

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Duke)
Energy Ohio, Inc. to Adjust Rider DR-IM) Case No. 15-883-GE-RDR
and Rider AU for 2014 SmartGrid Costs.)

DIRECT TESTIMONY OF

PEGGY A. LAUB

ON BEHALF OF

DUKE ENERGY OHIO, INC.

June 4, 2015

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Attachments:

- PAL-1 Rider DR-IM Revenue Requirement Calculation
- PAL-2 Rider AU Revenue Requirement Calculation

I. INTRODUCTION

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

2 A. My name is Peggy A. Laub. 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 Duke Energy Business Services LLC, an affiliate of Duke
6 Energy Ohio, Inc. (Duke Energy Ohio, or Company) as Director Rates &
7 Regulatory Planning.

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

10 A. I received a Bachelor of Business Administration Degree with a major in
11 accounting from the University of Cincinnati. I began my career with The
12 Cincinnati Gas & Electric Company, the predecessor of Duke Energy Ohio, Inc.,
13 in the Accounting Department in 1981. I worked in various departments including
14 Tax, Regulated Business Unit's financial group and Fixed Assets. In May 2006,
15 following the merger with Duke Energy Corporation, I transferred to the Midwest
16 US Franchised Electric & Gas accounting group. In November 2008, I transferred
17 to the Midwest wholesale accounting group as Manager of Wholesale and Bulk
18 Power Marketing accounting. In May 2010, I transferred to the Rate Department
19 and to my current position now titled Director Rates & Regulatory Planning.

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

1 A. Yes. I previously testified in a number of cases before this and other regulatory
2 commissions.

3 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
4 **PROCEEDING?**

5 A. My testimony is divided into two parts. The first part addresses the electric Rider
6 DR-IM (Distribution Reliability – Infrastructure Modernization) and the second
7 part addresses the natural gas Rider AU (Advanced Utility). In both parts, I
8 provide an overview of the revenue requirement calculation for the respective
9 riders and then describe each schedule supporting the revenue requirement
10 calculation. I will be sponsoring Attachment PAL-1 and Attachment PAL-2 to
11 support the proposed charges for Rider DR-IM and for Rider AU.

II. REVENUE REQUIREMENT CALCULATIONS

12 **Q. PLEASE DESCRIBE THE COMPONENTS OF THE REVENUE**
13 **REQUIREMENTS INCLUDED IN RIDER DR-IM AND RIDER AU.**

14 A. The revenue requirement for both riders includes the following components:

- 15 ▪ a return on the rate base;
- 16 ▪ depreciation and property taxes; and
- 17 ▪ incremental expenses.

18 **Q. HOW IS RATE BASE CALCULATED?**

19 A. Rate base is calculated in a manner consistent with the traditional rate base
20 calculation for a general retail rate cases. One component is net plant, or gross
21 plant minus accumulated depreciation. Another common component is
22 accumulated deferred income taxes associated with accelerated tax depreciation.

1 The stipulations approved by the Commission in its Opinion and Order in Case
2 No. 08-920-EL-SSO, *et al.*, and its Opinion and Order in Case No. 09-543-GE-
3 RDR, allow an additional component of rate base in the form of post-in-service
4 carrying costs (PISCC). Because there are deferred income taxes associated with
5 this item, an additional adjustment is made to offset rate base for accumulated
6 deferred income taxes on this item.

7 **Q. ARE THERE COSTS THAT ARE SHARED BETWEEN THE ELECTRIC**
8 **AND GAS DISTRIBUTION BUSINESSES?**

9 A. Yes. The fact that Duke Energy Ohio is a combination electric and gas utility
10 allows the Company to maximize the potential benefits of the SmartGrid project
11 for both electric and gas customers. For much of the SmartGrid equipment, it is a
12 simple exercise to assign costs directly to electric or to gas. The cost of some
13 equipment and some expenses, however, is incurred for both electric and gas
14 services.

15 The costs for “common” equipment are allocated between gas and electric
16 service based on appropriate allocation factors. The development of these
17 allocation factors is based on the Company’s determination of the extent to which
18 each type of plant (*e.g.*, communication boxes, information technology costs (IT),
19 etc.) contributes to the gas or electric SmartGrid function.

20 **Q. DESCRIBE THE COMPUTATION FOR DEPRECIATION AND**
21 **PROPERTY TAX EXPENSES INCLUDED IN THE RIDER DR-IM AND**
22 **RIDER AU REVENUE REQUIREMENT.**

1 A. Depreciation expense is annualized by using currently approved accrual rates and
2 the depreciable gross plant for each plant type as of December 31, 2014.
3 Similarly, property tax expense is annualized by applying the latest average
4 property tax rates to the calculated property tax valuation as of December 31,
5 2014.

6 **Q. WHAT INCREMENTAL EXPENSES ARE INCLUDED IN THE**
7 **REVENUE REQUIREMENT CALCULATIONS?**

8 A. The only incremental expenses included in the Rider DR-IM and Rider AU
9 revenue requirement calculations are specifically identifiable costs associated
10 with the implementation of the SmartGrid project for gas and electric. Such costs
11 include Information Technology costs, system support, data transfer fees, and any
12 other costs that can be directly attributed to the SmartGrid program.

13 **Q. DO THE REVENUE REQUIREMENT CALCULATIONS REFLECT THE**
14 **SAVINGS THAT DISTRIBUTION AUTOMATION AND SMARTGRID**
15 **PROJECTS WILL GENERATE?**

16 A. Yes. In the Order in Case No. 10-2326-GE-RDR, the Commission approved a
17 stipulation that included an agreement by Duke Energy Ohio to establish an
18 amount of savings to include in both Rider DR-IM and Rider AU. These savings
19 are reflected in Schedule 12 of my attachments.

20 **Q. DOES THE REVENUE REQUIREMENT CALCULATIONS REFLECT**
21 **ANY UNINSTALLED GAS MODULES?**

22 A. No.

III. CHANGES FROM PRIOR FILING

1 **Q. HAVE YOU MADE ANY CHANGES IN THE REVENUE**
2 **REQUIREMENT CALCULATIONS SINCE THE COMPANY'S LAST**
3 **SMARTGRID COST RECOVERY FILING?**

4 A. No.

5 **Q. PLEASE EXPLAIN THE CREDIT FOR THE COMPANY'S GAS-ONLY**
6 **CUSTOMERS.**

7 A. The Company has customers in Adams County, Georgetown, and Lebanon, Ohio,
8 to whom it provides only gas service. These customers are located in an area
9 outside of Duke Energy Ohio's electric service territory. Duke Energy Ohio
10 agreed to only include the costs of SmartGrid gas deployment in the monthly
11 Rider AU charge to these customers. The overall Rider AU revenue requirement
12 includes the gas portion of "common" costs and allocable project management
13 organization (PMO) costs. A monthly credit amount has been calculated to
14 eliminate these costs from the rider for these gas-only customers.

15 **Q. HOW HAS THIS ADJUSTMENT BEEN SHOWN IN THE SCHEDULES**
16 **USED TO CALCULATE THE RIDER AU REVENUE REQUIREMENT?**

17 A. At the bottom of each supporting schedule in Attachment PAL-2, the costs related
18 to "common" and PMO costs have been detailed. These costs are summarized at
19 the bottom of Schedule 1A as a credit revenue requirement amount. On Schedule
20 13, this credit amount is divided by the total number of gas bills to calculate the
21 monthly credit for the 8,870 gas-only customers.

1 **Q. ARE THE REMAINING CALCULATIONS THE SAME FOR RIDER DR-**
2 **IM AND RIDER AU?**

3 **A.** Yes. The remainder of my testimony describes the schedules used for the revenue
4 requirement calculations for both riders. Other than the two items discussed
5 above, the methodology is essentially the same for both riders.

IV. RIDER DR-IM

6 **Q. PLEASE PROVIDE A GENERAL OVERVIEW OF THE SCHEDULES**
7 **FOR RIDER DR-IM.**

8 **A.** The schedules provide extensive detail of the revenue requirement calculations for
9 Rider DR-IM, starting with support for the rate base component and the pre-tax rate
10 of return, followed by details for the expenses to be included. Finally, the schedules
11 show the calculation of the proposed monthly rates for Rider DR-IM applicable to
12 the rate classes.

13 **Q. PLEASE EXPLAIN SCHEDULE 1 FOR ELECTRIC.**

14 **A.** Schedule 1 summarizes the annualized revenue requirement for Duke Energy Ohio's
15 Rider DR-IM rates. The underlying rate base reflects the net balance of the
16 Company's investment in SmartGrid including distribution automation equipment as
17 of December 31, 2014. The rate base shown is incremental to amounts in current
18 rates as of the date certain used in the Company's most recently approved electric
19 distribution rate case. The information on this schedule is supported in Schedules 2
20 through 12.

1 **Q. PLEASE EXPLAIN SCHEDULE 2 FOR ELECTRIC.**

2 A. Schedule 2 provides the adjusted balance of plant additions at December 31, 2013,
3 and actual plant additions by month from January 1, 2014, through December 31,
4 2014. The beginning balance as of December 31, 2013, agrees with the amounts
5 approved in the prior Rider DR-IM filing in Case No. 14-1051-GE-RDR.

6 **Q. PLEASE EXPLAIN SCHEDULE 3 FOR ELECTRIC.**

7 A. Schedule 3 provides the adjusted balance of accumulated provision for
8 depreciation at December 31, 2013, and actual provision for depreciation by
9 month from January 1, 2014, through December 31, 2014, to arrive at the balance as
10 of December 31, 2014.

11 **Q. PLEASE EXPLAIN SCHEDULE 4 FOR ELECTRIC.**

12 A. Schedule 4 provides the adjusted balance of the PISCC regulatory asset at
13 December 31, 2013, and the PISCC activity by month from January 1, 2014,
14 through December 31, 2014, to arrive at the balance as of December 31, 2014. This
15 schedule also provides the balance of PISCC amortization at December 31, 2013,
16 and actual PISCC amortization by month from January 1, 2014, through December
17 31, 2014, to calculate the estimated balance at December 31, 2014. The net
18 electric PISCC Regulatory Asset for the periods is also provided.

19 **Q. PLEASE EXPLAIN SCHEDULE 5 FOR ELECTRIC.**

20 A. Schedule 5 provides the net deferred tax balance of electric PISCC and electric
21 O&M at December 31, 2013, and December 31, 2014.

1 **Q. PLEASE EXPLAIN SCHEDULE 6 FOR ELECTRIC.**

2 A. Schedule 6 provides the calculation of the deferred taxes on liberalized
3 depreciation for plant placed in service during vintage years 2008 through 2014.
4 These deferred taxes are calculated on the electric-related SmartGrid plant in
5 service since the program's inception.

6 **Q. PLEASE EXPLAIN SCHEDULE 7 FOR ELECTRIC.**

7 A. Schedule 7 provides the calculation of the pre-tax weighted average cost of capital
8 for the return component of the Rider DR-IM revenue requirement calculation.
9 The capital structure and the capital cost rates are from the most recently
10 approved electric distribution rate case, Case No. 12-1682-EL-AIR.

11 **Q. PLEASE EXPLAIN SCHEDULE 8 FOR ELECTRIC.**

12 A. Schedule 8 provides the calculation of the annualized depreciation expense
13 associated with additions, based on actual SmartGrid plant additions from the
14 beginning of the program through December 31, 2014, using currently approved
15 depreciation accrual rates.

16 **Q. PLEASE EXPLAIN SCHEDULE 9 FOR ELECTRIC.**

17 A. Schedule 9 provides a calculation of the annualized amortization of the electric
18 PISCC accrued from the beginning of the program through December 31, 2014.
19 The electric-related PISCC Regulatory Assets by account are in agreement with
20 those provided on Schedule 4 and the amortization calculations use the currently
21 approved average service lives.

1 **Q. PLEASE EXPLAIN SCHEDULE 10 FOR ELECTRIC.**

2 A. Schedule 10 is a schedule providing the calculation of the regulatory asset
3 associated with the deferral of O&M and depreciation costs pursuant to the
4 stipulation approved in the ESP Case.

5 **Q. PLEASE EXPLAIN SCHEDULE 11 FOR ELECTRIC.**

6 A. Schedule 11 provides the calculation of the annualized property tax expense based
7 on actual additions to electric-related SmartGrid plant in service from the
8 beginning of the program through December 31, 2014. This calculation follows
9 the process used in Duke Energy Ohio's Annual Report to the Ohio Department
10 of Taxation to determine the Net Property Valuation and uses the latest known
11 average electric property tax rate per \$1,000 of valuation.

12 **Q. PLEASE EXPLAIN SCHEDULE 12 FOR ELECTRIC.**

13 A. Schedule 12 provides for the savings and reduction agreed to in the Order in Case
14 No. 10-2326-GE-RDR. In the Order the Company agreed to include \$10.67
15 million in savings in the 2014 revenue requirement along with a \$4.43 million
16 increase in the revenue requirement for deferred recovery.

