for its electric uncollectible rider, Rider UE-ED, and for such accounting authority as may be required to continue to defer uncollectible expense for subsequent recovery.

Duke Energy Ohio is an Ohio corporation engaged in the business of supplying electric transmission, distribution, and generation service to customers in southwestern Ohio, all of whom will be affected by this Application, and is a public utility as defined by R. C. 4905.02 and 4905.03. Duke Energy Ohio serves incorporated communities and unincorporated territory within its entire service area, which includes all or parts of Adams, Brown, Butler, Clinton, Clermont, Hamilton, Montgomery, and Warren Counties in Ohio.

In support of its Application, Duke Energy Ohio states as follows:

1. This Application is made pursuant to the Opinion and Order of the Public Utilities Commission of Ohio (Commission), issued July 8, 2009, in Case Nos. 08-709-EL-AIR, *et al.* (Opinion and Order).[1] In its Opinion and Order, the Commission approved a stipulation in which the signatory parties agreed, among other things, that Duke Energy Ohio would

[1] *In the Matter of the Application of Duke Energy Ohio, Inc., for an Increase in Electric Rates*, Case No. 08-709-EL-AIR, Opinion and Order at 10-11, 19 (July 8, 2009).

implement an electric uncollectible expense rider (Rider UE-ED) to recover incremental net uncollectible expense above the baseline established in the test period in the Company's most recent electric distribution rate case.[2] Rider UE-ED is subject to an annual review and adjustment initiated through a filing made by Duke Energy Ohio.[3]

2. Pursuant to the Commission's Opinion and Order, in addition to the recovery of net uncollectible expense related to the provision of electric distribution service, above the baseline established in Case No. 08-709-EL-AIR, *et al.,* Rider UE-ED is also intended to recover all percentage of income payment plan (PIPP) installment payments not recovered through the universal service fund rider (USR) or from the customer net of any unused low-income credit funds.[4] The Company is permitted to recover any payment installment amounts, not recovered through the USR or from the customer where the Company demonstrates reasonable attempts to collect said installment payments from customers.[5] Finally, if the Commission determines to use an independent third-party auditor to review the Company's Rider UE-ED filing, the costs of the auditor will be recovered through Rider UE-ED.[6]

3. Pursuant to the terms of the stipulation, as approved in the Opinion and Order, the amounts included in Rider UE-ED, exclusive of PIPP, will only be collected from the class of customers that created the bad debt expense. Bad debt expense associated with PIPP will be allocated in the manner of the USR.[7]

4. The electric uncollectible rider, Rider UE-ED, currently has a monthly charge of $0.0001174 per kWh for residential customers and $1.24 per bill for non-residential customers,

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[2] *Id.* at 10-11, 19 (July 8, 2009).
[3] *Id.*
[4] *Id.*
[5] *Id.*
[6] *Id.*
[7] *Id.*

which were approved in Case No. 11-4076-EL-UEX in a Finding and Order dated October 26, 2011.[8]

5. The Company proposes Rider UE-ED monthly charges of $0.000375 per kWh for residential customers and ($0.02) per bill for non-residential customers. Therefore, pursuant to the terms of the stipulation and the Opinion and Order, Duke Energy Ohio now applies to the Commission to establish a value to recover incremental expenses for Rider UE-ED. The total incremental unrecovered balance as of March 31, 2012, is projected to be approximately $2,733,391 for residential and ($15,982) for non-residential rate classes (exclusive of any fees for a third-party audit that the Commission may determine is required). The schedules supporting the adjustments are attached in the Direct Testimony of Dana Patten. Attachment DRP-1 provides the calculation of proposed rates for Rider UE-ED. Attachments DRP-2 and DRP-3 are copies of the tariff for Rider UE-ED, showing tracked changes and final language respectively.

6. As directed by the Commission's Opinion and Order, the uncollectible expenses eligible for recovery through Rider UE-ED will be those expenses generated by the class of customers paying the uncollectible expenses rider.

7. In addition, Duke Energy Ohio notes that, in its Opinion and Order in Case No. 10-912-EL-UEX, the Commission authorized the Company to create a regulatory asset to defer variances in uncollectible expense in future periods for recovery or refund in further proceedings to adjust Rider UE-ED. As such authority was not limited in duration, Duke Energy Ohio respectfully requests that the Commission clarify that the Company's authority to create a regulatory assets, as described in that order, continues.

