

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of)
Duke Energy Ohio, Inc., to Adjust and) Case No. 13-1524 - EL-UEx
Set its Electric Uncollectible Recovery)
Rate Under Rider UE-ED.)

**APPLICATION OF DUKE ENERGY OHIO, INC.,
TO ADJUST AND SET THE RATE FOR
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 \$0.000375 per kWh for residential customers and \$(0.02) per bill for non-residential customers,

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. 12-1948-EL-UEx in a Finding and Order dated September 18, 2012.⁸

5. The Company proposes Rider UE-ED monthly charges of (\$0.000147) per kWh for residential customers and (\$0.37) 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, 2014, is projected to be approximately (\$1,057,835) for residential and (\$314,888) 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.

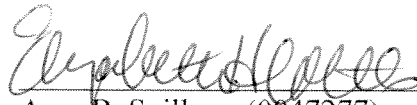
7. In addition, Duke Energy Ohio notes that, in its Opinion and Order in Case No. 10-912-EL-UEx, the Commission authorized the Company to create a regulatory asset to defer variances in uncollectible expense in future periods for recovery or refund in further proceedings to adjust Rider UE-ED. As such 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.

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. 12-1948-EL-UEx, *et al.*, Finding and Order (September 12, 2012).

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.



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BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Duke Energy)
Ohio, Inc. to Adjust and Set Its Electric) Case No. 13- 1524- EL-UEx
Uncollectible Recovery Rate Under Rider UE-ED)

DIRECT TESTIMONY OF

DANA R. PATTEN

ON BEHALF OF

DUKE ENERGY OHIO, INC.

June 26, 2013

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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

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

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

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

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

8 **Q. PLEASE SUMMARIZE YOUR EDUCATION AND PROFESSIONAL
9 QUALIFICATIONS.**

10 A. I received a Bachelor of Science Degree in Finance from Xavier University (XU)
11 in 2002. Upon graduation from XU, I was employed by Fifth Third Bank from
12 2002 through 2004. I joined Cinergy Corp., now known as Duke Energy
13 Corporation (Duke Energy), in June 2004 as a Settlement Analyst for Cinergy
14 Power Marketing and Trading. I have held my current position as Lead Rates
15 Analyst in the Rate Department at Duke Energy since 2007. My responsibilities
16 include preparation and filing of various Ohio and Kentucky rate riders.

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

19 A. Yes, I've testified in the previous Electric Distribution Uncollectible filing, 12-1948-
20 EL-UEX.

II. OVERVIEW

1 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

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

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

6 A. Rider UE-ED was approved as a mechanism for recovery of electric uncollectible
7 expense by the Commission in Case No. 08-709-EL-AIR, *et al.* Pursuant to the
8 Commission's Opinion and Order dated September 18, 2012, Rider UE-ED is
9 currently set at \$0.000375 per kWh for residential customers and (\$0.02) per bill
10 for non-residential customers. Duke Energy Ohio is now seeking to adjust the
11 Rider to recover incremental electric uncollectible expenses as contemplated and
12 approved in the Commission's Opinion and Order. The Company's proposed
13 adjustment for the residential Rider UE-ED is (\$0.000147) per kWh and the
14 proposed non-residential Rider UE-ED rate is (\$0.37) per bill. Attachment DRP-
15 1 is a schedule showing the calculation of Rider UE-ED.

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

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

21

1 **Q. PLEASE EXPLAIN WHY THE BASE RECOVERY RATE IS**
2 **ELIMINATED IN MAY 2013 PROJECTIONS?**

3 **A.** In the Company's 2012 distribution rate case, Case No. 12-1682-EL-AIR, net
4 charge offs and late payment fees were eliminated from the base rate.