17 **Q. PLEASE EXPLAIN SCHEDULE 13 FOR ELECTRIC.**

18 A. Schedule 13 provides a calculation of the new Rider DR-IM monthly charge by
19 rate class. Pursuant to the Stipulation approved in Case No. 08-920-EL-SSO, *et*
20 *al.*, 85% of the revenue requirement is allocable to residential customers and the
21 remaining 15% is allocable to non-residential customers. The allocated revenue
22 requirement is then divided by the number of bills (*i.e.*, customers x 12) for the
23 residential and non-residential rate classes. The result is a per bill charge of

1 \$6.14for all residential customers and a per bill charge of \$ 9.15 for all non-
2 residential customers. The Company excluded all lighting customers from Rider
3 DR-IM.

4 **Q. PLEASE EXPLAIN SCHEDULE 14 FOR ELECTRIC.**

5 A. Schedule 14 provides a cumulative total of the stimulus funding that has been
6 invoiced thru December 2014.

7 **Q. PLEASE EXPLAIN SCHEDULE 15 FOR ELECTRIC.**

8 A. The approval for the calendar year 2013 recovery was not approved until April 8,
9 2015. The new rates were implemented on that day but the Company had already
10 billed the first 4 (four) billing cycles in April at the old rates. This schedule
11 calculates the under recovery due to the delay in the implementation of the rates.

12 **Q. ARE THERE ANY PROVISIONS OF THE STIPULATION REACHED IN**
13 **CASE NO. 13-1141-GE-RDR THAT ARE RELEVANT TO THE RIDER**
14 **DR-IM RATE CALCULATION?**

15 A. Yes. The parties in this proceeding agreed to impose caps on the Rider DR-IM
16 charge for residential customers for filings made in calendar years 2014 and 2015.
17 The cap represents the maximum monthly per meter rate that can be charged to
18 residential customers for a given year. The agreed-to caps for residential Rider
19 DR-IM charges are \$6.75 for the filing made in calendar year 2014 and \$7.00 for
20 the filing made in calendar year 2015. Per Schedule 13 of this filing the Company
21 is under the \$7.00 cap for this year.

1 Q. DO YOU HAVE AN OPINION REGARDING WHETHER DUKE
2 ENERGY OHIO'S REQUEST FOR NEW RIDER DR-IM RATES IS
3 REASONABLE?

4 A. Yes.

5 Q. PLEASE STATE YOUR OPINION.

6 A. Duke Energy Ohio's rate request is fair and reasonable. I believe that the costs of
7 service are properly allocated to customer classes and the rate design was properly
8 performed in accordance with the terms and conditions of the Stipulation
9 approved in Case No. 08-920-EL-SSO, *et al.* The proposed Rider DR-IM rates are
10 within the rate caps established in the Stipulation in Case No. 13-1141-GE-RDR.

V. RIDER AU

11 Q. PLEASE PROVIDE A GENERAL OVERVIEW OF THE REVENUE
12 REQUIREMENT CALCULATION FOR RIDER AU.

13 A. The schedules provide extensive detail of the revenue requirement calculations for
14 Rider AU starting with support for the rate base component and pre-tax rate of
15 return, followed by details for expenses to be included. As discussed earlier in my
16 testimony, many of the schedules provide support for the credit revenue requirement
17 applicable to the Company's gas-only customers and that calculation is summarized
18 on Schedule 1A. Finally, the schedules show the calculation of the proposed
19 monthly rates for Rider AU applicable to the rate classes and the monthly credit for
20 the gas-only customers.

1 **Q. PLEASE EXPLAIN SCHEDULE 1 FOR GAS.**

2 A. Schedule 1, summarizes the annualized revenue requirement for Duke Energy
3 Ohio's Rider AU rates. The underlying rate base reflects the net balance of the
4 Company's investment in SmartGrid allocable to its gas distribution business as of
5 December 31, 2014. The rate base shown is incremental to amounts in current rates.
6 The information on this schedule is supported in Schedules 2 through 13. Schedule
7 1A summarizes the credit to the annualized revenue requirement for the Company's
8 gas only customers.

9 **Q. PLEASE EXPLAIN SCHEDULE 2 FOR GAS.**

10 A. Schedule 2 provides the adjusted balance of plant additions at December 31, 2013,
11 and the actual plant additions by month from January 1, 2014, through December
12 31, 2014 to arrive at the balance as of December 31, 2014..

13 **Q. PLEASE EXPLAIN SCHEDULE 3 FOR GAS.**

14 A. Schedule 3 provides the adjusted balance of the accumulated provision for
15 depreciation at December 31, 2013 and the actual provision for depreciation by
16 month from January 1, 2014, through December 31, 2014, to arrive at the balance
17 as of December 31, 2014.

18 **Q. PLEASE EXPLAIN SCHEDULE 4 FOR GAS.**

19 A. Schedule 4 provides the adjusted balance of the PISCC regulatory asset not
20 included in base rates at December 31, 2013, and the PISCC activity by month
21 from January , 2014, through December 31, 2014, to arrive at the balance as of
22 December 31, 2014. This schedule also provides actual PISCC amortization by
23 month from January 1, 2014, through December 31, 2014, to calculate the balance

1 at December 31, 2014. The net gas PISCC regulatory asset for the periods is also
2 provided.

3 **Q. PLEASE EXPLAIN SCHEDULE 5 FOR GAS.**

4 A. Schedule 5 provides the balance of gas PISCC and electric O&M net deferred tax
5 balance at December 31, 2013, and December 31, 2014.

6 **Q. PLEASE EXPLAIN SCHEDULE 6 FOR GAS.**

7 A. Schedule 6 provides the calculation of the deferred taxes on liberalized
8 depreciation for plant placed into service after March 31, 2012.

9 **Q. PLEASE EXPLAIN SCHEDULE 7 FOR GAS.**

10 A. Schedule 7 provides the calculation of the pre-tax weighted average cost of capital
11 for the return component of the Rider AU revenue requirement calculation. The
12 capital structure and the capital cost rates are from the most recently approved gas
13 distribution rate case, Case No. 12-1685-GA-AIR, *et al.*

14 **Q. PLEASE EXPLAIN SCHEDULE 8 FOR GAS.**

15 A. Schedule 8 provides the calculation of the annualized depreciation expense
16 associated with additions, based on actual gas-related SmartGrid plant additions
17 from April 1, 2012 through December 31, 2014, using currently approved
18 depreciation accrual rates.

19 **Q. PLEASE EXPLAIN SCHEDULE 9 FOR GAS.**

20 A. Schedule 9 provides a calculation of the annualized amortization of the PISCC
21 accrued from April 1, 2012 through December 31, 2014. The gas-related PISCC
22 Regulatory Assets by account are in agreement with those provided on Schedule 4
23 and the amortization calculations use the currently approved average service lives.

1 **Q. PLEASE EXPLAIN SCHEDULE 10 FOR GAS.**

2 A. Schedule 10 is a schedule providing the calculation of the regulatory asset
3 associated with the deferral of O&M and depreciation costs pursuant to the
4 Stipulation approved in the prior filing, Case No. 09-543-GE-RDR.

5 **Q. PLEASE EXPLAIN SCHEDULE 11 FOR GAS.**

6 A. Schedule 11 provides the calculation of the annualized property tax expense based
7 on actual additions to gas-related SmartGrid plant in service from April 1, 2012
8 through December 31, 2014. This calculation follows the process used in Duke
9 Energy Ohio's Annual Report to the Ohio Department of Taxation to determine
10 the Net Property Valuation and uses the latest known average gas property tax
11 rate per \$1,000 of valuation.

12 **Q. PLEASE EXPLAIN SCHEDULE 12 FOR GAS.**

13 A. Schedule 12 provides for the savings and reduction agreed to in our Order in Case
14 No.10-2326-GE-RDR. In the Order the Company agreed to a \$4,544,000 in
15 savings in the 2014 revenue requirements. We have netted this amount with the
16 amount of \$2,026,000 in our base rates in Case No. 12-1685-GA-AIR, resulting in
17 a \$2,518,000 savings reduction in this filing.

18 **Q. PLEASE EXPLAIN SCHEDULE 13 FOR GAS.**

19 A. Schedule 13 provides the new Rider AU monthly charge per customer. Because
20 the Company is proposing to allocate the Rider AU revenue requirement based on
21 number of bills (*i.e.*, customers x 12), the Rider AU monthly rate shown on
22 Schedule 13 is for all customers. The allocated revenue requirement is divided by
23 the total number of bills. The result is a per bill charge of \$1.22 for Rider AU for

1 all customers. The per bill credit amount of \$1.06 for the Company's gas only
2 customers is also calculated on this schedule.

3 **Q. PLEASE EXPLAIN SCHEDULE 14 FOR GAS.**

4 A. The approval for the calendar year 2013 recovery was not approved until April 8,
5 2015. The new rates were implemented on that day but the Company had already
6 billed the first 4 (four) billing cycles in April at the old rates. This schedule
7 calculates the under recovery due to the delay in the implementation of the rates.

8 **Q. DO YOU HAVE AN OPINION REGARDING WHETHER DUKE**
9 **ENERGY OHIO'S REQUEST FOR NEW RIDER AU RATES IS**
10 **REASONABLE?**

11 A. Yes.

12 **Q. PLEASE STATE YOUR OPINION.**

13 A. Duke Energy Ohio's rate request is fair and reasonable. The methodology is
14 essentially consistent with the methodology for electric Rider DR-IM, which
15 follows the terms and conditions of the Stipulation approved in Case No. 08-920-
16 EL-SSO, *et al.*

VI. OTHER ISSUES

17 **Q. HOW WILL FUTURE RATE CASES IMPACT THE FILINGS OF RIDER**
18 **DR-IM AND RIDER AU?**

19 A. Both riders will continue until full deployment. Per our Order in Case No. 10-2326-
20 GE-RDR, the Company committed to maintain Rider DR-IM as the means to
21 recover electric SmartGrid investment through the year in which full deployment (as
22 determined by the Public Utilities Staff,) occurs. In the same Order the Company

1 agreed to a guaranteed level of savings related to the gas portion of SmartGrid in our
2 next base case. In Case No 12-1685-GA-AIR the Company rolled in the gas
3 SmartGrid investment in base rates as of the date certain of March 31, 2012, and
4 then continued Rider AU for investment after the date certain similar to our process
5 for Rider AMRP.

VII. CONCLUSION

6 **Q. WERE ATTACHMENTS PAL-1 AND PAL-2 PREPARED BY YOU OR**
7 **UNDER YOUR SUPERVISION?**

8 A. Yes.

9 **Q. IS THE INFORMATION CONTAINED IN ATTACHMENTS PAL-1 AND**
10 **PAL-2 TRUE AND ACCURATE TO THE BEST OF YOUR KNOWLEDGE**
11 **AND BELIEF?**

12 A. Yes.

13 **Q. DOES THIS CONCLUDE YOUR PRE-FILED DIRECT TESTIMONY?**

14 A. Yes.

**Duke Energy Ohio
Calculation of Rider DR-IM
Case No. 15-0883
Attachment PAL-1
Index of Schedules**

Schedule No.	Description
1	Revenue Requirement Summary
2	Plant Additions by Month
3	Depreciation Expense Accrued
4	Post In Service Carrying Costs on Plant Additions Accrued as Regulatory Asset
5	Deferred Income Taxes on Post In Service Carrying Costs and Deferred O&M
6	Deferred Taxes on Liberalized Depreciation Associated with Plant Additions
7	Summary of Weighted-Average Cost of Capital from Most Recent Retail Rate Case
8	Annualized Depreciation Expense on Plant in Service at Year End
9	Annualized Amortization of Post In Service Carrying Charges
10	Regulatory Asset for Deferred O&M and Associated Carrying Costs
11	Annualized Property Taxes on Plant in Service at Year End
12	Incremental O&M Savings from SmartGrid Implementation
13	Calculation of Rider DR-IM Charges
14	Use of Stimulus Funds for SmartGrid Projects
15	Undercollection of 2013 Revenue Requirement

Duke Energy Ohio
Calculation of Rider DR-IM

Revenue Requirement

Line No.		Balance 12/31/13	Adjustment	Adjusted Balance 12/31/13	Activity 2014	Cumulative thru 12/31/14	Reference
	Return on Investment						
1	Plant In-Service	\$268,336,263	\$0	\$268,336,263	\$19,537,603	\$287,873,866	Schedule 2
2	Additions	268,336,263	0	268,336,263	19,537,603	287,873,866	
3	Total Plant In-Service						
	Less: Accumulation Provision for Depreciation						
3	Depreciation Expense	28,982,376	0	28,982,376	17,275,161	46,257,537	Schedule 3
4	Total Accumulated Provision for Depreciation	28,982,376	0	28,982,376	17,275,161	46,257,537	
5	Net Regulatory Asset--Post In-Service Carrying Cost	23,328,821	0	23,328,821	5,887,559	29,216,380	Schedule 4
6	Net Deferred Tax Balance--PISCC, Deferred Depreciation & CC and Deferred O&M & CC	(16,414,620)	0	(16,414,620)	(1,049,820)	(17,464,440)	Schedule 5
7	Deferred Taxes on Liberalized Depreciation	(60,366,230)	0	(60,366,230)	(3,148,743)	(63,514,973)	Schedule 6
8	Net Rate Base	185,901,858	0	185,901,858	3,951,438	189,853,296	
9	Approved Pre-tax Rate of Return				10.68%	10.68%	Schedule 7
10	Annualized Return on Rate Base				422,014	20,276,332	
	Operating Expenses						
11	Annualized Provision for Depreciation For Additions				17,807,750	17,807,750	Schedule 8
12	Annualized Amortization of PISCC				1,832,977	1,832,977	Schedule 9
13	Deferred O&M Expense and Carrying Costs				8,023,198	8,023,198	Schedule 10
14	Annualized Property Tax Expense				11,784,650	11,784,650	Schedule 11
15	Reduction in Operation & Maintenance Expense				(6,240,000)	(6,240,000)	Schedule 12
16	Annualized Revenue Requirement - Subtotal				33,630,589	53,484,907	
17	Commerical Activity Tax Gross Up				87,667	139,423	
18	Annualized Revenue Requirement				\$33,718,256	\$53,624,330	