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[8] *In the Matter of the Application of Duke Energy Ohio, Inc. to Adjust and Set its Electric Distribution Uncollectible Expense Rider, Rider UE-ED*, Case Nos. 11-4076-EL-UEX, *et al.*, Finding and Order (October 26, 2011).

WHEREFORE, Duke Energy Ohio respectfully requests that the Commission approve this Application, subject to the terms outlined herein and in the testimony filed contemporaneously herewith.

Respectfully submitted,

Duke Energy Ohio, Inc.

Amy B. Spiller
Deputy General Counsel (Counsel of Record)
Elizabeth H. Watts
Associate General Counsel
Duke Energy Business Services LLC
139 East Fourth Street, 1303-Main
P.O. Box 960
Cincinnati, Ohio 45201-0960
(614) 222-1331 (telephone)
(614) 222-1337 (FAX)
amy.spiller@duke-energy.com
elizabeth.watts@duke-energy.com

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Duke Energy Ohio, Inc. to Adjust and Set Its Electric Uncollectible Recovery Rate Under Rider UE-ED	)))	Case No. 12-1948-EL-UEX

DIRECT TESTIMONY OF

DANA R. PATTEN

ON BEHALF OF

DUKE ENERGY OHIO, INC.

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Attachments:

DRP-1: Rider UE-ED – Proposed Rate Calculation

DRP-2: Rider UE-ED – Tariff Sheet redlined version

DRP-3: Rider UE-ED – Tariff Sheet clean version

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Dana R. Patten, and my business address is 139 East Fourth Street, Cincinnati, Ohio 45202.

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

A. I am employed by the Duke Energy Business Services LLC, an affiliated service company of Duke Energy Ohio, Inc. (Duke Energy Ohio or the Company) as Lead Rates Analyst.

Q. PLEASE SUMMARIZE YOUR EDUCATION AND PROFESSIONAL QUALIFICATIONS.

A. I received a Bachelor of Science Degree in Finance from Xavier University (XU) in 2002. Upon graduation from XU, I was employed by Fifth Third Bank from 2002 through 2004. I joined Cinergy Corp., now known as Duke Energy Corporation (Duke Energy), in June 2004 as a Settlement Analyst for Cinergy Power Marketing and Trading. I have held my current position as Lead Rates Analyst in the Rate Department at Duke Energy since 2007. My responsibilities include preparation and filing of various Ohio and Kentucky rate riders.

Q. HAVE YOU TESTIFIED PREVIOUSLY BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO (COMMISSION)?

A. Yes, I've testified in the previous Electric Distribution Uncollectible filing, 10-0912-EL-UEX.

II. OVERVIEW

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to support Duke Energy Ohio's Application to Adjust and Set its Electric Uncollectible Recovery Rider (Rider UE-ED). I also sponsor Attachments DRP-1, DRP-2, and DRP-3.

Q. WHAT IS THE HISTORY OF RIDER UE-ED?

A. Rider UE-ED was approved as a mechanism for recovery of electric uncollectible expense by the Commission in Case No. 08-709-EL-AIR, *et al.* Pursuant to the Commission's Opinion and Order dated October 26, 2011, Rider UE-ED is currently set at $0.001174 per kWh for residential customers and $1.24 per bill for non-residential customers. Duke Energy Ohio is now seeking to adjust the Rider to recover incremental electric uncollectible expenses as contemplated and approved in the Commission's Opinion and Order. The Company's proposed adjustment for the residential Rider UE-ED is $0.000375 per kWh and the proposed non-residential Rider UE-ED rate is ($0.02) per bill. Attachment DRP-1 is a schedule showing the calculation of Rider UE-ED.

Q. DOES DUKE ENERGY OHIO'S APPLICATION TO ADJUST AND SET RIDER UE-ED COMPLY WITH THE TERMS OF THE OPINION ORDER AND STIPULATION?

