

**BEFORE**

**THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Duke )  
Energy Ohio, Inc., to Adjust and Set its ) Case No. 14-955- EL-UEx  
Electric Uncollectible Recovery Rate )  
Under Rider UE-ED. )

---

**DIRECT TESTIMONY OF**  
**JAMES E. ZIOLKOWSKI**  
**ON BEHALF OF**  
**DUKE ENERGY OHIO, INC.**

---

June 10, 2014

**TABLE OF CONTENTS**

**PAGE**

**I. INTRODUCTION .....1**

**II. OVERVIEW .....2**

**III. REVISED TARIFFS AND CALCULATION OF PROPOSED RATE .....3**

**IV. CONCLUSION .....7**

**Attachments:**

- JEZ-1: Rider UE-ED – Proposed Rate Calculation
- JEZ -2: Rider UE-ED – Tariff Sheet redlined version
- JEZ -3: Rider UE-ED – Tariff Sheet clean version

## **I. INTRODUCTION**

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

2 A. My name is James E. Ziolkowski, and my business address is 139 East Fourth  
3 Street, 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 (DEBS) as Director,  
6 Rates and Regulatory Planning. DEBS provides various administrative and other  
7 services to Duke Energy Ohio, Inc., (Duke Energy Ohio or the Company) and other  
8 affiliated companies of Duke Energy Corporation (Duke Energy).

9 **Q. PLEASE BRIEFLY DESCRIBE YOUR EDUCATION AND**  
10 **PROFESSIONAL EXPERIENCE.**

11 A. I received a Bachelor of Science degree in Mechanical Engineering from the U.S.  
12 Naval Academy in 1979 and a Master of Business Administration degree from  
13 Miami University in 1988. I am also a licensed Professional Engineer in the state  
14 of Ohio.

15 After graduating from the Naval Academy, I attended the Naval Nuclear  
16 Power School and other follow-on schools. I served as a nuclear-trained officer  
17 on various ships in the U.S. Navy through 1986. From 1988 through 1990, I  
18 worked for Mobil Oil Corporation as a Marine Marketing Representative in the  
19 New York City area.

20 I joined The Cincinnati Gas & Electric Company (CG&E) in 1990 as a  
21 Product Applications Engineer, in which capacity I designed and managed some

1 of CG&E's demand side management programs, including Energy Audits and  
2 Interruptible Rates. From 1996 until 1998, I was an Account Engineer and  
3 worked with large customers to resolve various service-related issues, particularly  
4 in the areas of billing, metering, and demand management. In 1998, I joined  
5 Cinergy Services, Inc.'s, Rate Department, where I focused on rate design and  
6 tariff administration. I was significantly involved with the initial unbundling and  
7 design of CG&E's retail electric rates. I was appointed to my current position in  
8 December 2013.

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

11 A. Yes. Most recently, I filed testimony before the Public Utilities Commission of  
12 Ohio (Commission) in support of Duke Energy Ohio's application for approval of a  
13 new standard service offer, docketed under Case Number 14-481-EL-ESP, *et al.*,  
14 and an application to update its energy efficiency rates, docketed under Case  
15 Number 14-457-EL-RDR. I testified in the Company's most recent electric  
16 distribution and gas base rate cases, filed under Case No. 12-1682-EL-AIR, *et al.*,  
17 and Case No. 12-1685-GA-AIR, *et al.*, respectively. I also testified in Case No. 11-  
18 3549-EL-SSO, *et al.*, Duke Energy Ohio's previous standard service offer (SSO)  
19 filing.

## II. OVERVIEW

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

21 A. The purpose of my testimony is to support Duke Energy Ohio's Application to  
22 Adjust and Set its Electric Uncollectible Recovery Rate Under Rider UE-ED. I also

1 sponsor Attachments JEZ -1, JEZ -2, and JEZ -3.