Duke Energy Ohio
Calculation of Rider DR-IM

Net Regulatory Asset - Post In-Service Carrying Cost

Line No.	Account	Description	Adjusted Balance at 12/31/2013	Adjustment	Balance at 12/31/2013	1/31/2014	2/28/2014	3/31/2014	4/30/2014	5/31/2014	6/30/2014	7/31/2014	8/31/2014	9/30/2014	10/31/2014	11/20/2014	12/31/2014	Balance at 12/31/2014	
1	18236x	Station Equipment	\$2,877,485		\$2,877,485	\$73,762	\$73,988	\$74,352	\$55,660	\$55,916	\$56,160	\$56,403	\$56,647	\$56,904	\$57,085	\$57,254	\$57,523	\$3,609,159	
2	18236x	Major Equipment	\$3,477,711		\$3,477,711	\$8,170	\$8,196	\$8,231	\$4,842	\$4,863	\$4,884	\$4,906	\$4,927	\$4,948	\$4,969	\$4,991	\$5,012	\$4,991	\$4,166,650
3	18236x	Distribution Station Equipment	\$2,969,901		\$2,969,901	(\$5,020)	(\$5,046)	(\$5,071)	(\$14,452)	(\$14,515)	(\$14,577)	(\$14,640)	(\$14,704)	(\$14,768)	(\$14,832)	(\$14,896)	(\$14,960)	(\$14,960)	\$3,139,423
4	18236x	Poles, Towers and Structures	\$174,336		\$174,336	\$11,346	\$11,562	\$11,763	\$11,908	\$12,103	\$12,275	\$12,423	\$12,489	\$12,555	\$12,608	\$12,687	\$12,736	\$12,736	\$2,920,959
5	18236x	Distribution OH Conduct & Devices	\$2,301,587		\$2,301,587	\$82,145	\$82,997	\$83,808	\$49,398	\$49,771	\$50,298	\$50,645	\$51,321	\$51,975	\$52,593	\$53,246	\$53,946	\$53,946	\$3,010,411
6	18236x	Leased Meters	\$6,804,359		\$6,804,359	\$151,312	\$152,053	\$153,053	\$79,241	\$79,656	\$80,011	\$80,259	\$80,511	\$80,905	\$81,268	\$81,603	\$81,903	\$81,903	\$7,994,852
7	18236x	Electronic Data Processing Equip	\$139,595		\$139,595	\$2,440	\$2,496	\$2,506	\$3,175	\$3,228	\$3,248	\$3,258	\$3,269	\$3,277	\$3,284	\$3,289	\$3,292	\$3,292	\$1,171,125
8	18236x	Communication Equipment - Electric	\$7,604,865		\$7,604,865	\$270,665	\$280,081	\$284,725	\$166,486	\$170,220	\$178,623	\$186,519	\$194,324	\$198,979	\$187,728	\$188,324	\$189,122	\$190,163	\$10,097,428
9	18236x	Intangible Electric	\$731,034		\$731,034	\$3,440	\$3,440	\$3,440	\$16,175	\$16,240	\$16,300	\$16,371	\$16,434	\$16,474	\$16,534	\$16,624	\$16,674	\$16,674	\$9,191,302
10	18236x	Leased AMI Meters	\$337,718		\$337,718	\$45,355	\$41,076	\$38,065	\$32,122	\$32,122	\$33,188	\$34,200	\$35,059	\$35,872	\$37,299	\$39,565	\$37,763	\$37,763	\$7,754,464
11	18236x	Communication Equipment - Common	2,442,264		\$80,500	\$85,492	\$90,418	\$59,378	\$60,600	\$60,600	\$67,309	\$73,002	\$75,009	\$75,009	\$75,729	\$76,434	\$77,351	\$79,019	3,343,436
12	18236x	Electronic Data Processing Common	7,716		\$33	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$1,127
13		Total	\$24,065,591	\$0	\$24,065,591	\$724,181	\$744,603	\$770,237	\$465,277	\$469,008	\$488,634	\$503,602	\$508,913	\$510,318	\$514,284	\$519,523	\$521,223	\$521,223	\$30,780,636
14	18236x	Regulatory Asset - Amortization				\$1,711	\$1,711	\$1,711	\$2,914	\$2,914	\$2,914	\$2,914	\$2,914	\$2,914	\$2,914	\$2,914	\$2,914	\$2,914	\$53,413
15	18236x	Station Equipment	\$22,037		\$22,037	\$275	\$275	\$275	\$377	\$377	\$377	\$377	\$377	\$377	\$377	\$377	\$377	\$377	\$4,350
16	18236x	Major Equipment	\$4,131		\$4,131	\$715	\$715	\$715	\$1,396	\$1,396	\$1,396	\$1,396	\$1,396	\$1,396	\$1,396	\$1,396	\$1,396	\$1,396	\$21,910
17	18236x	Distribution Station Equipment	\$10,200		\$10,200	\$44	\$44	\$44	\$139	\$139	\$139	\$139	\$139	\$139	\$139	\$139	\$139	\$139	\$1,778
18	18236x	Poles, Towers and Structures	\$396		\$396	\$44	\$44	\$44	\$139	\$139	\$139	\$139	\$139	\$139	\$139	\$139	\$139	\$139	\$3,607
19	18236x	Distribution OH Conduct & Devices	\$15,081		\$15,081	\$11,399	\$11,399	\$11,399	\$23,234	\$23,234	\$23,234	\$23,234	\$23,234	\$23,234	\$23,234	\$23,234	\$23,234	\$23,234	\$454,081
20	18236x	Leased Meters	\$206,828		\$206,828	\$11,399	\$11,399	\$11,399	\$23,234	\$23,234	\$23,234	\$23,234	\$23,234	\$23,234	\$23,234	\$23,234	\$23,234	\$23,234	\$350,319
21	18236x	Electronic Data Processing Equip	\$10,518		\$10,518	\$981	\$981	\$981	\$1,880	\$1,880	\$1,880	\$1,880	\$1,880	\$1,880	\$1,880	\$1,880	\$1,880	\$1,880	\$28,586
22	18236x	Communication Equipment - Electric	\$308,877		\$308,877	\$13,955	\$13,955	\$13,955	\$26,536	\$26,536	\$26,536	\$26,536	\$26,536	\$26,536	\$26,536	\$26,536	\$26,536	\$26,536	\$211,869
23	18236x	Intangible Electric	\$82,440		\$82,440	\$0	\$0	\$0	\$44	\$44	\$44	\$44	\$44	\$44	\$44	\$44	\$44	\$44	\$42
24	18236x	Leased AMI Meters	\$65,825		\$65,825	\$4,240	\$4,240	\$4,240	\$9,025	\$9,025	\$9,025	\$9,025	\$9,025	\$9,025	\$9,025	\$9,025	\$9,025	\$9,025	\$151,768
25	18236x	Communication Equipment - Common	\$437		\$437	\$32	\$32	\$32	\$81	\$81	\$81	\$81	\$81	\$81	\$81	\$81	\$81	\$81	\$80
26	18236x	Electronic Data Processing Common	\$726,770	\$0	\$726,770	\$41,564	\$41,564	\$41,564	\$80,311	\$80,311	\$80,311	\$80,311	\$80,311	\$80,311	\$80,311	\$80,311	\$80,311	\$80,311	\$1,574,256
27	18236x	Regulatory Asset - Net				\$72,065	\$72,271	\$72,635	\$52,746	\$53,002	\$53,246	\$53,489	\$53,733	\$53,990	\$54,171	\$54,340	\$54,610	\$54,610	\$3,555,746
28	18236x	Station Equipment	\$2,855,448		\$2,855,448	\$7,865	\$7,865	\$7,865	\$4,465	\$4,465	\$4,465	\$4,465	\$4,465	\$4,465	\$4,465	\$4,465	\$4,465	\$4,465	\$4,465
29	18236x	Major Equipment	\$343,580		\$343,580	\$7,865	\$7,865	\$7,865	\$4,465	\$4,465	\$4,465	\$4,465	\$4,465	\$4,465	\$4,465	\$4,465	\$4,465	\$4,465	\$4,465
30	18236x	Distribution Station Equipment	\$276,701		\$276,701	(\$5,735)	(\$5,761)	(\$5,788)	(\$15,848)	(\$15,911)	(\$15,973)	(\$16,036)	(\$16,100)	(\$16,164)	(\$16,228)	(\$16,292)	(\$16,357)	(\$16,357)	\$314,513
31	18236x	Poles, Towers and Structures	\$173,940		\$173,940	\$11,302	\$11,518	\$11,719	\$12,054	\$12,054	\$12,236	\$12,414	\$12,592	\$12,770	\$12,948	\$13,126	\$13,304	\$13,482	\$318,181
32	18236x	Distribution OH Conduct & Devices	\$2,286,506		\$2,286,506	\$81,006	\$81,858	\$82,699	\$47,164	\$47,537	\$48,082	\$48,549	\$49,016	\$49,483	\$49,950	\$50,417	\$50,884	\$51,351	\$2,972,134
33	18236x	Leased Meters	\$6,597,531		\$6,597,531	\$139,043	\$140,684	\$141,981	\$55,573	\$55,573	\$56,010	\$56,549	\$57,088	\$57,627	\$58,166	\$58,705	\$59,244	\$59,783	\$7,500,771
34	18236x	Electronic Data Processing Equip	\$129,077		\$129,077	\$1,479	\$1,445	\$1,445	\$668	\$668	\$668	\$668	\$668	\$668	\$668	\$668	\$668	\$668	\$668
35	18236x	Communication Equipment - Electric	\$7,295,988		\$7,295,988	\$258,730	\$266,136	\$280,770	\$142,950	\$143,694	\$152,087	\$159,885	\$169,343	\$180,243	\$181,180	\$182,086	\$183,027	\$183,962	\$140,908
36	18236x	Intangible Electric	\$648,594		\$648,594	(\$3,677)	(\$3,677)	(\$3,677)	\$4,179	\$4,179	\$4,298	\$4,298	\$4,418	\$4,462	\$4,532	\$4,622	\$4,732	\$4,842	\$701,493
37	18236x	Leased AMI Meters	\$337,718		\$337,718	\$45,555	\$41,076	\$38,065	\$32,122	\$32,122	\$33,188	\$34,196	\$35,015	\$35,828	\$37,255	\$38,521	\$39,751	\$39,751	\$775,050
38	18236x	Communication Equipment - Common	\$2,376,459		\$2,376,459	\$78,283	\$81,252	\$84,179	\$50,353	\$51,575	\$53,294	\$54,877	\$56,294	\$57,641	\$58,904	\$60,096	\$61,224	\$62,296	\$3,163,658
39	18236x	Electronic Data Processing Common	\$7,270		\$7,270	\$1	\$1	\$1	(\$47)	(\$47)	(\$47)	(\$47)	(\$47)	(\$47)	(\$47)	(\$47)	(\$47)	(\$47)	\$6,968
		Total	\$23,328,821	\$0	\$23,328,821	\$682,627	\$703,039	\$728,673	\$384,956	\$388,727	\$408,523	\$423,291	\$428,602	\$433,973	\$439,007	\$443,812	\$448,485	\$448,485	\$28,216,380

Jan - Dec
6.32%

Dollars Approved in Previous Filings (cumulative)

Line No.	Account	Description	2008	2009	2010	2011	2012
40	18236x	Station Equipment	\$2,386,623	\$9,753,332	\$16,715,652	\$21,107,609	\$21,107,609
41	18236x	Major Equipment	\$958,938	\$1,771,237	\$2,082,440	\$2,673,492	\$2,673,492
42	18236x	Distribution Station Equipment	\$640,421	\$1,327,263	\$2,386,258	\$4,551,045	\$4,551,045
43	18236x	Poles, Towers and Structures	\$1,690,379	\$9,632,181	\$19,090,143	\$30,920,538	\$30,920,538
44	18236x	Distribution OH Conduct & Devices	\$9,859,836	\$20,638,950	\$37,323,032	\$54,516,600	\$54,516,600
45	18236x	Leased Meters	\$6,575,444	\$11,946,495	\$18,050,373	\$25,478,280	\$25,478,280
46	18236x	Electronic Data Processing Equip	\$12,016,987	\$11,946,495	\$16,645,029	\$35,050,373	\$65,478,280
47	18236x	Communication Equipment - Electric	\$1,036,040	\$4,582,456	\$12,785,265	\$20,192,769	\$20,192,769
48	18236x	Intangible Electric	\$19,522	\$19,522	\$19,522	\$81,445	\$81,445
49	18236x	Leased AMI Meters	\$28,684,848	\$65,608,136	\$125,173,801	\$197,755,702	\$197,755,702
50	18236x	Communication Equipment - Common	\$19,522	\$19,522	\$19,522	\$81,445	\$81,445
51	18236x	Electronic Data Processing Common	\$19,522	\$19,522	\$19,522	\$81,445	\$81,445
		Total	\$19,647,993	\$28,684,848	\$65,608,136	\$125,173,801	\$197,755,702