A. Yes the filing is in compliance with the terms of the Opinion Order and Stipulation.

Q. PLEASE EXPLAIN WHY THE COMMERCIAL ACTIVITY TAX IS INCLUDED IN THE RIDER RATE?

A. R.C. 5751 requires most companies in Ohio to pay a Commercial Activity Tax (CAT), set at 0.26 percent, on revenue received in Ohio. Rider UE-GEN rate has been adjusted to include the 0.26 percent CAT that the Company will be required to pay the Ohio Treasurer.

III. REVISED TARIFFS AND CALCULATION OF PROPOSED RATE

Q. ARE REVISED TARIFFS INCLUDED IN THE CURRENT FILING?

A. Yes. Attachments DRP-2 and DRP-3 include red-lined and clean tariff sheets showing proposed changes to Rider UE-ED. The rate for Rider UE-ED, currently set at $0.001174 per kWh for residential customers and $1.24 per bill for non-residential customers, is updated to reflect the proposed rate of $0.000374 per kWh and ($0.02) per bill, respectively.

Q. WHY IS DECEMBER 2010 THE BEGINNING MONTH OF THE TRACKER BALANCE FOR RESIDENTIAL?

A. In the 11-4076-EL-UEX filing the PIPP uncollectible not recovered in Rider USR was incorrectly reported for residential customers. December 2010 - March 2011 is included as a revision.

Q. PLEASE DESCRIBE ATTACHMENT DRP-1, PAGE 1

A. Attachment DRP 1, page 1, calculates the Rider UE-ED rates for residential and non-residential customers using actual and projected incremental unrecovered balances and projected billing determinants for 12 months ending March 31, 2013.

Q. PLEASE DESCRIBE ATTACHMENT DRP-1, PAGE 2 – 3

A. Pages 2-3, calculate the monthly residential and non-residential under/over recovery balance of uncollectible expense revenue requirement that needs to be recovered through the Rider UE-ED. For residential customers actual uncollectible amounts are for December 2012 – March 2012 and forecasted uncollectible amounts for April 2012 – March 2013. Non-residential customers actual uncollectible amounts are for April 2011 – March 2012 and forecasted uncollectible amounts for April 2012 – March 2013.

Q. PLEASE DESCRIBE ATTACHMENT DRP-1, PAGE 4 – 5

A. Page 4-5 includes the calculation the actual and projected recovery of the uncollectible expense in base rates based upon the 2008 base rate proceeding. The incremental electric distribution over the baseline balance consists of actual net-write-offs from pages 6-7 over the baseline recovery amount, less unused RSLI funds (residential only), less recovery from the uncollectible rider. The result for each month is passed over to pages 2-3.

Q. PLEASE DESCRIBE ATTACHMENT DRP-1, PAGE 6 – 7

A. Pages 6 – 7 allocates the actual and projected net charge offs by residential and non-residential customers. From there the total net charge offs are allocated to distribution based on the distribution revenue as a percent of electric retail revenue. The result for each month is passed over to pages 4-5.

Q. PLEASE DESCRIBE HOW YOU ARRIVED AT THE PROPOSED RIDER RATE.

A. The calculation of the proposed Ride UE-ED rate is shown on Attachment DRP-1. As mentioned previously, the proposed residential Rider UE-ED is $0.000375 cents per kWh and the proposed non-residential Rider UE-ED rate is ($0.02) per bill. The rates for each were calculated by dividing the incremental actual unrecovered tracker balance as of March 31, 2012 by the applicable projected billing determinants (kWh or number of bills) for the twelve months ended March 31, 2013. The incremental unrecovered tracker balance consists of actual net-write-offs over the baseline recovery amount, less unused RSLI funds (residential only), less recovery from the uncollectible rider. For residential customers the unrecovered tracker balance of $2,733,387 is divided by 7,300,202,826 kWh to arrive at $0.000374 per kWh times 0.26068 percent CAT to arrive at $0.000375 per kWh. For non-residential customers the unrecovered tracker balance of ($15,985) is divided by 856,097 bills to arrive at ($0.02) per bill times 0.26068 percent CAT to arrive at ($0.02) per bill.