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

3 A. Rider UE-ED was approved as a mechanism for recovery of electric uncollectible  
4 expense related to the provision of electric distribution service. The  
5 Commission's approval was granted in Case No. 08-709-EL-AIR, *et al.* (Opinion  
6 and Order), approving the parties' stipulation and recommendation (Stipulation).  
7 Pursuant to the Commission's Finding and Order in the most recent adjustment  
8 case for Rider UE-ED,, Rider UE-ED is currently set at (\$0.000147) per kWh for  
9 residential customers and (\$0.37) per bill for non-residential customers. Duke  
10 Energy Ohio is now seeking to adjust the Rider to recover incremental electric  
11 uncollectible expenses, as contemplated and approved in the Commission's  
12 Opinion and Order. The Company's proposed rate for the residential Rider UE-  
13 ED is \$0.000136 per kWh and the proposed non-residential Rider UE-ED rate is  
14 (\$0.18) per bill. Attachment JEZ -1 shows the calculation of the proposed rates.

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

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

**III. REVISED TARIFFS AND CALCULATION  
OF PROPOSED RATE**

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

21 A. Yes. Attachments JEZ-2 and JEZ-3 are, respectively, redlined and clean tariff

1 sheets showing proposed changes to Rider UE-ED. The rate for Rider UE-ED,  
2 currently set at (\$0.000147) per kWh for residential customers and (\$0.37) per bill  
3 for non-residential customers, is updated to reflect the proposed rate of \$0.000136  
4 per kWh and (\$0.18) per bill, respectively.

5 **Q. PLEASE DESCRIBE ATTACHMENT JEZ-1, PAGE ONE.**

6 **A.** Attachment JEZ-1, page 1, calculates the Rider UE-ED rates for residential and  
7 non-residential customers using actual and projected incremental unrecovered  
8 balances and projected billing determinants for the twelve months ending March  
9 31, 2015.

10 **Q. PLEASE DESCRIBE ATTACHMENT JEZ-1, PAGES 2 – 3.**

11 **A.** Pages 2-3 of Attachment JEZ-1 show the calculation of the monthly residential  
12 and non-residential under/over recovery balance of the uncollectible expense  
13 revenue requirement that needs to be recovered through the Rider UE-ED. For  
14 both classes, actual uncollectible amounts are provided for April 2013 – March  
15 2014 and forecasted uncollectible amounts for April 2014 – March 2015.

16 **Q. PLEASE DESCRIBE ATTACHMENT JEZ-1, PAGES 4 – 5.**

17 **A.** Pages 4-5 include the calculation the actual and projected recovery of the  
18 uncollectible expense. The electric distribution balance consists of actual net  
19 write-offs from pages 6-7, less unused Residential Service – Low Income funds  
20 (residential only), less recovery from the uncollectible rider. The result for each  
21 month is passed over to pages 2-3.

22 **Q. PLEASE DESCRIBE ATTACHMENT JEZ-1, PAGE 6 – 7.**

23 **A.** Pages 6 – 7 allocate the actual and projected net charge-offs by residential and

1 non-residential customers. From there, the total net charge-offs are allocated to  
2 distribution based on the distribution revenue as a percent of electric retail  
3 revenue. The result for each month is passed over to pages 4-5.

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

6 A. The calculation of the proposed Rider UE-ED rate is shown on Attachment JEZ-  
7 1. As mentioned previously, the proposed residential Rider UE-ED rate is  
8 \$0.000136 cents per kWh and the proposed non-residential Rider UE-ED rate is  
9 (\$0.18) per bill. The rates for each were calculated by dividing the incremental  
10 actual unrecovered tracker balance as of March 31, 2014, by the applicable  
11 projected billing determinants (kWh or number of bills) for the twelve months  
12 ended March 31, 2015. The incremental unrecovered tracker balance consists of  
13 actual net write-offs over the baseline recovery amount, less unused RSLI funds  
14 (residential only), less recovery from the uncollectible rider. For residential  
15 customers, the unrecovered tracker balance of \$986,870 is divided by  
16 7,250,184,490 kWh to arrive at \$0.000136 per kWh times the Commercial  
17 Activity Tax (CAT) rate of 0.26068 percent to arrive at \$0.000136 per kWh. For  
18 non-residential customers the unrecovered tracker balance of (\$157,774) is  
19 divided by 854,237 bills to arrive at (\$0.18) per bill times 0.26068 percent CAT  
20 to arrive at (\$0.18) per bill.