**Duke Energy Ohio
Calculation of Rider DR-IM**

Net Deferred Tax Balance -- PISCC, Deferred Deprec and Deferred O&M

<u>Line No.</u>		<u>Balance at 12/31/2013</u>	<u>12/31/2014</u>
	Net Deferred Tax Balance - PISCC		
1	Ending Balance Per Sch 4	\$23,328,821	\$29,216,380
2	Tax Rate	35.00%	35.00%
3	Cumulative ADIT @ 35%	(\$8,165,087)	(\$10,225,733)
	Net Deferred Tax Balance - Deferred Depreciation and Carrying Costs		
4	Ending Balance Per Sch 10	\$4,044,615	\$3,977,744
5	Tax Rate	35.00%	35.00%
6	Cumulative ADIT @ 35%	(\$1,415,615)	(\$1,392,210)
	Net Deferred Tax Balance - Deferred O&M and Carrying Costs		
7	Ending Balance Per Sch 10	\$19,525,481	\$16,704,276
8	Tax Rate	35.00%	35.00%
9	Cumulative ADIT @ 35%	(\$6,833,918)	(\$5,846,497)
	Total	(\$16,414,620)	Total <u><u>(\$17,464,440)</u></u>

Duke Energy Ohio
Calculation of Rider DR-IM

Deferred Taxes on Liberalized Depreciation

Line No.	Tax Year 2014 (part 1 of 4)					
	Vintage 2008			Vintage 2009		
	7-Year MACRS	10-Year MACRS	Total Vintage 2008	7-Year MACRS	10-Year MACRS	Total Vintage 2009
1	\$13,053,027	\$6,594,966	\$19,647,993	\$1,159,563	\$9,576,601	\$10,736,164
2	0	0	0	0	0	0
	Tax Base In-Service subject to:					
3	13,053,027	6,594,966	19,647,993	1,159,563	9,576,601	10,736,164
4	0	0	0	0	0	0
5	0	0	0	0	0	0
6	13,053,027	6,594,966	19,647,993	1,159,563	9,576,601	10,736,164
7	582,491	288,200	870,691	51,745	418,450	470,195
8	0	0	0	0	0	0
9						
10	582,491	288,200	870,691	51,745	418,450	470,195
	Book Depreciation					
11	870,637	438,582	1,309,219	77,343	348,971	426,314
12	0	0	0	0	0	0
13	0	0	0	0	0	0
14	870,637	438,582	1,309,219	77,343	348,971	426,314
15	(288,146)	(150,382)	(438,528)	(25,598)	69,479	43,881
16	\$100,851	\$52,634	\$153,485	\$8,959	(\$24,318)	(\$15,359)
17			35.00%			35.00%

Duke Energy Ohio
Calculation of Rider DR-III

Deferred Taxes on Liberalized Depreciation

Line
No.

	Tax Year 2014 (part 2 of 4)										
	Vintage 2010					Vintage 2011					
	3-Year MACRS	5-Year MACRS	7-Year MACRS	10-Year MACRS	Total Vintage 2010	3-Year MACRS	5-Year MACRS	7-Year MACRS	10-Year MACRS	20-Year MACRS	Total Vintage 2011
1 Total Plant In-Service	\$2,088,921	\$670,020	\$7,014,896	\$23,042,217	\$32,816,053	\$1,838,900	\$462,402	\$26,611,153	\$29,803,123	\$850,085	\$59,585,663
2 Book to Tax Basis Adjustments	0	0	0	0	0	0	0	0	0	0	0
Tax Base In-Service subject to:											
3 Bonus Depreciation - 50%	2,088,921	670,020	7,014,896	11,521,108	21,294,945	1,581,454	305,185	0	1,192,125	34,003	3,112,767
4 Bonus Depreciation - 100%	0	0	0	11,521,108	11,521,108	257,446	157,216	26,611,153	28,810,999	816,063	58,452,897
5 MACRS	0	0	0	0	0	0	0	0	0	0	0
6 Total Tax Depreciation Base	2,088,921	670,020	7,014,896	23,042,217	32,816,053	1,838,900	462,401	26,611,153	29,803,124	850,088	59,585,664
7 Tax Depreciation - MACRS	0	36,593	313,040	503,472	855,105	59,589	17,579	0	59,749	1,050	136,947
8 Tax Depreciation - Bonus - 50%	0	0	0	0	0	0	0	0	0	0	0
9 Tax Depreciation - Bonus - 100%	0	0	0	0	0	0	0	0	0	0	0
10 Total Tax Depreciation Book Depreciation	0	36,593	313,040	503,472	855,105	59,589	17,579	0	59,749	1,050	136,947
11 Total Book Depreciation	417,784	137,908	467,693	1,044,912	2,068,498	367,780	92,480	1,774,964	1,433,965	22,113	3,691,302
12 Less: Book Depr on AFUDC Equity	0	0	0	0	0	0	0	0	0	0	0
13	0	0	0	0	0	0	0	0	0	0	0
14 Net Book Depreciation	417,784	137,908	467,693	1,044,912	2,068,498	367,780	92,480	1,774,964	1,433,965	22,113	3,691,302
15 Tax Depreciation in Excess of Book Depreciation	(417,784)	(99,315)	(154,854)	(\$41,440)	(1,213,393)	(309,211)	(74,902)	(1,774,964)	(1,374,216)	(21,063)	(3,554,355)
16 Federal Deferred Taxes @ 35.00%	\$148,224	\$34,760	\$54,199	\$189,504	\$424,697	\$108,224	\$26,216	\$621,237	\$480,875	\$7,372	\$1,244,024
17 Federal Deferral Rate					35.00%						35.00%

Duke Energy Ohio
Calculation of Rider DR-M

Deferred Taxes on Liberalized Depreciation

Line
ID:

Line ID	Tax Year 2014 (part 3 of 4)											
	Vintage 2012					Vintage 2013						
	3-Year MACRS	5-Year MACRS	7-Year MACRS	10-Year MACRS	20-Year MACRS	Total Vintage 2012	3-Year MACRS	5-Year MACRS	7-Year MACRS	10-Year MACRS	20-Year MACRS	Total Vintage 2013
1	\$250,001	\$98,880	\$37,832,351	\$34,383,425	\$9,155	\$72,581,902	\$1,700,989	\$270,423	\$33,227,134	\$35,361,826	\$2,428,118	\$72,988,490
2	0	0	0	0	0	0	0	0	0	0	0	0
3	250,001	98,880	37,832,351	34,383,425	8,155	72,581,902	1,700,989	270,423	33,227,134	35,361,826	2,428,118	72,988,490
4	0	0	0	0	0	0	0	0	0	0	0	0
5	0	0	0	0	0	0	0	0	0	0	0	0
6	250,001	98,880	37,832,351	34,383,425	8,155	72,581,902	1,700,989	270,423	33,227,134	35,361,826	2,428,118	72,988,490
7	19,192	9,492	3,308,917	2,027,591	272	5,365,365	378,002	43,268	4,068,863	2,453,227	87,643	7,030,802
8	0	0	0	0	0	0	0	0	0	0	0	0
9	0	0	0	0	0	0	0	0	0	0	0	0
10	19,192	9,492	3,308,917	2,027,591	272	5,365,365	378,002	43,268	4,068,863	2,453,227	87,643	7,030,802
11	51,818	19,778	2,523,418	1,868,993	196	4,154,201	340,198	54,085	2,218,250	1,898,363	58,275	4,387,171
12	0	0	0	0	0	0	0	0	0	0	0	0
13	51,818	19,778	2,523,418	1,868,993	196	4,154,201	340,198	54,085	2,218,250	1,898,363	58,275	4,387,171
14	61,818	19,778	2,523,418	1,868,993	188	4,154,201	340,198	54,085	2,218,250	1,898,363	58,275	4,387,171
15	(32,628)	(10,284)	785,399	488,598	77	1,211,164	37,804	(10,817)	1,852,413	754,864	29,368	2,983,631
16	\$11,419	\$3,599	(\$274,890)	(\$184,008)	(\$27)	(\$423,908)	(\$13,231)	\$3,798	(\$848,344)	(\$264,202)	(\$10,279)	(\$932,270)
17						35.00%						35.00%

**Duke Energy Ohio
Calculation of Rider DR-IM**

Approved Rate of Return ^(a)

Line No.	Balance at 3/31/2013	Percent of Total ^(a)	Rate	Weighted Cost	Tax Gross Up Factor ^(b)	Pre-Tax Rate of Return
1	\$2,532,502,631	46.70%	5.32%	2.48%	1.0000000	2.48%
2	<u>2,890,859,857</u>	<u>53.30%</u>	9.84%	<u>5.25%</u>	1.5608740	<u>8.19%</u>
3	<u>\$5,423,362,488</u>	<u>100.00%</u>		<u>7.73%</u>		<u>10.68%</u>
4	Operating Revenues		100.000%			
5	Less: Uncollectible Accounts	0.5425%				
6	City of Cincinnati Franchise Tax	<u>0.1100%</u>	<u>0.6525%</u>			
7	Income before Income Tax		99.348%	<u>1.0065679</u>	Debt Gross Up	
8	State and Municipal Income Tax		<u>0.783%</u>			
9	Income before Federal Income Tax		98.565%			
10	Federal Income Tax (35% x 98.304%)		<u>34.498%</u>			
11	Operating Income Percentage		<u>64.067%</u>			
12	Gross Revenue Conversion Factor (100%/63.898%)		<u>1.5608740</u>			

Notes: ^(a) Per Stipulation approved in Case No. 12-1682-EL-AIR.

^(b) Per Schedule A-2 in the Staff Report of Investigation in Case No. 12-1682-EL-AIR.

**Duke Energy Ohio
Calculation of Rider DR-IM**

Annualized Depreciation Expense onf Plant in Service at Year End

<u>Line No.</u>	<u>Plant Account</u>	<u>Balance at 12/31/2014</u>	<u>Depreciation Rates</u>	<u>Annualized Depreciation</u>	
	<u>Depreciable Plant Basis</u>				
1	Intangible Electric	30300	\$9,667,217	20.00%	\$1,933,443
2	Station Equipment	36200	\$30,849,253	1.92%	\$592,306
3	Major Equipment	36202	3,619,776	1.92%	\$69,500
4	Distribution Station Equipment	36305	940,646	5.00%	\$47,032
5	Distribution OH Conduct & Devises	36500	28,460,140	2.80%	\$796,884
6	Poles, Towers and Fixtures	36400	3,565,604	2.40%	\$85,574
7	Leased Meters	37002	65,147,603	6.67%	\$4,345,345
8	Electronic Data Processing Equip	39101	1,623,250	20.00%	\$324,650
9	Communication Equipment Electric	39700	99,520,814	6.67%	\$6,638,038
10	Leased AMI Meters	17001	8,933,237	6.67%	\$595,847
11	Electronic Data Processing Common	19101	61,445	20.00%	\$12,289
12	Communication Equipment Common	19700	35,484,881	6.67%	\$2,366,842
13	Total		<u>\$287,873,866</u>		<u>\$17,807,750</u>

**Duke Energy Ohio
Calculation of Rider DR-IM**

Annualized Amortization of PISCC

<u>Line No.</u>		<u>Balance at 12/31/2014</u>	<u>Amortization Rate</u>	<u>Annualized Amortization</u>
	<u>Regulatory Asset Deferrals</u>			
1	Station Equipment	\$3,609,159	1.64%	\$59,190
2	Major Equipment	\$416,650	1.64%	\$6,833
3	Distribution Station Equipment	\$139,423	5.00%	\$6,971
4	Poles, Towers and Fixtures	\$320,959	1.92%	\$6,162
5	Distribution OH Conduct & Devices	\$3,010,741	1.81%	\$54,494
6	Leased Meters	\$7,984,852	6.67%	\$532,590
7	Electronic Data Processing Equip	\$171,125	20.00%	\$34,225
8	Communication Equipment Electric	\$10,097,428	6.67%	\$673,498
9	Intangible Electric	\$913,302	20.00%	\$182,660
10	Leased AMI Meters	\$775,444	6.67%	\$51,722
11	Communication Equipment Common	\$3,343,426	6.67%	\$223,007
12	Electronic Data Processing Common	\$8,127	20.00%	\$1,625
13	Total	<u>\$30,790,636</u>		<u>\$1,832,977</u>