5

III. REVISED TARIFFS AND CALCULATION OF PROPOSED RATE

6 **Q. ARE REVISED TARIFFS INCLUDED IN THE CURRENT FILING?**

7 **A.** Yes. Attachments DRP-2 and DRP-3 include red-lined and clean tariff sheets
8 showing proposed changes to Rider UE-ED. The rate for Rider UE-ED, currently
9 set at \$0.000375 per kWh for residential customers and (\$0.02) per bill for non-
10 residential customers, is updated to reflect the proposed rate of \$(0.000147) per
11 kWh and (\$0. 37) per bill, respectively.

12 **Q. PLEASE DESCRIBE ATTACHMENT DRP-1, PAGE 1**

13 **A.** Attachment DRP 1, page 1, calculates the Rider UE-ED rates for residential and
14 non-residential customers using actual and projected incremental unrecovered
15 balances and projected billing determinants for 12 months ending March 31,
16 2014.

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

18 **A.** Pages 2-3, calculate the monthly residential and non-residential under/over
19 recovery balance of uncollectible expense revenue requirement that needs to be
20 recovered through the Rider UE-ED. For residential customers actual
21 uncollectible amounts are for April 2012 – March 2013 and forecasted
22 uncollectible amounts for April 2013 – March 2014. Non-residential customers

1 actual uncollectible amounts are for April 2012 – March 2013 and forecasted
2 uncollectible amounts for April 2013 – March 2014.

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

4 **A.** Page 4-5 includes the calculation the actual and projected recovery of the
5 uncollectible expense in base rates based upon the 2008 base rate proceeding
6 through May 2013. The incremental electric distribution over the baseline
7 balance consists of actual net-write-offs from pages 6-7 over the baseline
8 recovery amount, less unused RSLI funds (residential only), less recovery from
9 the uncollectible rider. The result for each month is passed over to pages 2-3.

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

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

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

17 **A.** The calculation of the proposed Ride UE-ED rate is shown on Attachment DRP-
18 1. As mentioned previously, the proposed residential Rider UE-ED is
19 (\$0.000147) cents per kWh and the proposed non-residential Rider UE-ED rate is
20 (\$0.37) per bill. The rates for each were calculated by dividing the incremental
21 actual unrecovered tracker balance as of March 31, 2013 by the applicable
22 projected billing determinants (kWh or number of bills) for the twelve months
23 ended March 31, 2014. The incremental unrecovered tracker balance consists of

1 actual net-write-offs over the baseline recovery amount, less unused RSLI funds
2 (residential only), less recovery from the uncollectible rider. For residential
3 customers the unrecovered tracker balance of (\$1,057,835) is divided by
4 7,185,616,276 kWh to arrive at (\$0.000147) per kWh times 0.26068 percent
5 CAT to arrive at (\$0.000147) per kWh. For non-residential customers the
6 unrecovered tracker balance of (\$314,888) is divided by 857,741 bills to arrive at
7 (\$0.37) per bill times 0.26068 percent CAT to arrive at (\$0.37) per bill.

8 .

IV. CONCLUSION

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

11 **A.** Yes.

12 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

13 **A.** Yes.

Line	Description	Source	Residential	Non-Residential
1	Total Incremental Unrecovered Balance at March 31, 2014	Page 3	(\$1,057,835)	(\$314,888)
2	Projected Billing Determinants 12 months ended March 31, 2014	Page 5	7,185,616,276 kWh	857,741 Bills
3	Rider UE-ED Rate		(\$0.000147) per kWh	(\$0.37) per bill
4	Rider UE-ED Rate including CAT tax		(\$0.000147) per kWh	(\$0.37) per bill