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IV. CONCLUSION

Q. WERE ATTACHMENTS DRP-1, DRP-2 AND DRP-3 PREPARED BY YOU OR AT YOUR DIRECTION?

A. Yes.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

Line	Description	Source	Residential		Non-Residential	
1	Total Incremental Unrecovered Balance at March 31, 2012	Page 3	$2,733,391		($15,982)	
2	Projected Billing Determinants 12 months ended March 31, 2013	Page 5	7,300,202,826	kWh	856,097	Bills
3	Rider UE-ED Rate		$0.000374	per kWh	($0.02)	per bill
4	Rider UE-ED Rate including CAT tax		$0.000375	per kWh	($0.02)	per bill

Duke Energy Ohio Electric
Uncollectible Expense Tracker Balances

Line		Revised				Actual											
		Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12
	Residential Under-/(Over-) Recovery																
1	Unrecovered Balance - Beginning of Month	$4,057,251	$3,844,400	$3,605,023	$3,271,329	$2,832,624	$2,490,802	$2,461,418	$2,186,103	$1,764,111	$1,166,681	$826,647	$672,346	$373,621	($30,964)	($643,775)	($1,433,532)
2	Total Incremental Residential Bad Debt to Be Recovered	($212,851)	($239,377)	($333,694)	($438,705)	($341,822)	($29,384)	($275,315)	($421,992)	($597,430)	($340,034)	($154,301)	($298,725)	($404,585)	($612,811)	($789,757)	($678,394)
3	Balance Sub-Total	$3,844,400	$3,605,023	$3,271,329	$2,832,624	$2,490,802	$2,461,418	$2,186,103	$1,764,111	$1,166,681	$826,647	$672,346	$373,621	($30,964)	($643,775)	($1,433,532)	($2,111,926)
4	Unrecovered Balance - End of Month	$3,844,400	$3,605,023	$3,271,329	$2,832,624	$2,490,802	$2,461,418	$2,186,103	$1,764,111	$1,166,681	$826,647	$672,346	$373,621	($30,964)	($643,775)	($1,433,532)	($2,111,926)
	Total Non-Residential Under-/(Over-) Recovery																
5	Unrecovered Balance - Beginning of Month	$0	$0	$0	$0	$474,704	$383,942	$317,388	$243,812	$171,214	$90,218	$13,248	($66,254)	($143,202)	($212,118)	($286,274)	($385,042)
6	Total Incremental Residential Bad Debt to Be Recovered	$0	$0	$0	$0	($90,762)	($66,554)	($73,576)	($72,598)	($80,996)	($76,970)	($79,502)	($76,948)	($68,916)	($74,156)	($98,768)	($100,624)
7	Balance Sub-Total	$0	$0	$0	$0	$383,942	$317,388	$243,812	$171,214	$90,218	$13,248	($66,254)	($143,202)	($212,118)	($286,274)	($385,042)	($485,666)
8	Unrecovered Balance - End of Month	$0	$0	$0	$0	$383,942	$317,388	$243,812	$171,214	$90,218	$13,248	($66,254)	($143,202)	($212,118)	($286,274)	($385,042)	($485,666)

Duke Energy Ohio Electric
Uncollectible Expense Tracker Balances

Line		Projected Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
	Residential Under- /(Over-) Recovery												
1	Unrecovered Balance - Beginning of Month	($2,111,926)	($1,978,668)	($1,375,344)	($878,385)	($371,690)	($24,343)	$385,801	$752,190	$1,260,513	$1,880,719	$2,425,486	$2,717,214
2	Total Incremental Residential Bad Debt to be Recovered	$133,258	$603,324	$496,959	$506,695	$347,347	$410,144	$366,389	$508,323	$620,207	$544,767	$291,728	$16,177
3	Balance Sub-Total	($1,978,668)	($1,375,344)	($878,385)	($371,690)	($24,343)	$385,801	$752,190	$1,260,513	$1,880,719	$2,425,486	$2,717,214	$2,733,391
4	Unrecovered Balance - End of Month	($1,978,668)	($1,375,344)	($878,385)	($371,690)	($24,343)	$385,801	$752,190	$1,260,513	$1,880,719	$2,425,486	$2,717,214	$2,733,391
	Total Non-Residential Under- /(Over-) Recovery												
5	Unrecovered Balance - Beginning of Month	($485,667)	($472,345)	($419,455)	($373,227)	($323,131)	($286,308)	($245,702)	($212,509)	($167,390)	($108,530)	($53,256)	($21,686)
6	Total Incremental Residential Bad Debt to Be Recovered	$13,322	$52,889	$46,227	$50,096	$36,823	$40,607	$33,192	$45,119	$58,860	$55,274	$31,570	$5,703
7	Balance Sub-Total	($472,345)	($419,455)	($373,227)	($323,131)	($286,308)	($245,702)	($212,509)	($167,390)	($108,530)	($53,256)	($21,686)	($15,982)
8	Unrecovered Balance - End of Month	($472,345)	($419,455)	($373,227)	($323,131)	($286,308)	($245,702)	($212,509)	($167,390)	($108,530)	($53,256)	($21,686)	($15,982)