Duke Energy Ohio
Calculation of Rider DR-18

Regulatory Asset - Deferred O&M Expenses, Carrying Cost and Amortization

Line No.	Account Description	Balance at 12/31/2013	Adjusted Balance 12/31/2013	1/31/2014	2/29/2014	3/31/2014	4/30/2014	5/31/2014	6/30/2014	7/31/2014	8/31/2014	9/30/2014	10/31/2014	11/30/2014	Balance at 12/31/2014
1	Regulatory Asset-Deferred O&M Expenses	\$30,398,275	\$291,787	\$30,689,062	\$1,724,297	\$198,883	\$1,470,742	\$131,719	\$279,725	\$277,357	\$270,774	\$443,777	\$481,172	\$281,001	\$493,997
2	182362 Misc. Expense	7,117,126	0	7,117,126	(\$345,849)	\$5,849	100,125	101,144	103,926	140,365	141,362	183,815	144,107	147,493	148,922
3	18236X Book Depreciation- Current Year Additions	37,513,411	291,787	37,805,198	1,724,297	(344,758)	274,432	1,570,867	383,670	418,250	412,166	597,362	632,279	405,084	642,919
	Cumulative-Regulatory Asset-Deferrals	\$37,513,411	\$37,805,198												44,761,659
4	Regulatory Asset--Amortization	\$13,407,200	\$0	\$13,407,200	\$566,422	\$566,414	\$860,570	\$860,570	\$860,570	\$860,570	\$860,570	\$860,570	\$860,570	\$860,570	\$860,570
5	407XXX Misc. Material, Labor & Expenses	3,589,051	0	3,589,051	112,411	112,411	125,517	125,517	125,517	125,517	125,517	125,517	125,517	125,517	125,517
6	407XXX Book Depreciation	16,973,251	0	16,973,251	678,633	678,633	986,087	986,087	986,087	986,087	986,087	986,087	986,087	986,087	986,087
	Cumulative-Regulatory Asset--Amortization	\$16,973,251	\$16,973,251												27,884,525
7	Regulatory Asset-Deferred O&M Expenses Carrying Cost	\$2,538,496	\$0	\$2,538,496	\$73,384	\$75,462	\$78,114	\$37,953	\$41,506	\$42,418	\$43,652	\$46,451	\$48,524	\$50,193	\$51,887
8	182362 Misc. Material, Labor & Expenses	480,530	0	480,530	14,708	14,708	8,635	9,082	9,538	10,079	10,705	11,336	11,974	12,620	13,278
9	18236X Book Depreciation	3,029,926	0	3,029,926	89,090	91,170	91,074	45,368	50,588	51,954	53,731	55,572	57,787	60,498	62,813
	Cumulative-Regulatory Asset-Deferrals	\$3,029,926	\$3,118,026	\$3,209,196	\$3,300,210	\$3,348,798	\$3,397,386	\$3,449,340	\$3,503,871	\$3,558,643	\$3,618,430	\$3,678,929	\$3,739,741	\$3,804,886	
10	Regulatory Asset--Total	\$19,525,481	\$291,787	\$19,817,268	\$1,241,259	(\$35,609)	(\$301,817)	\$648,125	(\$897,345)	(\$538,417)	(\$230,581)	(\$544,920)	(\$320,874)	(\$548,776)	(\$314,706)
11	182362 Misc. Expense	4,044,615	0	4,044,615	(87,705)	(86,812)	(116,757)	(115,291)	(112,048)	(125,455)	(126,549)	(130,243)	(134,354)	(138,986)	(144,107)
12	18236X Book Depreciation- Current Year Additions	23,570,096	291,787	23,861,883	1,143,554	(932,421)	(313,379)	631,368	(702,636)	(550,463)	(614,108)	(510,348)	(340,608)	(278,023)	(208,822)
13	Cumulative-Regulatory Asset--Total	\$23,570,096	\$23,861,883	\$25,005,437	\$24,073,016	\$23,759,637	\$24,391,005	\$23,688,369	\$23,137,006	\$22,623,800	\$22,105,451	\$21,764,843	\$21,474,273	\$20,960,043	\$20,682,020

Carrying Cost Rate for 2014 JAN - DEC 5.22%

Line No.	Account Description	BY YEAR	O&M Carrying Costs	18236X - Book Depreciation	BY YEAR	Severance Costs By Year	
182362	Misc. Material, Labor & Expenses	2009	1,350	2008	\$228,938	2013	\$343,321
		2010	47,872	2009	\$1,238,378	2014	\$291,787
		2011	17,473	2010	\$985,758		
		2012	619,640	2011	\$1,368,927		
		2013	\$9,437,253	2012	\$1,296,052		
		2014	\$8,248,413	2013	\$1,810,926		
			\$20,052,954		7,117,136		

(1) Severance accrued in previous yrs but not included in 2012 filing

(2) Included in O&M costs BUT excluded from Carrying Costs calculations

Duke Energy Ohio
 Calculation of Rider DR-HM
 Annualized Property Taxes

Line No.	OHIO PROPERTY TAX	YEAR 2008		YEAR 2009		YEAR 2010	
		15-Year General Plant	25-Year Distribution Plant	15-Year General Plant	25-Year Distribution Plant	15-Year General Plant	25-Year Distribution Plant
1	Property Tax Expense (Amounts Exclude Post-In-Service Common Costs)						
2	Current Year Investment	\$13,072,549	\$6,575,444	\$1,159,543	\$9,576,601	\$7,684,915	\$23,042,217
3	Less: AFUDC In-Service	241	28,105	-	-	-	-
4	Net Cost of Taxable Property	13,072,308	6,547,339	1,159,543	9,576,601	7,684,915	23,042,217
5	Percent Good ¹⁴	58.7%	74.0%	63.3%	78.0%	70.0%	82.0%
6	True Value of Taxable Property	7,411,999	4,845,031	734,003	7,489,749	5,379,441	18,894,616
7	Valuation Percent	24%	85%	24%	85%	24%	85%
8	Total Taxable Value	1,778,880	4,118,278	176,161	6,349,287	1,291,066	16,060,425
9	Revised Net Taxable Plant End of Year (@ 15%)	0	0	0	0	0	0
10	Net Property Tax Valuation	1,778,880	4,118,278	176,161	6,349,287	1,291,066	16,060,425
11	Ohio Property Tax	\$165,496	\$383,140	\$16,389	\$590,700	\$120,113	\$1,494,166
12	Average Property Tax Rate per \$1,000 of Valuation	\$93.0340	\$93.0340	\$93.0340	\$93.0340	\$93.0340	\$93.0340
13	¹⁴ From Electric Company Annual Report						
14	Schedule C - 15 Year Class Life (General Plant)						
15	Schedule C - 25 Year Class Life (Distribution Plant)						

Duke Energy Ohio
Calculation of Rider DR-IM

Incremental Operation & Maintenance Expenses/(Savings)

Line
No.

1	Savings per Stipuation in Case No. 10-2326-GE-RDR	(\$10,670,000)
2	Deferral of O&M costs to future years per Stipulation	<u>\$4,430,000</u>
3		
4	Total	<u><u>(\$6,240,000)</u></u>

Duke Energy Ohio
Calculation of Rider DR-IM

Charge Per Bill

Line No.	Total	Residential ^(a)	Non-Residential	Source
1	\$53,624,330	\$45,580,681	\$8,043,650	Schedule 1
2	\$169,634	\$144,189	\$25,445	Schedule 15
3	\$53,793,964	\$45,724,870	\$8,069,095	
4	Customer Bills ^(b)	7,444,188	882,192	Internal Company Data
5	Rider DR-IM Charge - Per Bill	\$6.14	\$9.15	Line 1 ÷ Line 2
6	Rider DR-IM Charge - Subject to CAP (c)	\$5.51	N/A	Line 1 (adjusted for deferred savings and 2012 severance costs) ÷ Line 2
7	Cap per Stipulation - 2015	\$7.00	N/A	Stipulation in Case No. 13-1141-GE-RDR

Note: ^(a) Per Stipulation in Case No. 08-920-EL-SSO, residential customer class is allocated 85% of Rider DR-IM revenue requirement.

^(b) Excludes all lighting customers.

^(c) Excludes deferred savings and 2012 severance costs

Project ID	CEB	In-Service Date	2013 Schedule 34	Recorded as In-Service After	2013 Filing	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR	Total To Date
COM000111		7/31/2011	566,801.15	0.00	0.00														566,801.15
5G0HDIERC		Blanket	248,959.22	0.00	0.00														248,959.22
5G0HDILS		Blanket	2,057,762.61	0.00	0.00	14,465.18	11,359.53	15,404.22	11,778.19	9,441.58	10,396.23	8,166.23	7,347.70	5,846.76	7,204.73	8,006.99	-1,562.76	107,854.08	2,165,616.69
5G0HDUREG		Blanket	44,888.53	0.00	0.00	9,528.13	8,536.01	6,376.30	4,335.24	4,308.49	5,475.70	4,119.39	3,994.07	909.88	1,322.92	1,954.05	-381.39	47,878.78	2,165,616.69
5G0HDULEC		Blanket	4,427,408.54	0.00	0.00	41,003.18	13,429.09	16,234.06	3,016.93	6,960.93	10,380.02	6,738.91	-183.66	3,124.15	875.37	556.58	-108.64	102,026.42	4,539,434.96
5G0HPVVC		10/31/2014	46,556.16	0.00	0.00	7,921.48	7,649.42	7,363.49	7,103.76	6,249.39	7,539.03	7,593.13	6,470.84	4,800.90	4,265.82	4,965.03	-969.06	70,953.23	117,509.39
5G0HRSVR		7/22/2011	22,854.78	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-10,682.92	2,085.05	-8,597.87	22,854.78
5G0PVP6AL		9/30/2014	86,506.15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	86,506.15
5G5HT109		9/30/2010	47,664.32	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	47,664.32
5G5HT110		6/30/2011	56,962.27	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	56,962.27
5G5HT111		8/22/2012	35,810.78	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	35,810.78
5G5HT209		2/28/2010	124,362.18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	124,362.18
5G5HT210		9/30/2010	61,634.79	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	61,634.79
5G5HT211		8/2/2011	69,789.19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	69,789.19
5G5HT212		9/24/2012	63,915.76	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	63,915.76
5G5HT28		3/27/2013	43,422.90	0.00	0.00	-7.46	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-7.46	43,415.44
5G5HT29		5/7/2013	26,261.38	0.00	0.00	-2.48	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-2.48	26,258.90
5G5HT30		5/29/2013	162,795.82	0.00	0.00	-60.91	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-60.91	162,734.91
5G5HT309		3/31/2010	109,355.37	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	109,355.37
5G5HT31		7/30/2013	68,067.39	0.00	0.00	0.00	0.00	0.00	1,002.58	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,221.41	117,417.50
5G5HT310		10/8/2010	68,251.51	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	68,251.51
5G5HT311		6/8/2011	52,264.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	52,264.10
5G5HT312		1/4/2013	67,444.29	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	67,444.29
5G5HT32		11/2/2013	115,196.09	0.00	0.00	1,218.83	0.00	0.00	1,002.58	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,221.41	117,417.50
5G5HT33		9/24/2013	15,038.37	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15,038.37
5G5HT40		11/2/2010	57,830.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	57,830.03
5G5HT41		9/1/2011	87,472.12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	87,472.12
5G5HT412		11/30/2012	46,848.33	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	46,848.33
5G5HT510		11/18/2010	63,280.11	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	63,280.11
5G5HT511		9/30/2011	21,196.07	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	21,196.07
5G5HT512		5/31/2012	42,509.41	0.00	0.00	0.00	0.00	0.00	1,002.58	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,221.41	117,417.50
5G5HT610		10/8/2010	60,471.95	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	60,471.95
5G5HT611		10/31/2011	37,803.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	37,803.20
5G5HT612		6/28/2012	52,631.95	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	52,631.95
5G5HT710		12/20/2010	81,720.88	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	81,720.88
5G5HT711		12/22/2011	73,018.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	73,018.00
5G5HT712		8/3/2012	23,301.19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	23,301.19
5G5TR6C		12/2/2010	321,071.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	321,071.20
5G5YED11		3/4/2010	241,818.09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	241,818.09
5G5YED15		11/24/2010	64,390.38	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	64,390.38
5G5YED150		11/17/2010	5,726.97	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,726.97
5G5YEDP2		5/13/2011	169,830.28	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	169,830.28
5G5YEDP20		5/13/2011	7,205.09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,205.09
5GTLPLC		Blanket	13,486.21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	13,486.21
5GUSGHUB0		12/17/2010	8,819.96	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8,819.96
Z3010		Blanket	26,552,639.49	0.00	0.00	137,501.87	25,193.48	47,283.33	46,938.96	-39,357.52	-574.37	26,205.11	6,712.38	8,160.69	0.00	0.00	0.00	258,051.93	26,810,691.42
Z3016		Blanket	3,148,218.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,148,218.00

106,693,948.89 8,431,869.97 618,607.65 154,931.46 297,280.92 419,033.79 260,377.15 74,936.75 212,204.73 109,234.80 129,061.79 88,387.15 207,479.43 -40,494.92 -2,535,040.70 117,660,859.56

Stimulus funds invoiced thru 2012 but not in service 632,110.93

Total stimulus funds invoiced thru December 2012 115,757,929.79

Stimulus funds invoiced thru 2014 but not in service 1,738,004.53

Total stimulus funds invoiced thru December 2014 119,398,864.09

**Duke Energy Ohio
Calculation of Rider DR-IM**

Schedule 15

Undercollection of 2013 Revenue Requirement

Line No	Description	Amount
1	2013 Revenue Requirement Per Settlement	52,485,550
2	2012 Revenue Requirement Per Settlement	41,798,618
3	Net Increase	<u>10,686,932</u>
4	Undercollection First 4 billing cycles in April 2015.	169,634

Note: There are 21 billing cycles in a month.