Line	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)	(\$2,573,065)	(\$2,851,214)	(\$3,372,262)	(\$4,253,280)	(\$4,825,402)	(\$5,470,219)	(\$5,562,858)	(\$5,547,430)	(\$5,782,740)	(\$5,544,403)
2	Total Incremental Residential Bad Debt to Be Recovered	(\$461,139)	(\$276,149)	(\$521,047)	(\$881,018)	(\$72,121)	(\$644,817)	(\$50,376)	\$15,428	(\$235,310)	\$238,337	\$589,104
3	Balance Sub-Total	(\$2,573,065)	(\$2,851,214)	(\$3,372,262)	(\$4,253,280)	(\$4,825,402)	(\$5,470,219)	(\$5,520,545)	(\$5,547,430)	(\$5,782,740)	(\$5,544,403)	(\$4,955,299)
4	Unrecovered Balance - End of Month	(\$2,573,065)	(\$2,851,214)	(\$3,372,262)	(\$4,253,280)	(\$4,825,402)	(\$5,470,219)	(\$5,520,545)	(\$5,547,430)	(\$5,782,740)	(\$5,544,403)	(\$4,955,299)
Total Non-Residential Under-/(Over-) Recovery												
5	Unrecovered Balance - Beginning of Month	(\$485,666)	(\$377,488)	(\$648,636)	(\$724,015)	(\$800,833)	(\$855,723)	(\$935,389)	(\$902,016)	(\$870,005)	(\$853,494)	(\$794,505)
6	Total Incremental Residential Bad Debt to Be Recovered	(\$91,823)	(\$71,148)	(\$75,378)	(\$76,818)	(\$54,891)	(\$79,675)	\$14,388	\$32,011	\$16,512	\$58,989	\$91,326
7	Balance Sub-Total	(\$577,489)	(\$648,636)	(\$724,015)	(\$800,833)	(\$855,723)	(\$935,389)	(\$921,011)	(\$870,005)	(\$853,494)	(\$794,505)	(\$703,179)
8	Unrecovered Balance - End of Month	(\$577,488)	(\$648,636)	(\$724,015)	(\$800,833)	(\$855,723)	(\$935,389)	(\$921,011)	(\$870,005)	(\$853,494)	(\$794,505)	(\$703,179)

Line	Projected											
	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14
Residential Under-/(Over-) Recovery												
1	(\$4,955,298)	(\$4,899,638)	(\$4,493,636)	(\$4,114,625)	(\$3,738,380)	(\$3,131,252)	(\$2,820,896)	(\$2,605,240)	(\$2,342,146)	(\$1,942,482)	(\$1,354,170)	(\$1,189,872)
2	\$56,660	\$406,103	\$378,910	\$276,246	\$607,127	\$10,356	\$215,656	\$263,094	\$399,664	\$686,312	\$164,298	\$132,037
3	(\$1,899,638)	(\$4,493,535)	(\$4,114,625)	(\$3,736,390)	(\$3,131,252)	(\$2,820,896)	(\$2,605,240)	(\$2,342,146)	(\$1,942,482)	(\$1,354,170)	(\$1,189,872)	(\$1,057,835)
4	(\$1,899,638)	(\$4,493,535)	(\$4,114,625)	(\$3,738,380)	(\$3,131,252)	(\$2,820,896)	(\$2,605,240)	(\$2,342,146)	(\$1,942,482)	(\$1,354,170)	(\$1,189,872)	(\$1,057,835)
Total Non-Residential Under-/(Over-) Recovery												
5	(\$703,179)	(\$694,846)	(\$654,682)	(\$617,208)	(\$579,997)	(\$519,951)	(\$489,257)	(\$467,928)	(\$441,908)	(\$402,380)	(\$344,196)	(\$327,946)
6	\$8,333	\$40,164	\$37,475	\$37,211	\$60,046	\$30,696	\$21,329	\$26,020	\$39,527	\$58,185	\$16,249	\$13,059
7	(\$694,846)	(\$654,682)	(\$617,208)	(\$579,997)	(\$519,951)	(\$489,257)	(\$467,928)	(\$441,908)	(\$402,380)	(\$344,196)	(\$327,946)	(\$314,868)
8	(\$694,846)	(\$654,682)	(\$617,208)	(\$579,997)	(\$519,951)	(\$489,257)	(\$467,928)	(\$441,908)	(\$402,380)	(\$344,196)	(\$327,946)	(\$314,868)