21 **Q. PLEASE DISCUSS HOW THE ELIMINATION OF BASE RATE**  
22 **UNCOLLECTIBLE EXPENSES IN CASE NO. 12-1682-EL-AIR**  
23 **IMPACTED THE UNRECOVERED BALANCE IN RIDER UE-ED.**

1 A. In Case No. 13-1524-EL-UEx, the Company's as-filed and subsequently  
2 approved Rider UE-ED rates included the elimination of base rate uncollectible  
3 expenses beginning in May 2013. The residential unrecovered balance at March  
4 31, 2014, was projected to be (\$1,057,835), with a resulting residential rate of  
5 (\$0.000147) per kWh. The non-residential unrecovered balance at March 31,  
6 2014, was projected to be (\$314,888), with a resulting non-residential rate of  
7 (\$0.37) per bill. Attachment JEZ-1, page 2, in the current filing, shows that the  
8 actual residential unrecovered balance at March 31, 2014, was (\$3,115,081), and  
9 the actual non-residential unrecovered balance at March 31, 2014, was  
10 (\$373,666).

11 In the current case, the residential unrecovered balance at March 31, 2015,  
12 is projected to be \$986,870, with a resulting residential rate of \$0.000136 per  
13 kWh. The non-residential unrecovered balance at March 31, 2015, is projected to  
14 be (\$157,774), with a resulting non-residential rate of (\$0.18) per bill. A typical  
15 residential customer using 1,000 kWh in a month will see an increase in the Rider  
16 UE-ED charge of \$0.28. A non-residential customer will see an increase of \$0.19  
17 per bill.

18 Both the currently approved rate calculations and the proposed Rider UE-  
19 ED rate calculations assumed the elimination of base rate uncollectible expenses  
20 beginning in May 2013. In my opinion, the relatively small increases in the  
21 residential and non-residential Rider UE-ED rates reflect uncertainty related to  
22 projected charge-off dollars rather than the elimination of base rate uncollectible  
23 expenses.



**IV. CONCLUSION**

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

3 **A. Yes.**

4 **Q. IS THE INFORMATION CONTAINED IN ATTACHMENTS JEZ-1, JEZ-**  
5 **2, AND JEZ-3 TRUE AND ACCURATE TO THE BEST OF YOUR**  
6 **KNOWLEDGE AND BELIEF?**

7 **A. Yes.**

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

9 **A. Yes.**

# Attachment JEZ-1

Line	Description	Source	Residential	Non-Residential
1	Total Incremental Unrecovered Balance at March 31, 2015	Page 3	\$986,870	(\$157,774)
2	Projected Billing Determinants 12 months ended March 31, 2015	Page 5	7,250,184,490 kWh	854,237 Bills
3	Rider UE-ED Rate		\$0.000136 per kWh	(\$0.18) per bill
4	Rider UE-ED Rate including CAT tax		\$0.000136 per kWh	(\$0.18) per bill

Duke Energy Ohio Electric  
Electric Distribution Uncollectible Expense Tracker Balances

Line	Actual											
	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14
<b>Residential Under-(Over-) Recovery</b>												
1	(\$4,955,299)	(\$4,995,108)	(\$4,924,823)	(\$4,890,476)	(\$4,868,979)	(\$4,865,330)	(\$4,894,194)	(\$4,569,712)	(\$4,282,318)	(\$3,828,685)	(\$3,453,875)	(\$3,287,921)
2	(\$39,810)	\$70,298	\$34,347	\$21,497	\$3,849	\$28,865	\$324,482	\$287,984	\$453,633	\$374,810	\$166,054	\$172,840
3	(\$4,995,108)	(\$4,924,823)	(\$4,890,476)	(\$4,868,979)	(\$4,865,330)	(\$4,894,194)	(\$4,569,712)	(\$4,282,318)	(\$3,828,685)	(\$3,453,875)	(\$3,287,921)	(\$3,115,081)
4	(\$4,995,108)	(\$4,924,823)	(\$4,890,476)	(\$4,868,979)	(\$4,865,330)	(\$4,894,194)	(\$4,569,712)	(\$4,282,318)	(\$3,828,685)	(\$3,453,875)	(\$3,287,921)	(\$3,115,081)
<b>Total Non-Residential Under-/(Over-) Recovery</b>												
5	(\$703,179)	(\$692,577)	(\$678,607)	(\$663,984)	(\$647,207)	(\$632,334)	(\$618,624)	(\$575,055)	(\$533,317)	(\$484,488)	(\$440,622)	(\$407,736)
6	\$10,602	\$13,989	\$14,623	\$16,777	\$14,873	\$13,710	\$43,570	\$41,738	\$48,829	\$43,868	\$32,886	\$34,070
7	(\$692,577)	(\$678,607)	(\$663,984)	(\$647,207)	(\$632,334)	(\$618,624)	(\$575,055)	(\$533,317)	(\$484,488)	(\$440,622)	(\$407,736)	(\$373,666)
8	(\$692,577)	(\$678,607)	(\$663,984)	(\$647,207)	(\$632,334)	(\$618,624)	(\$575,055)	(\$533,317)	(\$484,488)	(\$440,622)	(\$407,736)	(\$373,666)