**Duke Energy Ohio
Calculation of Rider AU
Case No. 15-883-GE-RDR
Attachment PAL-2
Index of Schedules**

Schedule No.	Description
1	Revenue Requirement Summary
1A	Revenue Requirement Credit Summary
2	Plant Additions by Month
3	Depreciation Expense Accrued
4	Post In Service Carrying Costs on Plant Additions Accrued as Regulatory Asset
5	Deferred Income Taxes on Post In Service Carrying Costs and Deferred O&M
6	Deferred Taxes on Liberalized Depreciation Associated with Plant Additions
7	Summary of Weighted-Average Cost of Capital from Most Recent Retail Rate Case
8	Annualized Depreciation Expense on Plant in Service at Year End
9	Annualized Amortization of Post In Service Carrying Charges
10	Regulatory Asset for Deferred O&M and Associated Carrying Costs
11	Annualized Property Taxes on Plant in Service at Year End
12	Incremental O&M Savings from SmartGrid Implementation
13	Calculation of Rider AU Charges
14	Undercollection of 2013 Revenue Requirement

Duke Energy Ohio
Calculation of Rider AU
Case No. 15-883-GE-FDR
Revenue Requirement

Line No.		Balance 12/31/2013	Adjustment	Adjusted Balance 12/31/2013	Activity 2014	Cumulative thru 12/31/14	Reference
	Return on Investment						
	Total Rider AU Revenue Requirement						
1	Additions	\$34,766,288	\$983,966	\$35,750,254	\$3,918,565	\$39,668,819	Schedule 2
2	Total Plant In-Service	34,766,288	983,966	35,750,254	3,918,565	39,668,819	
	Less: Accumulation Provision for Depreciation						
3	Depreciation Expense	1,848,685	0	1,848,685	2,620,512	4,469,197	Schedule 3
4	Total Accumulated Provision for Depreciation	1,848,685	0	1,848,685	2,620,512	4,469,197	
5	Net Regulatory Asset--Post In-Service Carrying Cost	1,630,535	0	1,630,535	1,615,544	3,246,079	Schedule 4
6	Net Deferred Tax Balance--PISCC, Deferred Depreciation & CC and Deferred O&M & CC	(2,003,805)	0	(2,003,805)	(1,150,791)	(3,154,596)	Schedule 5
7	Deferred Taxes on Liberalized Depreciation	(6,750,337)	0	(6,750,337)	(1,255,600)	(8,005,937)	Schedule 6
8	Net Rate Base	25,793,996	983,966	26,777,962	507,206	27,285,168	
9	Approved Pre-tax Rate of Return				10.60%		Schedule 7
10	Annualized Return on Rate Base					2,892,228	
	Operating Expenses						
11	Annualized Provision for Depreciation For Additions				2,724,152	2,724,152	Schedule 8
12	Annualized Amortization of PISCC				225,248	225,248	Schedule 9
13	Deferred O&M Expense and Carrying Costs				1,849,300	1,849,300	Schedule 10
14	Annualized Property Tax Expense				857,992	857,992	Schedule 11
15	Reduction in Operation & Maintenance Expense				(2,518,000)	(2,518,000)	Schedule 12
16	Annualized Revenue Requirement - Smart Grid				3,138,692	6,030,920	

Duke Energy Ohio
Calculation of Rider AU Gas Only Customer Credit
Case No. 15-883-GE-RDR
Revenue Requirement (Credit)

Line No.	Description	Adjusted Balance 12/31/2013	Activity 2014	Cumulative thru 12/31/14	Reference
	Return on Investment				
	Total Rider AU Revenue Requirement				
1	Additions	\$24,394,805	\$3,497,829	\$27,892,634	Schedule 2
2	Total Plant In-Service	<u>24,394,805</u>	<u>3,497,829</u>	<u>27,892,634</u>	
	Less: Accumulation Provision for Depreciation				
3	Depreciation Expense	1,154,811	1,812,104	2,966,915	Schedule 3
4	Total Accumulated Provision for Depreciation	<u>1,154,811</u>	<u>1,812,104</u>	<u>2,966,915</u>	
5	Net Regulatory Asset--Post In-Service Carrying Cost	994,412	1,158,961	2,153,373	Schedule 4
6	Net Deferred Tax Balance--PISCC, Deferred Depreciation & CC and Deferred O&M & CC	(1,579,894)	(567,544)	(2,147,438)	Schedule 5
7	Deferred Taxes on Liberalized Depreciation	<u>(4,688,724)</u>	<u>(878,419)</u>	<u>(5,567,143)</u>	Schedule 6
8	Net Rate Base	17,965,788	1,398,723	19,364,511	
9	Approved Pre-tax Rate of Return			<u>10.60%</u>	Schedule 7
10	Annualized Return on Rate Base			2,052,638	
	Operating Expenses				
11	Annualized Provision for Depreciation For Additions		1,934,285	1,934,285	Schedule 8
12	Annualized Amortization of PISCC		151,456	151,456	Schedule 9
13	Deferred O&M Expense and Carrying Costs		462,591	462,591	Schedule 10
14	Annualized Property Tax Expense		607,170	607,170	Schedule 11
15	Reduction in Operation & Maintenance Expense		0	0	Schedule 12
16	Annualized Revenue Requirement - Smart Grid Credit		<u>3,155,502</u>	<u>5,208,140</u>	

Duke Energy Ohio
Calculation of Rider AU
Case No. 15-883-GE-RDR
Plant Additions by Month

Line No.	Plant Account	Balance at 12/31/2013	Adjusted Balance at 12/31/2013	Adjustment (1)	1/31/2014	2/28/2014	3/31/2014	4/30/2014	5/31/2014	6/30/2014	7/31/2014	8/31/2014	9/30/2014	10/31/2014	11/30/2014	12/31/2014	Total Activity
1	19101	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2	29700	11,501,555	12,485,521	983,966	12,508,191	13,392,040	13,387,968	13,280,938	13,419,587	13,487,553	13,529,539	19,589,910	13,671,363	13,711,632	13,782,267	13,086,288	0
3	20000	553,985	553,985	0	553,985	553,985	553,985	553,985	553,985	553,985	553,985	553,985	553,985	553,985	553,985	553,985	0
4	29101	32,977	32,977	0	32,977	32,977	32,977	32,977	32,977	32,977	32,977	32,977	32,977	32,977	32,977	32,977	0
5	17001	8,854,674	8,991,864	0	8,991,864	7,601,388	7,648,179	7,798,018	7,798,018	7,908,023	8,049,463	8,098,528	8,234,641	8,454,816	8,543,901	8,191,901	0
6	19700	13,823,097	13,849,837	26,840	13,876,677	15,122,577	15,126,294	15,299,793	15,299,793	17,105,187	17,181,572	17,324,713	17,430,435	17,430,435	17,437,266	17,803,688	0
7		\$34,768,288	\$35,750,754	\$983,966	\$36,734,720	\$38,014,027	\$38,036,147	\$38,598,731	\$38,718,375	\$39,395,636	\$39,711,111	\$39,914,123	\$40,163,845	\$40,163,845	\$40,360,998	\$39,688,913	0
8	19101	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9	29700	0	52,670	854,849	907,519	1,386,649	1,386,649	1,386,649	1,386,649	1,386,649	1,386,649	60,371	81,453	40,269	70,635	(95,979)	900,767
10	20000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11	29101	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12	17001	137,190	137,190	0	137,190	103,884	103,884	103,884	103,884	110,005	141,440	49,065	138,113	220,175	89,085	(352,000)	0
13	19700	26,840	26,840	1,272,640	1,300,480	1,731,690	1,731,690	1,731,690	1,731,690	1,731,690	1,731,690	163,141	(51,703)	157,425	6,831	366,402	(662,773)
14		\$216,130	\$216,130	\$1,272,640	\$1,488,870	\$1,835,534	\$1,835,534	\$1,835,534	\$1,835,534	\$1,835,534	\$1,835,534	\$272,577	\$165,963	\$417,869	\$166,551	\$681,577	\$3,818,565
15	19101	0	1,163,049	1,482,710	2,645,759	4,128,469	4,128,469	4,128,469	4,128,469	4,128,469	4,128,469	1,352,975	1,400,309	1,411,022	1,438,744	1,343,880	0
16	29700	0	553,985	553,985	553,985	553,985	553,985	553,985	553,985	553,985	553,985	553,985	553,985	553,985	553,985	553,985	0
17	20000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18	29101	0	8,854,674	8,991,864	8,991,864	7,601,388	7,648,179	7,798,018	7,798,018	7,908,023	8,049,463	8,098,528	8,234,641	8,454,816	8,543,901	8,191,901	0
19	17001	13,823,097	13,849,837	26,840	13,876,677	15,122,577	15,126,294	15,299,793	15,299,793	17,105,187	17,181,572	17,324,713	17,430,435	17,430,435	17,437,266	17,803,688	0
20	19700	\$24,394,005	\$24,399,625	\$24,760,660	\$24,843,857	\$24,780,960	\$25,104,961	\$25,956,670	\$25,956,670	\$27,172,394	\$27,172,394	\$27,330,201	\$27,481,945	\$27,650,238	\$27,975,898	\$27,892,634	0
21		(159,210)	(159,210)	478,871	(163,427)	(40,280)	77,439	33,033	33,033	17,899	17,899	(54,399)	47,354	10,713	27,722	(95,664)	\$0
22	19101	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23	29700	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
24	20000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25	29101	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
26	17001	137,190	137,190	0	137,190	103,884	103,884	103,884	103,884	110,005	141,440	49,065	138,113	220,175	89,085	(352,000)	\$0
27	19700	26,840	26,840	1,272,640	1,300,480	1,731,690	1,731,690	1,731,690	1,731,690	1,731,690	1,731,690	163,141	(51,703)	157,425	6,831	366,402	\$3,980,571
28		\$4,820	\$4,820	\$561,035	\$216,860	\$237,103	\$24,001	\$1,851,709	\$215,724	\$215,724	\$215,724	\$157,807	\$131,744	\$388,313	\$123,638	\$31,252	\$3,497,829
(1) Uninstalled Gas Modules from 2013 filing																	
19101	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
29700	293	293	5,044	4,905	4,421	5,192	4,421	5,192	4,421	5,192	5,570	5,803	6,139	6,591	6,815	7,208	\$57,981
20000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
29101	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17001	763	763	(6,966)	(7,284)	(6,708)	(5,873)	(5,873)	(5,873)	(5,873)	(4,476)	(4,476)	(4,220)	(4,220)	(3,446)	(2,223)	(1,727)	(\$47,403)
19700	149	149	7,223	7,244	8,208	8,748	8,748	8,748	8,748	18,543	18,543	19,463	19,463	20,051	20,051	20,089	\$147,148
	\$0	\$1,205	\$5,301	\$4,865	\$5,923	\$8,065	\$5,923	\$8,065	\$5,923	\$8,065	\$8,065	\$19,983	\$21,399	\$22,321	\$23,643	\$25,570	\$157,726

Depreciation on current year additions
Electronic Data Processing Equip Common
Communication Equipment Gas
Intangible Gas
Electronic Data Processing Equip Gas
Leased AMI Meters
Communication Equipment Common
Total

Duke Energy Ohio
Calculation of Rider AU
Case No. 15-883-GE-RDR
Net Deferred Tax Balance - PISCC and O&M