Duke Energy Ohio Electric
Revenue Collected for Uncollectible Expense

Line	Description	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12
		REVISED				Actual											
	Residential																
1	Actual kWh Sales	703,011,732	827,075,420	690,843,088	598,145,558	490,133,371	456,581,770	628,779,918	765,493,645	861,799,412	641,742,435	431,305,383	463,671,552	605,143,869	714,903,002	636,144,824	540,411,108
2	Base Rate Recovery Rate ($/kwh)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	Recovery of Bad Debt in Base Rates	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Actual Net Charge Offs for Month (pages 6-7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	Incremental Bad Debt (Line 4 minus Line 3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	Number of Customers using Rate RSLI	1,472	1,822	2,131	0	751	1,083	1,332	1,510	1,782	1,527	1,565	1,811	1,994	2,212	2,397	2,547
7	Customer Charge Monthly Credit	$4	$4	$4	$4	$4	$4	$4	$4	$4	$4	$4	$4	$4	$4	$4	$4
8	LESS: Unused RSLI Funds (Reduction to Bad Debts) (b)	[illegible]	[illegible]	[illegible]	$0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10	LESS: Recovery from Uncollectible Rider	$535,710	$639,028	$546,549	$428,040	$374,831	$351,397	$479,634	$587,446	$657,176	$491,319	$330,938	$542,610	$707,049	$831,900	$742,477	$631,135
11	Total Incremental Residential Bad Debt to Be Recovered	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Non-Residential																
12	Actual # Bills					71,287	71,367	71,336	70,747	71,149	71,104	71,290	71,346	71,427	71,553	71,634	71,570
13	Base Rate Recovery Rate ($/bill)					$0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12
14	Recovery of Bad Debt in Base Rates					[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
15	Actual Net Charge Offs for Month (pages 6-7)					[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
16	Incremental Bad Debt (Line 15 minus Line 14)					[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
17	LESS: Recovery from Uncollectible Rider					$95,483	$95,817	$96,259	$94,863	$96,109	$95,405	$95,778	$99,821	$99,863	$100,186	$100,059	$99,996
18	Total Incremental Non-Residential Bad Debt to Be Recovered					[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
20	Total Incremental Bad Debt (Residential + Non-residential)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

(a) [illegible]

(b) [illegible]

Duke Energy Ohio Electric
Revenue Collected for Uncollectible Expense

Line	Description	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12
	Residential						
1	Actual kWh Sales	497,294,385	434,521,182	559,375,162	702,021,190	732,493,850	651,207,408
2	Base Rate Recovery Rate ($/kwh)	$0.0002380	$0.0002380	$0.0002380	$0.0002380	$0.0002380	$0.0002380
3	Recovery of Bad Debt in Base Rates	[illegible]	[illegible]	[illegible]	[illegible]	$174,334	[illegible]
4	Actual Net Charge Offs for Month (pages 6-7)	$251,514	$726,140	$530,090	$673,775	$521,691	$565,131
5	Incremental Bad Debt (Line 4 minus Line 3)	$133,256	$603,324	$496,856	$506,686	$347,347	$410,144
6	Enrolled # Customers using Rate RSLI	0	0	0	0	0	0
7	Customer Charge Monthly Credit	$4	$4	$4	$4	$4	$4
8	LESS: Unused RSLI Funds (Reduction to Bad Debts) (b)	$0	$0	$0	$0	$0	$0
10	LESS: Recovery from Uncollectible Rider	$0	$0	$0	$0	$0	$0
11	Total Incremental Residential Bad Debt to Be Recovered	$133,256	$603,324	$496,856	$506,686	$347,347	$410,144
	Non-Residential						
12	Actual # Bills	71,311	71,391	71,360	70,771	71,173	71,128
13	Base Rate Recovery Rate ($/bill)	$ 0.12	$ 0.12	$ 0.12	$ 0.12	$ 0.12	$ 0.12
14	Recovery of Bad Debt in Base Rates	$8,557	$8,567	$8,563	$8,493	$8,541	$8,535
15	Actual Net Charge Offs for Month (pages 6-7)	$21,876	$61,456	$54,790	$58,588	$45,364	$49,142
16	Incremental Bad Debt (Line 15 minus Line 14)	$13,319	$52,889	$46,227	$50,096	$36,823	$40,607
18	LESS: Recovery from Uncollectible Rider	$0	$0	$0	$0	$0	$0
19	Total Incremental Non-Residential Bad Debt to Be Recovered	$13,319	$52,889	$46,227	$50,096	$36,823	$40,607
20	Total Incremental Bad Debt (Residential + Non-residential)	$146,587	$656,213	$543,186	$556,781	$384,170	$450,751