Line	Description	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
1	Residential												
2	Actual kWh Sales	441,790,856	462,011,836	602,207,707	845,827,054	783,876,472	656,904,118	436,159,715	489,716,018	610,779,907	762,550,164	690,154,995	648,925,797
3	Base Rate Recovery Rate (\$/kwh)	\$0.0002380	\$0.0002380	\$0.0002380	\$0.0002380	\$0.0002380	\$0.0002380	\$0.0002380	\$0.0002380	\$0.0002380	\$0.0002380	\$0.0002380	\$0.0002380
4	Recovery of Bad Debt in Base Rates	\$105,146	\$108,959	\$143,325	\$201,307	\$186,563	\$156,343	\$103,806	\$116,552	\$145,965	\$181,487	\$164,257	\$154,302
5	Actual Net Charge Offs for Month (pages 6-7)	\$168,171	\$378,670	\$593,381	\$918,598	\$541,885	\$289,721	\$221,966	\$263,414	\$395,334	\$237,649	\$667,685	\$993,329
6	Incremental Bad Debt (Line 4 minus Line 3)	\$63,025	\$268,711	\$190,056	\$117,291	\$355,322	\$133,378	\$118,160	\$146,862	\$249,969	\$56,162	\$503,428	\$839,027
7	Shortfall of Customer using Rate RSLI	1,790	1,413	1,997	1,754	1,934	2,109	2,064	2,225	2,362	2,498	2,611	2,708
8	Customer Charge Monthly Credit	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4
9	LESS: Unused RSLI Funds (Reduction to Bad Debts) (b)	\$7,160	\$5,652	\$6,368	\$7,016	\$7,736	\$8,436	\$8,256	\$8,900	\$9,448	\$9,992	\$10,444	\$10,832
10	Recovery from Uncollectible Rider	\$517,004	\$541,208	\$704,716	\$991,294	\$919,707	\$789,760	\$160,648	\$180,745	\$225,680	\$282,214	\$255,311	\$239,714
11	CAT Tax	\$517,004	\$541,208	\$704,716	\$991,294	\$919,707	\$789,760	\$160,648	\$180,745	\$225,680	\$282,214	\$255,311	\$239,714
12	LESS: Recovery from Uncollectible Rider less CAT TAX												
13	Total Incremental Residential Bad Debt to Be Recovered (Line 5 + Line 8 + line 11)	(\$461,199)	(\$278,149)	(\$521,047)	(\$881,018)	(\$572,121)	(\$644,817)	(\$50,326)	(\$42,313)	\$15,428	(\$235,310)	\$238,337	\$589,104
14	Non-Residential												
15	Actual # Bills	71,362	71,390	71,233	71,290	71,294	71,104	71,595	71,553	71,449	71,767	71,756	71,185
16	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
17	Recovery of Bad Debt in Base Rates	\$8,563	\$8,567	\$8,548	\$8,555	\$8,555	\$8,532	\$8,591	\$8,586	\$8,574	\$8,612	\$8,611	\$8,542
18	Actual Net Charge Offs for Month (pages 6-7)	\$16,632	\$37,451	\$32,972	\$31,510	\$53,593	\$28,854	\$21,953	\$26,052	\$39,099	\$23,504	\$66,035	\$98,241
19	Incremental Bad Debt (Line 16 minus Line 15)	\$8,069	\$28,884	\$24,424	\$22,955	\$45,038	\$20,122	\$13,362	\$17,466	\$30,525	\$14,892	\$57,424	\$89,699
20	Recovery from Uncollectible Rider	\$99,892	\$100,032	\$99,802	\$99,773	\$99,929	\$99,797	(\$1,059)	(\$1,532)	(\$1,490)	(\$1,624)	(\$1,589)	(\$1,630)
21	CAT Tax	\$99,892	\$100,032	\$99,802	\$99,773	\$99,929	\$99,797	(\$1,059)	(\$1,532)	(\$1,490)	(\$1,624)	(\$1,589)	(\$1,630)
22	LESS: Recovery from Uncollectible Rider less CAT TAX												
23	Total Incremental Non-Residential Bad Debt to Be Recovered (Line 17 plus Line 20)	(\$91,823)	(\$71,148)	(\$75,378)	(\$76,818)	(\$54,891)	(\$79,675)	\$14,388	\$16,994	\$32,011	\$16,512	\$58,989	\$91,326
24	Total Incremental Bad Debt (Residential + Non-residential)	(\$552,982)	(\$349,297)	(\$596,426)	(\$957,837)	(\$627,012)	(\$724,493)	(\$35,938)	(\$23,318)	\$47,439	(\$218,798)	\$297,326	\$680,430