Line No.	Net Deferred Tax Balance - PISCC	Adjusted Balance at 12/31/2013	Adjustment	1/31/2014	2/28/2014	3/31/2014	4/30/2014	5/31/2014	6/30/2014	7/31/2014	8/31/2014	9/30/2014	10/31/2014	11/30/2014	12/31/2014	\$
Total Rider AU Revenue Requirement																
1	Ending Balance per Schedule 4	\$1,630,535		\$1,019,955	\$1,024,004	\$1,029,261	\$1,038,628	\$1,046,297	\$1,055,048	\$1,065,971	\$1,074,440	\$1,110,326	\$1,134,820	\$1,160,332	\$1,168,271	\$3,246,079
2	Tax Rate	35.00%														35.00%
3	Cumulative ADIT @ 35%	(\$570,687)														(\$1,136,128)
4	Net Deferred Tax Balance - Deferred Depreciation and Carrying Cost	\$0	\$0	\$1,019,955	\$1,024,004	\$1,029,261	\$1,038,628	\$1,046,297	\$1,055,048	\$1,065,971	\$1,074,440	\$1,110,326	\$1,134,820	\$1,160,332	\$1,168,271	\$1,168,271
5	Beginning Balance			4,049	5,257	7,669	9,367	10,923	12,480	14,037	15,594	17,151	18,708	20,265	21,822	23,379
6	Monthly Activity															28,977
7	Ending Balance			\$1,019,955	\$1,024,004	\$1,029,261	\$1,038,628	\$1,046,297	\$1,055,048	\$1,065,971	\$1,074,440	\$1,110,326	\$1,134,820	\$1,160,332	\$1,168,271	\$1,168,271
8	Tax Rate	35.00%														35.00%
9	Cumulative ADIT @ 35%	(\$356,984)														(\$426,037)
Net Deferred Tax Balance - Deferred O&M and Carrying Cost																
9	Beginning Balance	3,074,668	3,074,668	3,074,668	3,124,586	3,174,504	3,224,422	3,274,340	3,324,258	3,374,176	3,424,094	3,474,012	3,523,930	3,573,848	3,623,766	4,471,647
10	Monthly Activity			49,919	505,389	505,389	83,845	99,656	73,901	74,004	126,809	73,740	78,908	115,305	115,504	78,157
11	Ending Balance	3,074,668	3,074,668	3,124,586	3,629,975	3,713,820	3,813,476	3,887,377	3,961,381	4,035,385	4,109,389	4,183,393	4,257,397	4,331,401	4,405,405	4,479,409
12	Tax Rate	35.00%														35.00%
13	Cumulative ADIT @ 35%	(\$1,076,134)														(\$1,592,431)
Net Deferred Tax Balance - PISCC Associated with PMO and Common Plant																
14	Ending Balance per Schedule 4	\$994,412		\$594,629	\$597,048	\$600,381	\$603,061	\$604,793	\$608,070	\$612,727	\$627,528	\$643,488	\$660,693	\$678,436	\$698,352	\$698,352
15	Tax Rate	35.00%														35.00%
16	Cumulative ADIT @ 35%	(\$348,044)														(\$753,681)
Net Deferred Tax Balance - Deferred Depreciation and Carrying Cost Associated with PMO and Common Plant																
17	Beginning Balance	\$594,629	\$594,629	\$594,629	\$597,048	\$600,381	\$603,061	\$604,793	\$608,070	\$612,727	\$627,528	\$643,488	\$660,693	\$678,436	\$698,352	\$718,882
18	Monthly Activity			2,419	3,333	2,680	1,732	3,277	4,657	14,801	15,960	17,205	17,743	19,916	20,530	35,000
19	Ending Balance	\$594,629	\$597,048	\$600,381	\$603,061	\$604,793	\$608,070	\$612,727	\$627,528	\$643,488	\$660,693	\$678,436	\$698,352	\$718,882	\$718,882	\$718,882
20	Tax Rate	35.00%														35.00%
21	Cumulative ADIT @ 35%	(\$208,120)														(\$251,609)
Net Deferred Tax Balance - Deferred O&M and Carrying Cost Associated with PMO and Common Expenses																
22	Beginning Balance	2,924,942	2,924,942	2,924,942	2,937,877	2,952,326	2,968,321	2,984,816	2,999,170	3,012,558	3,025,946	3,039,334	3,052,722	3,066,110	3,079,498	3,092,886
23	Monthly Activity			12,935	14,449	15,995	21,849	20,077	22,311	30,055	23,070	23,173	23,173	23,173	23,173	32,991
24	Ending Balance	\$2,924,942	\$2,937,877	\$2,952,326	\$2,968,321	\$2,984,816	\$2,999,170	\$3,012,558	\$3,025,946	\$3,039,334	\$3,052,722	\$3,066,110	\$3,079,498	\$3,092,886	\$3,106,274	\$3,119,662
25	Tax Rate	35.00%														35.00%
26	ADIT @ 35%	(\$1,023,730)														(\$1,142,148)
27	Cumulative ADIT	(\$1,579,894)														(\$2,147,438)

Note: Deferred tax balances as of March 2012 rolled in to base rates.

Duke Energy Ohio
Calculation of Rider AU
Case No. 15-863-GE-RDR
Deferred Taxes on Liberalized Depreciation

Line No.	Description	Previous Tax Years		Tax Year 2014 (part 1 of 2)						
		2012	2013	3-Year MACRS	5-Year MACRS	7-Year MACRS	10-Year MACRS	Total Vintage 2012		
	Total Rider AU Revenue Requirement									
1	Total Plant In-Service	\$12,416,689	\$34,766,288	\$408,219	\$11,176	\$11,131,130	\$866,164	\$12,416,689		
2	Book to Tax Basis Adjustments:	0	0	0	0	0	0	0	0	0
3										
4	Tax Base In-Service subject to:									
5	Bonus Depreciation - 100%	12,416,689	34,766,288	408,219	11,176	11,131,130	866,164	12,416,689		
6	Bonus Depreciation - 50%	0	0	0	0	0	0	0		
7	MACRS	0	0	0	0	0	0	0		
7	Total Tax Depreciation Base	12,416,689	34,766,288	408,219	11,176	11,131,130	866,164	12,416,689		
8	Tax Depreciation - MACRS	896,732	2,855,487	30,239	1,073	973,529	51,078	1,055,919		
9	Tax Depreciation - 100% Bonus	0	0	0	0	0	0	0		
9	Tax Depreciation - 50% Bonus	6,208,345	11,174,800	0	0	0	0	0		
10	Total Tax Depreciation	7,105,077	14,030,287	30,239	1,073	973,529	51,078	1,055,919		
10	Book Depreciation									
11	Total Book Depreciation	289,845	1,558,840	81,643	2,235	742,446	57,773	884,098		
12	Less: Book Depr on AFUDC Equity	0	0	0	0	0	0	0		
13	Plus: Originating Dif. Exclusive of AFUDC Equity	0	0	0	0	0	0	0		
14	Net Book Depreciation	289,845	1,558,840	81,643	2,235	742,446	57,773	884,098		
15	Tax Depreciation in Excess of Book Depreciation	6,815,232	12,471,447	(51,404)	(1,162)	231,083	(6,695)	171,821		
16										
17	Federal Deferred Taxes @ 35.00%	(\$2,385,331)	(\$4,365,006)	\$17,991	\$407	(\$80,879)	\$2,343	(\$80,137)		
18	Federal Deferral Rate	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%		35.00%

Duke Energy Ohio
Calculation of Rider AU
Case No. 15-883-GE-RDR
Deferred Taxes on Liberalized Depreciation

	Tax Year 2013				Vintage 2014				Total	
	3-Year	5-Year	7-Year	10-Year	3-Year	5-Year	7-Year	10-Year		
19 Total Plan In-Service	\$145,766	\$0	\$9,203,235	\$7,988,510	\$0	\$0	\$4,160,602	(\$662,773)	\$3,497,829	\$27,892,634
20 Book to Tax Basis Adjustments:	0	0	0	0	0	0	0	0	0	0
21 Tax Base In-Service subject to:										
Bonus Depreciation - 100%	0	0	0	0	0	0	0	0	0	0
21 Bonus Depreciation - 50%	145,766	0	9,203,235	7,988,510	0	0	4,160,602	(662,773)	3,497,829	27,892,634
22 MACRS:	0	0	0	0	0	0	0	0	0	0
23 Total Tax Depreciation Base	145,766	0	9,203,235	7,988,510	0	0	4,160,602	(662,773)	3,497,829	27,892,634
24 Tax Depreciation - MACRS	32,393	0	1,126,936	554,203	0	0	297,192	(24,854)	272,338	2,572,960
Tax Depreciation - 100% Bonus	0	0	0	0	0	0	0	0	0	0
25 Tax Depreciation - 50% Bonus	0	0	0	0	0	0	0	0	0	0
26 Total Tax Depreciation	32,393	0	1,126,936	554,203	0	0	2,377,493	(358,240)	2,021,252	4,321,874
Book Depreciation	29,153	0	613,856	532,834	0	0	158,530	(47,403)	111,127	1,812,106
27 Less: Book Depr on AFUDC Equity	0	0	0	0	0	0	0	0	0	0
28 Plus: Originaling Dif. Exclusive of AFUDC Equity	0	0	0	0	0	0	0	0	0	0
30 Net Book Depreciation	29,153	0	613,856	532,834	0	0	158,530	(47,403)	111,127	1,812,106
31 Tax Depreciation in Excess of Book Depreciation	3,240	0	513,080	21,369	0	0	2,218,963	(308,837)	1,910,125	2,509,768
32 Federal Deferred Taxes @ 35.00%	(\$1,134)	\$0	(\$179,578)	(\$7,479)	\$0	\$0	(\$776,637)	\$108,093	(\$668,544)	(\$878,419)
33 Federal Deferral Rate	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
									Total Deferred Tax Balance	(\$5,567,143)

Duke Energy Ohio
Calculation of Rider AU
Case No. 15-883-GE-RDR
Approved Rate of Return ^(a)

Line No.	Balance at 3/31/2012	Percent of Total	Rate	Weighted Cost	Tax Gross Up Factor	Pre-Tax Rate of Return
1	\$2,532,502,631	46.70%	5.32%	2.48%	1.000000	2.48%
2	2,890,889,857	53.30%	9.84%	5.25%	1.546853	8.12%
3	<u>\$5,423,392,488</u>	<u>100.00%</u>		<u>7.73%</u>		<u>10.60%</u>

Note: ^(a) Per Stipulation approved in Case No. 12-1685-GA-AIR.

Income before Income Tax	100.000%
Less: Uncollectible accounts Expenses	0.5425%
Less: State Income Tax	0.000%
Income before Federal Income Tax	99.458%
Federal Income Tax (35% x 100%)	34.810%
Operating Income Percentage	<u>64.647%</u>
Gross Revenue Conversion Factor (1/0.6500)	<u>1.546853</u>

Duke Energy Ohio
Calculation of Rider AU
Case No. 15-883-GE-RDR

Annualized Depreciation Expense on Plant in Service at Year End

Line No.	Depreciable Plant Basis	Plant Account	Balance at 12/31/2014	Depreciation Rate	Annualized Depreciation
	<u>Total Rider AU Revenue Requirement</u>				
1	Electronic Data Processing Equip Common	19101	0	20.00%	0
2	Intangible Gas	20300	553,985	20.00%	110,797
3	Electronic Data Processing Equip Gas	29101	32,977	20.00%	6,595
4	Communication Equipment Gas	29700	13,086,288	6.67%	872,855
5	Leased AMI Meters	17001	8,191,901	6.67%	546,400
6	Communication Equipment Common	19700	17,803,668	6.67%	1,187,505
7	Total		<u>\$39,668,819</u>		<u>\$2,724,152</u>
	<u>Annualized Depreciation Associated with PMO and Common Plant Additions</u>				
8	Electronic Data Processing Equip Common	19101	0	20.00%	0
9	Intangible Gas	20300	553,985	20.00%	110,797
10	Electronic Data Processing Equip Gas	29101	0	20.00%	0
11	Communication Equipment Gas	29700	1,343,080	6.67%	89,583
12	Leased AMI Meters	17001	8,191,901	6.67%	546,400
13	Communication Equipment Common	19700	17,803,668	6.67%	1,187,505
14	Total		<u>\$27,692,634</u>		<u>\$1,934,285</u>

Duke Energy Ohio
Calculation of Rider AU
Case No. 15-883-GE-RDR
Annualized Amortization of PISCC

Line No.	Regulatory Asset Deferrals	Balance at 12/31/2014	Amortization Rate	Annualized Amortization
	Total Rider AU Revenue Requirement			
1	018636x Electronic Data Processing Equip Common	0	20.00%	0
2	018636x Intangible Gas	55,061	20.00%	11,012
3	018636x Electronic Data Processing Equip Gas	3,376	20.00%	675
4	018636x Communication Equipment Gas	1,201,751	6.67%	80,157
5	018636x Leased AMI Meters	709,346	6.67%	47,313
6	018636x Communication Equipment Common	1,290,720	6.67%	86,091
7	Total	<u>\$3,260,254</u>		<u>\$225,248</u>

Annualized Amortization of PISCC Associated with PMO and Common Plant

	Total Rider AU Revenue Requirement			
8	018636x Electronic Data Processing Equip Common	0	20.00%	0
9	018636x Intangible Gas	55,061	20.00%	11,012
10	018636x Electronic Data Processing Equip Gas	0	20.00%	0
11	018636x Communication Equipment Gas	105,554	6.67%	7,040
12	018636x Leased AMI Meters	709,346	6.67%	47,313
13	018636x Communication Equipment Common	1,290,720	6.67%	86,091
14	Total	<u>\$2,160,681</u>		<u>\$151,456</u>

Duke Energy Ohio
Calculation of Rate of Return
Case No. 15-885-CR-RDR
Regulatory Asset - Deferred O&M Expenses, Carrying Cost and Amortization