Line	Description	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Total
	Residential							
1	Actual kWh Sales	477,898,781	458,127,348	652,460,283	796,880,018	715,211,642	622,711,576	[illegible]
2	Base Rate Recovery Rate ($/kwh)	$0.0002380	$0.0002380	$0.0002380	$0.0002380	$0.0002380	$0.0002380	
3	Recovery of Bad Debt in Base Rates	$113,740	$109,030	$155,286	[illegible]	[illegible]	$148,206	
4	Actual Net Charge Offs for Month (pages 6-7)	$480,125	$617,357	$776,493	$734,424	$461,942	$164,382	
5	Incremental Bad Debt (Line 4 minus Line 3)	$366,389	$508,323	$620,207	$544,757	$281,726	$16,177	
6	Enrolled # Customers using Rate RSLI	0	0	0	0	0	0	
7	Customer Charge Monthly Credit	$4	$4	$4	$4	$4	$4	
8	LESS: Unused RSLI Funds (Reduction to Bad Debts) (b)	$0	$0	$0	$0	$0	$0	
10	LESS: Recovery from Uncollectible Rider	$0	$0	$0	$0	$0	$0	
11	Total Incremental Residential Bad Debt to Be Recovered	$366,389	$508,323	$620,207	$544,757	$281,726	$16,177	
	Non-Residential							
12	Actual # Bills	71,314	71,369	71,451	71,577	71,658	71,594	[illegible]
13	Base Rate Recovery Rate ($/bill)	$ 0.12	$ 0.12	$ 0.12	$ 0.12	$ 0.12	$ 0.12	
14	Recovery of Bad Debt in Base Rates	$8,558	$8,564	$8,574	$8,589	$8,599	$8,591	
15	Actual Net Charge Offs for Month (pages 6-7)	$41,750	$53,683	$67,434	$63,863	$40,165	$14,294	
16	Incremental Bad Debt (Line 15 minus Line 14)	$33,192	$45,119	$58,860	$55,274	$31,570	$5,703	
18	LESS: Recovery from Uncollectible Rider	$0	$0	$0	$0	$0	$0	
19	Total Incremental Non-Residential Bad Debt to Be Recovered	$33,192	$45,119	$58,860	$55,274	$31,570	$5,703	
20	Total Incremental Bad Debt (Residential + Non-residential)	$399,581	$553,442	$679,067	$600,041	$323,296	$21,880	

(a) Per Order dated July 8, 2009 in Case No. 08-709-EL-AIR, Duke Energy Ohio's initial application shall include incremental net uncollectible expenses and eligible PIPP amounts above the baseline incurred after the effective date of the rider increase.

(b) Per item #14 of the Stipulation in Case No. 08-709-EL-AIR, the parties agreed that up to 10,000 customers may participate in Rate RSLI and receive a $4 credit per month. To the extent less than $40,000 is credited to customers during each month, the residual shall be used to reduce amounts collected through Rider UE-ED.