Duke Energy Ohio Electric  
Electric Distribution Uncollectible Expense Tracker Balances

Line	Projected											
	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
<b>Residential Under-(Over-) Recovery</b>												
1	(\$3,115,081)	(\$2,846,963)	(\$2,484,365)	(\$2,090,003)	(\$1,620,363)	(\$1,211,284)	(\$844,445)	(\$451,695)	(\$116,250)	\$425,171	\$793,404	\$871,365
2	\$288,116	\$382,578	\$364,362	\$469,640	\$409,078	\$368,640	\$282,750	\$335,445	\$541,421	\$368,232	\$77,081	\$115,508
3	(\$2,846,963)	(\$2,484,385)	(\$2,090,003)	(\$1,620,363)	(\$1,211,284)	(\$844,445)	(\$451,695)	(\$116,250)	\$425,171	\$793,404	\$871,365	\$986,870
4	(\$2,846,963)	(\$2,484,385)	(\$2,090,003)	(\$1,620,363)	(\$1,211,284)	(\$844,445)	(\$451,695)	(\$116,250)	\$425,171	\$793,404	\$871,365	\$986,870
<b>Total Non-Residential Under-(Over-) Recovery</b>												
5	(\$373,666)	(\$359,555)	(\$340,472)	(\$319,715)	(\$284,987)	(\$273,466)	(\$254,159)	(\$233,488)	(\$215,833)	(\$187,337)	(\$167,956)	(\$163,853)
6	\$14,111	\$19,083	\$20,757	\$24,718	\$21,530	\$19,307	\$20,671	\$17,655	\$28,496	\$19,381	\$4,103	\$6,078
7	(\$359,555)	(\$340,472)	(\$319,715)	(\$294,997)	(\$273,466)	(\$254,159)	(\$233,488)	(\$215,833)	(\$187,337)	(\$167,956)	(\$163,853)	(\$157,774)
8	(\$359,555)	(\$340,472)	(\$319,715)	(\$294,997)	(\$273,466)	(\$254,159)	(\$233,488)	(\$215,833)	(\$187,337)	(\$167,956)	(\$163,853)	(\$157,774)

Duke Energy Ohio Electric  
Revenue Collected for Electric Distribution Uncollectible Expenses