(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 rate 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 deficit shall be used to reduce amounts collected through Rider U/E/ED. CAT tax was integrated into calculation in Case No. 12-1948-EL-UEX, effective September 28, 2012.

(c)

Line	Description	Projected												Total
		Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	
Residential														
1	Actual kWh Sales	484,260,296	438,276,841	588,514,124	684,981,836	722,522,728	643,941,053	476,395,896	461,526,155	645,473,479	769,019,349	694,968,977	595,735,542	7,185,616,276
2	Base Rate Recovery Rate (\$/kwh)	\$0.0002380	\$0.0000000	\$0.0000000	\$0.0000000	\$0.0000000	\$0.0000000	\$0.0000000	\$0.0000000	\$0.0000000	\$0.0000000	\$0.0000000	\$0.0000000	\$0.0000000
3	Recovery of Bad Debt in Base Rates	\$115,254	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	Actual Net Charge Offs for Month (pages 6-7)	\$170,914	\$406,103	\$378,910	\$376,245	\$607,127	\$310,356	\$215,656	\$263,094	\$399,664	\$588,312	\$164,298	\$132,037	
5	Incremental Bad Debt (Line 4 minus Line 3)	\$55,660	\$406,103	\$378,910	\$376,245	\$607,127	\$310,356	\$215,656	\$263,094	\$399,664	\$588,312	\$164,298	\$132,037	
6	Shortfall of Customer using Rate RSLI	0	0	0	0	0	0	0	0	0	0	0	0	0
7	Customer Charge Monthly Credit	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4
8	LESS: Unused RSLI Funds (Reduction to Bad Debts) (b)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9	Recovery from Uncollectible Rider	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	CAT Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11	LESS: Recovery from Uncollectible Rider less CAT TAX	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
12	Total Incremental Residential Bad Debt to Be Recovered (Line 5 + Line 8 + line 11)	\$55,660	\$406,103	\$378,910	\$376,245	\$607,127	\$310,356	\$215,656	\$263,094	\$399,664	\$588,312	\$164,298	\$132,037	
Non-Residential														
13	Actual # Bills	71,426	71,454	71,296	71,353	71,357	71,167	71,659	71,617	71,513	71,831	71,820	71,248	857,741
14	Base Rate Recovery Rate (\$/bill)	\$0.12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	Recovery of Bad Debt in Base Rates	\$8,571	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
16	Actual Net Charge Offs for Month (pages 6-7)	\$16,304	\$40,164	\$37,475	\$37,211	\$60,046	\$30,695	\$21,329	\$26,020	\$39,527	\$58,185	\$16,249	\$13,059	
17	Incremental Bad Debt (Line 16 minus Line 15)	\$8,333	\$40,164	\$37,475	\$37,211	\$60,046	\$30,695	\$21,329	\$26,020	\$39,527	\$58,185	\$16,249	\$13,059	
18	Recovery from Uncollectible Rider	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
19	CAT Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
20	LESS: Recovery from Uncollectible Rider less CAT TAX	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21	Total Incremental Non-Residential Bad Debt to Be Recovered (Line 17 plus Line 20)	\$8,333	\$40,164	\$37,475	\$37,211	\$60,046	\$30,695	\$21,329	\$26,020	\$39,527	\$58,185	\$16,249	\$13,059	
22	Total Incremental Bad Debt (Residential + Non-residential)	\$63,993	\$446,267	\$416,385	\$413,456	\$667,173	\$341,051	\$236,985	\$289,114	\$439,191	\$646,497	\$180,547	\$145,096	