Duke Energy Ohio Electric
Allocation of Charge-offs to Electric Distribution Residential and Non-residential

Line	Description	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12
	Net Charge Offs for Month - Residential	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Net Charge Offs for Month - Non - Residential	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Net Charge Offs for Month - Total	$ 1,222,636	$ 1,453,707	$ 894,782	$ 321,086	$ 330,303	$ 932,539	$ 835,236	$ 894,128	$ 691,843	$ 744,543	$ 618,385	$ 783,808	$ 1,007,175	$ 843,443	$ 236,095	$ 187,776	$ 489,823
	Electric Regulated Distribution Revenue (b)	$ 50,911,583	$ 49,256,179	$ 46,550,818	$ 37,279,259	$ 38,087,207	$ 37,273,820	$ 44,377,137	$ 48,127,238	$ 52,094,413	$ 44,169,002	$ 35,666,775	$ 36,416,425	$ 41,492,836	$ 46,386,855	$ 45,110,009	$ 41,776,385	$ 41,776,484
	Electric Retail Revenue (c)	$ 112,832,763	$ 106,733,183	$ 97,166,222	$ 81,802,342	$ 75,811,908	$ 73,312,232	$ 84,808,188	$ 111,835,323	$ 121,912,020	$ 97,536,414	$ 71,080,804	$ 72,830,783	$ 84,590,561	$ 90,418,862	$ 85,803,225	$ 78,834,264	$ 74,821,086
	Distribution Revenue as a % of Electric Retail Revenue	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Net Charge Offs for Month Allocated to Distribution	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Residential	90%	90%	90%	90%	92%	92%	92%	92%	92%	92%	92%	92%	92%	92%	92%	92%	92%
	Actual Net Charge Offs for Month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Non-Residential	10%	10%	10%	10%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%
	Actual Net Charge Offs for Month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

(a) [illegible]
(b) [illegible]
(c) [illegible]

Duke Energy Ohio Electric
Allocation of Charge-offs to Electric Distribution Residential and Non-residential

Line	Description	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
		Projected										
	Net Charge Offs for Month - Residential	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	[illegible]
	Net Charge Offs for Month - Non - Residential	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	[illegible]
	Net Charge Offs for Month - Total	$ 1,371,301	$ 1,234,273	$ 1,329,375	$ 1,033,845	$ 1,106,494	$ 932,608	$ 1,197,460	$ 1,527,758	$ 1,464,163	$ 903,923	$ 324,156
	Electric Regulated Distribution Revenue (b)	$ 40,389,941	$ 44,760,943	$ 50,566,516	$ 51,993,570	$ 49,212,754	$ 41,755,894	$ 40,544,130	$ 47,880,729	$ 53,211,234	$ 50,764,959	$ 46,221,334
	Electric Retail Revenue (c)	$ 72,089,838	$ 80,667,010	$ 91,787,501	$ 94,795,434	$ 88,807,555	$ 74,618,549	$ 72,350,367	$ 86,744,904	$ 97,596,426	$ 91,442,420	$ 83,855,729
	Distribution Revenue as a % of Electric Retail Revenue	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Net Charge Offs for Month Allocated to Distribution	$ 768,196	$ 684,686	$ 732,986	$ 567,036	$ 614,279	$ 521,970	$ 671,046	$ 842,027	$ 798,267	$ 502,117	178,676
	Residential	92%	92%	92%	92%	92%	92%	92%	92%	92%	92%	92%
[illegible]	Actual Net Charge Offs for Month	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	[illegible]
	Non-Residential	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%
[illegible]	Actual Net Charge Offs for Month	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	[illegible]

(a) [illegible]
(b) [illegible]
(c) [illegible]

Duke Energy Ohio
Calculation of Uncollectible Expense Recovery in Electric Distribution Base Rates