Line	Description	Actual											
		Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14
<b>Residential</b>													
1	Actual kWh Sales	547,347,605	427,936,839	551,898,816	664,811,491	644,259,117	674,771,294	487,861,685	481,499,827	683,073,167	631,037,305	809,500,757	673,462,214
2	Actual Net Charge Offs for Month (pages 6-7)	\$171,870	\$235,784	\$247,292	\$268,406	\$252,255	\$230,843	\$262,204	\$224,012	\$360,672	\$281,266	\$55,903	\$83,297
3	Shortfall of Customer using Rider RSLI	1,263	1,417	1,589	1,775	1,962	1,966	2,015	2,175	2,300	2,468	2,592	2,729
4	Customer Charge Monthly Credit	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4
5	LESS: Unused RSLI Funds (Reduction to Bad Debts) (b)	\$5,052	\$5,068	\$6,356	\$7,100	\$7,848	\$7,864	\$8,060	\$8,700	\$9,212	\$9,872	\$10,368	\$10,916
6	Recovery from Uncollectible Rider	\$207,175	\$160,247	\$207,128	\$260,486	\$241,386	\$252,900	(\$70,522)	(\$72,270)	(\$102,540)	(\$123,738)	(\$120,734)	(\$100,721)
7	CAT Tax	1,002,608	1,002,608	1,002,608	1,002,608	1,002,608	1,002,608	1,002,608	1,002,608	1,002,608	1,002,608	1,002,608	1,002,608
8	LESS: Recovery from Uncollectible Rider less CAT TAX	\$206,637	\$159,831	\$206,580	\$259,808	\$240,750	\$251,944	(\$70,338)	(\$72,082)	(\$102,273)	(\$123,416)	(\$120,420)	(\$100,459)
9	Total Incremental Residential Bad Debt to Be Recovered (Line 5 + Line 6 + line 11)	(\$39,810)	\$70,286	\$34,347	\$21,497	\$3,649	(\$29,865)	\$324,482	\$287,994	\$453,633	\$374,810	\$165,954	\$172,840
<b>Non-Residential</b>													
10	Actual # Bills	71,280	71,241	70,961	71,045	71,046	71,043	71,222	71,183	71,218	71,504	71,448	70,454
11	Actual Net Charge Offs for Month (pages 9-7)	\$9,046	\$12,410	\$13,915	\$15,179	\$13,277	\$12,155	\$13,800	\$11,780	\$18,977	\$13,751	\$2,942	\$4,384
12	Recovery from Uncollectible Rider	(\$1,560)	(\$1,594)	(\$1,612)	(\$1,602)	(\$1,601)	(\$1,559)	(\$29,847)	(\$30,028)	(\$29,829)	(\$30,194)	(\$30,021)	(\$29,784)
13	CAT Tax	1,002,608	1,002,608	1,002,608	1,002,608	1,002,608	1,002,608	1,002,608	1,002,608	1,002,608	1,002,608	1,002,608	1,002,608
14	LESS: Recovery from Uncollectible Rider less CAT TAX	(\$1,556)	(\$1,560)	(\$1,608)	(\$1,588)	(\$1,596)	(\$1,555)	(\$29,789)	(\$29,948)	(\$29,852)	(\$30,115)	(\$29,843)	(\$29,666)
15	Total Incremental Non-Residential Bad Debt to Be Recovered (Line 17 plus Line 20)	\$10,602	\$13,960	\$14,623	\$16,777	\$14,673	\$13,710	\$43,570	\$41,738	\$48,829	\$43,866	\$32,886	\$34,070
16	Total Incremental Bad Debt (Residential + Non-residential)	(\$29,207)	\$84,255	\$48,970	\$38,274	\$18,522	(\$15,155)	\$368,052	\$329,132	\$502,462	\$418,676	\$198,840	\$206,810

(a) Per Order dated July 8, 2009 in Case No. 08-706-EL-AIR, Duke Energy Ohio's initial application shall include incremental net uncollectible expenses and eligible PIPF 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 intergrated into calculation in Case No. 12-1948-EL-UEX, effective September 28, 2012

(c) **Removed uncollectibles from base rates - Update**

Duke Energy Ohio Electric  
Revenue Collected for Electric Distribution Uncollectible Expense