(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 rate 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 deficit shall be used to reduce amounts collected through Rider UE-ED. CAT tax was integrated into calculation in Case No. 12-1948-EL-UEX, effective September 28, 2012.

(c)

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

Line	Description	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
1	Net Charge Offs for Month - Residential	\$ 303,412	\$ 606,612	\$ 652,726	\$ 660,127	\$ 1,051,169	\$ 535,509	\$ 370,121	\$ 453,451	\$ 672,913	\$ 402,849	\$ 1,122,967	\$ 1,647,655
2	Net Charge Offs for Month - Non-Residential	\$ 30,006	\$ 68,793	\$ 94,553	\$ 64,236	\$ 103,962	\$ 32,962	\$ 36,605	\$ 44,867	\$ 66,562	\$ 39,842	\$ 111,063	\$ 162,955
3	Net Charge Offs for Month - Total	\$ 333,418	\$ 675,405	\$ 747,281	\$ 724,363	\$ 1,155,130	\$ 568,472	\$ 406,726	\$ 498,318	\$ 739,475	\$ 442,691	\$ 1,234,030	\$ 1,810,610
4	Electric Regulated Distribution Revenue (b)	\$ 39,434,726	\$ 40,182,977	\$ 44,507,452	\$ 52,981,028	\$ 50,788,400	\$ 46,590,989	\$ 41,217,900	\$ 41,579,296	\$ 46,387,588	\$ 53,192,522	\$ 60,252,663	\$ 48,999,156
5	Electric Retail Revenue (c)	\$ 71,147,564	\$ 73,815,718	\$ 87,140,951	\$ 108,132,767	\$ 98,821,231	\$ 86,116,904	\$ 68,729,520	\$ 71,576,114	\$ 78,797,979	\$ 86,470,732	\$ 111,319,367	\$ 81,539,967
6	Distribution Revenue as % of Electric Retail Revenue	55.42870%	54.43890%	51.07520%	49.00550%	51.55070%	54.10200%	59.97180%	58.09100%	58.74960%	58.99210%	59.49720%	60.29740%
7	Net Charge Offs for Month Allocated to Distribution	\$ 184,803	\$ 416,121	\$ 366,353	\$ 350,108	\$ 595,478	\$ 318,375	\$ 243,919	\$ 289,466	\$ 434,433	\$ 261,153	\$ 733,720	\$ 1,091,570
8	Residential Actual Net Charge Offs for Month	\$ 186,171	\$ 378,670	\$ 333,381	\$ 318,598	\$ 541,885	\$ 289,721	\$ 221,866	\$ 283,414	\$ 396,334	\$ 237,649	\$ 667,685	\$ 983,329
9	Non-Residential Actual Net Charge Offs for Month	\$ 16,632	\$ 37,451	\$ 32,972	\$ 31,510	\$ 53,593	\$ 28,654	\$ 21,953	\$ 26,052	\$ 39,099	\$ 23,504	\$ 66,035	\$ 96,241

(a) Per Order dated July 6, 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 rate increase.