ATTACHMENT DRP-2

Line	Description	Case No. 08-709-EL-AIR Residential	Case No. 08-709-EL-AIR Non-Residential	Total	Source
1	Annualized Test Year Revenue (Before Increase)	**$183,880,582**	**$127,046,833**	**$310,927,415**	Per Schedule E-4, page 1
2	Charge Off Percent	**0.8596%**	**0.0725%**	**0.5380%**	Per Schedule C-10, WPC-10a
3	Uncollectible Expense in Base Rates	$1,580,549	$92,167	$1,672,715	Calculated (Line 1 * Line 2)
4	Increase (per Settlement)	$23,906,105	$31,393,895	$55,300,000	Per Stipulation Attachment 1
5	Increase in Uncollectible Expense	$205,485	$22,775	$228,260	Line 2 * Line 4
6	Total Uncollectible Expense in Base Rates	$1,786,034	$114,941	$1,900,975	Line 3 + Line 5
7	PIPP Uncollectible in Base Rates	$0	$0	$0	None in test year
8	Total Uncollectible Expense in Base Revenue	$1,786,034	$114,941	$1,900,975	Line 6 + Line 7
9	Billing Determinants (a)	7,516,461,855 kWh	934,760 bills		Per Schedule E-4, page 1
10	Base Rate for Rider UE-ED	$0.000238 per kWh	$0.12 per bill		

(a) Non-Residential bills were revised from 2,296,488 per the Stip Attach 4 to 934,760. The revision was due to 1,508,025 streetlighting units, not bills, were included in the total. Thus 948,360 bills = 2,296,488 minus 1,508,028 street lighting units plus 159,900 annualized street lighting bills. The bills also decreased by 13,000 due DS-LMR and 600 DS-RTP customers being double counted.

Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

P.U.C.O. Electric No. 19
Sheet No. 108.3~~2~~
Cancels and Supersedes
Sheet No. 108.2~~1~~
Page 1 of 1

RIDER UE-ED

UNCOLLECTIBLE EXPENSE – ELECTRIC DISTRIBUTION RIDER

APPLICABILITY

Applicable to all retail jurisdictional customers in the Company's electric service areas.

DESCRIPTION

This rider enables the recovery of incremental uncollectible accounts expense above what is recovered in base rates and includes Percentage of Income Payment ("PIPP") customer installments not collected through the Universal Service Fund Rider. Also, to the extent that less than $40,000 per month has not been credited to customers through electric Rate RSLI, any shortfall will be used to reduce collections in Rider UE-ED. Base rates in Case No. 08-709-EL-AIR include $1,786,034 and $114,941 of uncollectible accounts expense recovery for residential and non-residential customers, respectively. The amounts in the Rider, exclusive of uncollectible PIPP installments, will only be collected from the class (residential or non-residential) that created the uncollectible accounts expense. Uncollectible accounts expense associated with PIPP will be allocated in the manner consistent with the Universal Service Fund Rider.

CHARGE

A charge of $~~0.001174~~0.000375 per kWh shall be applied to all kWh delivered to residential customers. A charge of ~~$1.24~~($0.02) per bill shall be applied to each non-residential customer.

Filed pursuant to an Order dated ~~October 26, 2011~~_______ in Case No. ~~11-4076-EL-UEX~~__________ before the Public Utilities Commission Ohio.

Issued: ~~October 27, 2011~~______ Effective: ~~October 31, 2011~~__________

Issued by Julie Janson, President

Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

P.U.C.O. Electric No. 19
Sheet No. 108.3
Cancels and Supersedes
Sheet No. 108.2

RIDER UE-ED

UNCOLLECTIBLE EXPENSE – ELECTRIC DISTRIBUTION RIDER

APPLICABILITY

Applicable to all retail jurisdictional customers in the Company's electric service areas.

DESCRIPTION

This rider enables the recovery of incremental uncollectible accounts expense above what is recovered in base rates and includes Percentage of Income Payment ("PIPP") customer installments not collected through the Universal Service Fund Rider. Also, to the extent that less than $40,000 per month has not been credited to customers through electric Rate RSLI, any shortfall will be used to reduce collections in Rider UE-ED. Base rates in Case No. 08-709-EL-AIR include $1,786,034 and $114,941 of uncollectible accounts expense recovery for residential and non-residential customers, respectively. The amounts in the Rider, exclusive of uncollectible PIPP installments, will only be collected from the class (residential or non-residential) that created the uncollectible accounts expense. Uncollectible accounts expense associated with PIPP will be allocated in the manner consistent with the Universal Service Fund Rider.

CHARGE

A charge of $0.000375 per kWh shall be applied to all kWh delivered to residential customers. A charge of ($0.02) per bill shall be applied to each non-residential customer.

Filed pursuant to an Order dated _______ in Case No. __________ before the Public Utilities Commission Ohio.

Issued: ______ Effective: __________

Issued by Julie Janson, President