Line	Description	Projected												Total
		Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	
<b>Residential</b>														
1	Actual kWh Sales	477,134,280	436,360,194	560,265,081	715,305,508	744,486,349	674,719,343	482,350,332	458,045,015	649,628,096	767,003,902	704,602,127	602,284,463	7,250,184,490
2	Actual Net Charge Offs for Month (pages 6-7)	\$268,118	\$362,578	\$394,382	\$469,640	\$409,079	\$366,840	\$382,750	\$335,445	\$541,421	\$368,232	\$77,961	\$115,506	
3	Shortfall of Customer using Rate RSLI	0	0	0	0	0	0	0	0	0	0	0	0	0
4	Customer Monthly Credit	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4
5	LESS: Unsettled RSLI Funds (reduction to Bad Debts) (b)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6	Recovery from Uncollectible Rider	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	CAT Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	LESS: Recovery from Uncollectible Rider less CAT TAX	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9	Total Incremental Residential Bad Debt to Be Recovered (Line 5 + Line 6 + line 11)	\$268,118	\$362,578	\$394,382	\$469,640	\$409,079	\$366,840	\$382,750	\$335,445	\$541,421	\$368,232	\$77,961	\$115,506	
<b>Non-Residential</b>														
10	Actual # Bills	71,321	71,282	70,982	71,088	71,087	71,084	71,363	71,234	71,259	71,545	71,089	70,405	854,237
11	Actual Net Charge Offs for Month (pages 6-7)	\$14,111	\$19,083	\$20,757	\$24,718	\$21,530	\$19,307	\$20,671	\$17,655	\$28,496	\$19,381	\$4,103	\$6,079	
12	Recovery from Uncollectible Rider	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	CAT Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	LESS: Recovery from Uncollectible Rider less CAT TAX	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	Total Incremental Non-Residential Bad Debt to Be Recovered (Line 17 plus Line 20)	\$14,111	\$19,083	\$20,757	\$24,718	\$21,530	\$19,307	\$20,671	\$17,655	\$28,496	\$19,381	\$4,103	\$6,079	
16	Total Incremental Bad Debt (Residential + Non-residential)	\$282,229	\$381,661	\$415,139	\$494,358	\$430,609	\$386,147	\$413,421	\$353,100	\$569,917	\$387,613	\$82,064	\$121,585	

(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.

(c) CAT tax was intergrated into calculation in Case No. 12-1948-EL-UEC, effective September 26, 2012

(d) **Removed uncollectibles from base rates - Update**

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

Line	Description	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	\$ 285,537	\$ 305,870	\$ 418,968	\$ 499,864	\$ 424,510	\$ 393,472	\$ 417,328	\$ 355,424	\$ 578,082	\$ 421,024	\$ 60,420	\$ 131,517
2	Net Charge Offs for Month - Non-Residential	\$ 15,028	\$ 20,309	\$ 22,051	\$ 28,309	\$ 22,469	\$ 20,667	\$ 21,985	\$ 30,707	\$ 30,473	\$ 22,159	\$ 4,094	\$ 8,922
3	Net Charge Offs for Month - Total	\$ 300,565	\$ 406,179	\$ 441,019	\$ 528,173	\$ 447,379	\$ 414,139	\$ 439,313	\$ 374,131	\$ 608,555	\$ 443,183	\$ 64,514	\$ 140,439
4	Electric Regulated Distribution Revenue (a)	\$ 45,678,514	\$ 43,434,212	\$ 50,018,878	\$ 58,164,433	\$ 52,392,947	\$ 54,141,895	\$ 45,650,020	\$ 47,474,465	\$ 54,502,461	\$ 59,868,468	\$ 80,658,155	\$ 55,128,717
5	Electric Retail Revenue (b)	\$ 75,881,215	\$ 71,083,285	\$ 84,738,964	\$ 97,343,950	\$ 90,248,841	\$ 92,057,302	\$ 72,975,500	\$ 75,324,478	\$ 87,516,828	\$ 96,473,220	\$ 95,951,348	\$ 87,041,895
6	Distribution Revenue as a % of Electric Retail Revenue	60.19480%	61.10330%	59.02400%	57.68690%	58.05520%	58.81330%	62.82930%	63.02660%	62.27870%	62.05500%	63.21760%	63.33580%
7	Net Charge Offs for Month Allocated to Distribution	\$ 180,025	\$ 248,194	\$ 280,307	\$ 300,585	\$ 285,532	\$ 243,098	\$ 276,004	\$ 235,802	\$ 379,549	\$ 275,017	\$ 58,845	\$ 87,681
8	Residential Actual Net Charge Offs for Month	\$ 171,879	\$ 235,784	\$ 247,292	\$ 288,406	\$ 252,255	\$ 230,843	\$ 262,204	\$ 224,012	\$ 360,572	\$ 261,266	\$ 55,903	\$ 83,297
9	Non-Residential Actual Net Charge Offs for Month	\$ 9,046	\$ 12,410	\$ 13,015	\$ 15,179	\$ 13,277	\$ 12,155	\$ 13,800	\$ 11,790	\$ 18,977	\$ 13,751	\$ 2,442	\$ 4,384