(b) Total Regulated Retail Sales (billed) excluding interdepartmental

(c) Total Retail Sales (billed) excluding interdepartmental

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

Line	Description	Projected											
		Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14
1	Net Charge Offs for Month - Residential	\$ 295,895	\$ 681,330	\$ 659,142	\$ 636,506	\$ 1,029,378	\$ 524,181	\$ 362,286	\$ 444,025	\$ 659,181	\$ 597,831	\$ 277,931	\$ 221,835
2	Net Charge Offs for Month - Non- Residential	\$ 39,388	\$ 75,703	\$ 71,016	\$ 70,723	\$ 114,375	\$ 58,242	\$ 40,254	\$ 49,336	\$ 73,242	\$ 110,870	\$ 30,881	\$ 24,648
3	Net Charge Offs for Month - Total	\$ 335,283	\$ 757,033	\$ 730,158	\$ 707,229	\$ 1,143,753	\$ 582,423	\$ 402,540	\$ 493,361	\$ 732,424	\$ 1,108,701	\$ 308,812	\$ 246,483
4	Electric Regulated Distribution Revenue (b)	\$ 42,505,306	\$ 43,983,820	\$ 51,498,860	\$ 57,731,402	\$ 58,541,671	\$ 56,153,691	\$ 46,207,437	\$ 44,591,633	\$ 57,531,733	\$ 60,073,039	\$ 55,740,894	\$ 52,700,019
5	Electric Retail Revenue (c)	\$ 74,856,453	\$ 74,829,635	\$ 87,832,194	\$ 88,751,242	\$ 100,359,584	\$ 98,865,690	\$ 74,467,486	\$ 76,093,006	\$ 95,943,617	\$ 103,021,368	\$ 96,340,756	\$ 89,324,565
6	Distribution Revenue as a % of Electric Retail Revenue	56.92470%	58.94950%	58.63270%	58.46140%	58.33190%	58.55720%	58.07240%	58.60700%	59.36410%	58.31120%	58.46490%	58.96650%
7	Net Charge Offs for Month Allocated to Distribution	\$ 187,818	\$ 446,267	\$ 416,385	\$ 413,456	\$ 667,173	\$ 341,051	\$ 236,985	\$ 289,114	\$ 439,191	\$ 646,497	\$ 180,547	\$ 145,096
8	Residential Actual Net Charge Offs for Month	\$ 170,914	\$ 406,103	\$ 378,910	\$ 376,245	\$ 607,127	\$ 310,356	\$ 215,656	\$ 263,094	\$ 399,664	\$ 588,312	\$ 164,298	\$ 132,037
9	Non-Residential Actual Net Charge Offs for Month	\$ 16,904	\$ 40,164	\$ 37,475	\$ 37,211	\$ 60,046	\$ 30,695	\$ 21,329	\$ 26,020	\$ 39,527	\$ 58,185	\$ 16,249	\$ 13,059

(a) Per Order dated July 8, 2009 in Case No. 08-709-EL-AR, Duke Energy Ohio
(b) Total Regulated Retail Sales (billed) excluding interdepartmental
(c) Total Retail Sales (billed) excluding interdepartmental

Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

P.U.C.O. Electric No. 19
Sheet No. 108.43
Cancels and Supersedes
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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 ~~(\$0.000375147)~~ per kWh shall be applied to all kWh delivered to residential customers.
A charge of ~~\$(0.0237)~~ per bill shall be applied to each non-residential customer.

Filed pursuant to an Order dated ~~September 12, 2012~~ in Case No. ~~12-1948-EL-UEx~~ before the Public Utilities Commission Ohio.

Issued: ~~September 18, 2012~~

Effective: ~~September 28, 2012~~

Issued by ~~Julie Janson~~ James P. Henning, President

Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

P.U.C.O. Electric No. 19
Sheet No. 108.4
Cancels and Supersedes
Sheet No. 108.3
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 (\$0.000147) per kWh shall be applied to all kWh delivered to residential customers. A charge of \$(0.37) per bill shall be applied to each non-residential customer.

Filed pursuant to an Order dated _____ in Case No. _____ -EL-UEx before the Public Utilities Commission Ohio.

Issued:

Effective:

Issued by James P. Henning, President