(a) Total Regulated Retail Sales (billed) excluding interdepartmental  
(b) 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-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
1	Net Charge Offs for Month - Residential	\$ 427,650	\$ 577,722	\$ 627,370	\$ 748,105	\$ 659,502	\$ 587,878	\$ 624,549	\$ 522,024	\$ 668,584	\$ 593,801	\$ 124,978	\$ 185,291
2	Net Charge Offs for Month - Non - Residential	\$ 47,517	\$ 64,191	\$ 69,708	\$ 83,123	\$ 72,278	\$ 65,220	\$ 69,294	\$ 59,114	\$ 94,287	\$ 84,974	\$ 13,848	\$ 20,588
3	Net Charge Offs for Month - Total	\$ 475,167	\$ 641,914	\$ 697,078	\$ 831,228	\$ 722,780	\$ 653,197	\$ 693,844	\$ 581,137	\$ 762,871	\$ 678,775	\$ 138,826	\$ 205,879
4	Electric Regulated Distribution Revenue (a)	\$ 47,770,948	\$ 45,136,319	\$ 52,613,626	\$ 60,703,647	\$ 60,877,239	\$ 57,781,367	\$ 47,861,719	\$ 48,747,784	\$ 54,497,920	\$ 59,118,518	\$ 56,736,071	\$ 52,199,724
5	Electric Retail Revenue (b)	\$ 80,429,175	\$ 75,914,453	\$ 84,345,983	\$ 102,068,881	\$ 101,847,068	\$ 97,741,690	\$ 80,337,647	\$ 78,262,174	\$ 92,073,847	\$ 100,629,170	\$ 86,004,183	\$ 88,389,365
6	Distribution Revenue as a % of Electric Retail Revenue	59.39580%	59.45680%	59.55410%	59.47200%	59.57880%	59.11640%	59.57550%	59.72320%	59.18940%	58.74890%	59.09650%	59.05660%
7	Net Charge Offs for Month Allocated to Distribution	\$ 282,220	\$ 381,641	\$ 415,128	\$ 494,358	\$ 430,609	\$ 386,147	\$ 413,421	\$ 353,100	\$ 568,917	\$ 387,613	\$ 82,064	\$ 121,585
8	Residential Actual Net Charge Offs for Month	\$ 268,118	\$ 382,578	\$ 394,262	\$ 469,640	\$ 409,079	\$ 366,840	\$ 382,750	\$ 335,445	\$ 541,421	\$ 368,232	\$ 77,961	\$ 116,506
9	Non-Residential Actual Net Charge Offs for Month	\$ 14,111	\$ 10,083	\$ 20,757	\$ 24,718	\$ 21,530	\$ 19,307	\$ 20,671	\$ 17,655	\$ 28,498	\$ 19,381	\$ 4,103	\$ 6,079

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

(b) Total Retail Sales (billed) excluding interdepartmental

## Attachment JEZ-2

Duke Energy Ohio  
139 East Fourth Street  
Cincinnati, Ohio 45202

P.U.C.O. Electric No. 19  
Sheet No. 108.54  
Cancels and Supersedes  
Sheet No. 108.43  
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. 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)~~\$0.000136 per kWh shall be applied to all kWh delivered to residential customers. A charge of ~~\$(0.3718)~~ per bill shall be applied to each non-residential customer.

---

Filed pursuant to an Order dated ~~September 18, 2013~~ in Case No. ~~13-1524-EL-UEx~~ before the Public Utilities Commission Ohio.

Issued: ~~September 18, 2013~~

Effective: ~~September 30, 2013~~

Issued by James P. Henning, President

## Attachment JEZ-3

Duke Energy Ohio  
139 East Fourth Street  
Cincinnati, Ohio 45202

P.U.C.O. Electric No. 19  
Sheet No. 108.5  
Cancels and Supersedes  
Sheet No. 108.4  
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. 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 \$0.000136 per kWh shall be applied to all kWh delivered to residential customers. A charge of \$(0.18) 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 James P. Henning, President