Line No.	Account Description	Balance at 12/31/2013	Adj (1)	Adjusted Balance at 12/31/2013	1/31/2014	2/28/2014	3/31/2014	4/30/2014	5/31/2014	6/30/2014	7/31/2014	8/31/2014	9/30/2014	10/31/2014	11/30/2014	12/31/2014	Balance at 12/31/2014
1	Regulatory Asset-Deferred O&M Expenses	\$50,025	\$176,871	\$707,696	\$35,407	\$488,204	\$83,990	\$74,110	\$49,852	\$47,505	\$82,257	\$45,866	\$50,717	\$49,985	\$48,690	\$39,511	\$1,793,690
2	182362 O&M - Meter, Communication, & Info Tech	7,770,634	0	7,770,634	182	668	186	166	7,106	11,940	16,641	6,620	4,186	39,669	45,067	9,195	7,912,074
3	182362 Common O&M - Meter, Communication, & Info Tech	1,007,648	0	1,007,648	1,456	2,779	3,822	15,965	7,186	4,517	7,470	10,415	12,877	14,143	17,779	17,108	1,115,365
4	18236x Book Depreciation - Common	897,665	0	897,665	0	293	5,044	4,905	4,421	5,192	5,570	5,803	6,139	6,815	6,815	7,208	1,055,648
5	18236x Book Depreciation - Common	1,015,519	0	1,015,519	0	912	257	1,592	1,592	2,873	12,081	14,080	15,260	15,290	17,828	16,382	1,112,264
6	Total	\$1,218,491	\$176,871	\$1,495,362	\$58,663	\$462,370	\$73,881	\$65,108	\$70,067	\$72,027	\$134,919	\$82,784	\$89,179	\$126,118	\$128,178	\$91,384	\$12,889,039
7	Cumulative-Regulatory Asset-Deferrals	\$11,319,491		\$11,498,362	\$11,533,225	\$12,025,595	\$12,099,276	\$12,164,382	\$12,264,419	\$12,336,478	\$12,471,395	\$12,554,179	\$12,643,358	\$12,769,476	\$12,897,655	\$12,989,039	
8	Regulatory Asset-Amortization	\$150,406		\$150,406	\$13,141	\$13,141	\$13,141	\$13,141	\$13,141	\$13,141	\$13,141	\$13,141	\$13,141	\$13,141	\$13,141	\$13,141	\$965,228
9	407xx Deferred O&M Costs	5,026,533	210,488	5,237,021	210,488	210,488	210,488	210,488	210,488	210,488	210,488	210,488	210,488	210,488	210,488	210,488	\$130,651
10	407xx Book Depreciation - Common and PMO Costs	579,486	29,477	608,963	29,477	29,477	29,477	29,477	29,477	29,477	29,477	29,477	29,477	29,477	29,477	29,477	14,193
11	407xx Book Depreciation - Common	420,901	22,141	443,042	22,141	22,141	22,141	22,141	22,141	22,141	22,141	22,141	22,141	22,141	22,141	22,141	14,193
12	Total	\$7,081,326	\$0	\$7,081,326	\$375,247	\$375,247	\$375,247	\$375,247	\$375,247	\$375,247	\$375,247	\$375,247	\$375,247	\$375,247	\$375,247	\$375,247	\$170,558
13	Cumulative-Regulatory Asset-Amortization	\$7,081,326		\$7,081,326	\$7,356,573	\$7,631,820	\$7,907,067	\$8,182,314	\$8,457,561	\$8,732,808	\$9,008,055	\$9,283,302	\$9,558,549	\$9,833,796	\$10,109,043	\$10,384,290	\$9,442,089
14	Regulatory Asset-Deferred O&M Expenses Carrying Cost (2)	\$55,367	\$0	\$55,367	1,576	2,736	3,896	3,697	3,072	4,188	4,497	4,804	5,018	5,241	5,460	5,655	86,171
15	182362 Deferred O&M Costs	951,734	0	951,734	11,479	11,498	11,505	11,505	11,505	11,505	11,505	11,505	11,505	11,505	11,505	11,505	6,508
16	18236x Book Depreciation - Common and PMO Costs	97,312	0	97,312	1,030	1,631	1,843	1,843	1,843	1,843	1,843	1,843	1,843	1,843	1,843	1,843	1,239
17	18236x Book Depreciation - Common	75,212	0	75,212	2,419	2,431	2,423	2,423	2,423	2,423	2,423	2,423	2,423	2,423	2,423	2,423	1,239
18	Total	\$1,158,625	\$0	\$1,158,625	\$17,104	\$18,276	\$19,531	\$19,531	\$19,531	\$19,531	\$19,531	\$19,531	\$19,531	\$19,531	\$19,531	\$19,531	\$15,284
19	Cumulative-Regulatory Asset-Deferrals	\$1,158,625		\$1,158,625	\$1,176,729	\$1,195,005	\$1,214,536	\$1,226,755	\$1,239,340	\$1,252,240	\$1,265,599	\$1,279,441	\$1,293,664	\$1,308,383	\$1,323,627	\$1,339,377	\$1,339,377
20	Regulatory Assets--Total	\$405,786	\$176,871	\$582,657	\$27,842	\$477,799	\$54,709	\$66,098	\$42,113	\$39,982	\$85,043	\$38,659	\$44,024	\$43,515	\$42,499	\$33,455	\$1,574,633
21	182362 Deferred O&M - Common and PMO Costs	3,803,643	0	3,803,643	(197,553)	(198,026)	(194,493)	(193,897)	(117,714)	(100,982)	(100,386)	(107,581)	(107,278)	(70,572)	(68,297)	(97,660)	2,354,698
22	18236x Book Depreciation - Common	521,491	0	521,491	(27,847)	(27,553)	(22,790)	(19,256)	(9,710)	(8,209)	(7,384)	(7,627)	(6,904)	(6,424)	(6,170)	(5,746)	378,363
23	18236x Book Depreciation - Common	668,830	0	668,830	(19,722)	(18,808)	(19,461)	(19,271)	(10,728)	(9,346)	(9,346)	(9,346)	(9,346)	(9,346)	(9,346)	(9,346)	596,833
24	Total	\$5,397,700	\$176,871	\$5,574,601	\$(221,280)	\$(235,389)	\$(182,033)	\$(58,328)	\$(53,698)	\$(45,631)	\$(22,280)	\$(73,932)	\$(87,586)	\$(29,747)	\$(27,115)	\$(83,424)	\$4,886,327
25	Cumulative-Regulatory Asset--Total	\$5,397,700		\$5,574,601	\$5,353,381	\$5,588,780	\$5,426,745	\$5,249,417	\$5,260,511	\$5,174,880	\$5,152,600	\$5,078,668	\$5,011,512	\$4,981,771	\$4,954,656	\$4,891,292	

Account Description	2008	2009	2010	2011	2012	2013	Total
182362 Deferred O&M Costs	\$38,452	\$0	\$154,663	\$128,347	\$209,353	\$530,805	\$1,061,620
182362 Deferred O&M - Common and PMO Costs	\$0	\$1,037,092	\$2,844,359	\$2,268,542	\$1,315,647	\$8,778,482	\$16,444,120
18236x Book Depreciation - Common	\$24,222	\$78,368	\$193,158	\$334,158	\$142,756	\$249,318	\$1,021,981
18236x Book Depreciation - Common	\$10,211	\$63,307	\$141,092	\$252,371	\$147,009	\$398,449	\$1,012,519
Total	\$72,895	\$1,178,767	\$3,097,272	\$3,067,448	\$1,807,562	\$8,977,054	\$19,523,684

(1) Severance accrued in 2012 but not paid until 2014

Severance Costs By Year
2013 \$209,353
2014 \$176,871
Total \$386,224

(1) - Severance accrued in previous yrs but not included in 2012 filing
(2) - Included in O&M costs BUT excluded from Carrying Costs calculations

Duke Energy Ohio
Calculation of Rate AU
Case No. 15-083-GE-RDR
Regulatory Asset - Deferred O&M Expenses, Carrying Cost and Amortization

Line No.	Account Description	Balance at 12/31/2013	Adj (1)	1/31/2014	2/28/2014	3/31/2014	4/30/2014	5/31/2014	6/30/2014	7/31/2014	8/31/2014	9/30/2014	10/31/2014	11/30/2014	12/31/2014	Balance at 12/31/2014
26	Regulatory Asset--Deferred O&M Expenses	\$7,770,634	\$0	\$182	\$668	\$166	\$7,106	\$11,940	\$16,641	\$6,620	\$4,186	\$39,669	\$45,067	\$39,669	\$9,195	\$7,912,074
27	182362 Common O&M - Meter Communication, & Info Tech	1,007,848	1,458	2,779	3,822	15,965	7,186	4,517	7,470	10,415	12,877	14,143	9,779	14,143	17,108	1,115,365
28	182361 PMO O&M	1,012,519	0	912	257	(40)	1,502	2,873	12,881	14,080	15,260	15,730	17,828	15,730	16,362	1,112,284
29	18236x Book Depreciation - PMO and Common	\$9,791,001	\$1,458	\$3,973	\$4,747	\$16,091	\$15,784	\$19,330	\$37,092	\$31,115	\$32,323	\$69,542	\$72,674	\$69,542	\$44,665	\$10,139,703
30	Cumulative--Regulatory Asset--Deferrals	\$9,791,001	\$9,792,457	\$9,796,350	\$9,801,077	\$9,817,168	\$9,832,982	\$9,852,292	\$9,889,384	\$9,920,499	\$9,952,822	\$10,022,364	\$10,095,038	\$10,169,703	\$10,139,703	
31	Regulatory Asset--Amortization	\$5,926,533	\$210,488	\$210,488	\$210,488	\$130,651	\$130,651	\$130,651	\$130,651	\$130,651	\$130,651	\$130,651	\$130,651	\$130,651	\$130,651	\$7,733,856
32	407xxx Deferred O&M - Common and PMO Costs	420,901	22,141	22,141	22,141	14,003	14,003	14,003	14,003	14,003	14,003	14,003	14,003	14,003	14,003	14,003
33	407xxx Book Depreciation - Common	6,347,434	232,629	232,629	232,629	144,654	144,654	144,654	144,654	144,654	144,654	144,654	144,654	144,654	144,654	\$8,347,207
34	Cumulative--Regulatory Asset--Amortization	\$6,347,434	\$6,580,063	\$6,812,692	\$7,045,321	\$7,189,975	\$7,334,629	\$7,479,283	\$7,623,937	\$7,768,591	\$7,913,245	\$8,057,899	\$8,202,553	\$8,347,207	\$8,347,207	
35	Regulatory Asset--Deferred O&M Expenses Carrying Cost	\$951,734	\$11,479	\$11,488	\$11,505	\$5,718	\$5,785	\$5,854	\$5,944	\$6,035	\$6,110	\$6,207	\$6,297	\$6,388	\$6,480	1,041,115
36	182362 Deferred O&M - Common and PMO Costs	75,212	2,419	2,421	2,423	1,772	1,775	1,784	1,820	1,860	1,945	2,013	2,088	2,169	2,249	99,730
37	182366 Book Depreciation - PMO and Common	\$1,026,946	\$13,068	\$13,909	\$13,928	\$7,490	\$7,560	\$7,638	\$7,764	\$7,915	\$8,055	\$8,210	\$8,368	\$8,527	\$8,686	\$1,140,835
38	Cumulative--Regulatory Asset--Deferrals	\$1,026,946	\$1,040,844	\$1,054,753	\$1,068,681	\$1,076,171	\$1,083,731	\$1,091,369	\$1,099,133	\$1,107,048	\$1,115,103	\$1,123,393	\$1,131,979	\$1,140,835	\$1,140,835	
39	Regulatory Asset--Total	\$3,803,643	(\$197,853)	(\$196,099)	(\$194,493)	(\$108,802)	(\$110,574)	(\$108,340)	(\$100,594)	(\$107,581)	(\$107,478)	(\$70,572)	(\$89,297)	(\$89,297)	(\$89,297)	\$2,334,698
40	182362 Deferred O&M - Common and PMO Costs	668,830	(19,727)	(18,808)	(19,461)	(12,271)	(10,236)	(9,346)	796	1,957	3,202	3,740	5,913	6,527	6,527	598,633
41	18236x Book Depreciation - PMO and Common	\$4,470,513	(\$217,275)	(\$214,847)	(\$213,954)	(\$121,973)	(\$121,300)	(\$117,686)	(\$99,789)	(\$105,624)	(\$104,276)	(\$66,832)	(\$63,384)	(\$63,384)	(\$63,384)	\$2,633,331
42	Cumulative--Regulatory Asset--Total	\$4,470,513	\$4,253,298	\$4,038,381	\$3,824,437	\$3,720,364	\$3,562,064	\$3,464,378	\$3,364,590	\$3,258,956	\$3,154,600	\$3,087,848	\$3,024,464	\$2,939,331	\$2,899,331	

5.32%

Carrying Cost Rate - Jan thro December

Duke Energy Ohio
Calculation of Rider AU
Case No. 15-883-GE-RDR
Annualized Property Taxes

Line No.	Property Tax Expense (Amounts Exclude Post In-Service Camving Costs) Total Rider AU Revenue Requirement	Vintage Year 2012		Vintage Year 2013		Vintage Year 2014		Total
		15-Year General Plant	30-Year Distribution Plant	15-Year General Plant	30-Year Distribution Plant	15-Year General Plant	30-Year Distribution Plant	
1	Current Year Investment	\$11,142,306	\$866,164	\$15,199,289	\$7,988,510	\$4,581,338	(\$662,773)	\$39,114,834
2	Less: AFUDC In-Service	0	0	0	0	0	0	0
3	Net Cost of Taxable Property	11,142,306	866,164	15,199,289	7,988,510	4,581,338	(662,773)	
4	Percent Good ^(a)	83.3%	91.7%	90.0%	95.0%	96.7%	98.3%	
5	True Value of Taxable Property (excluding PISCC)	9,281,541	794,272	13,675,360	7,589,085	4,430,154	(651,506)	
6	Valuation Percent	25%	25%	25%	25%	25%	25%	
7	Total Taxable Value	2,320,385	198,568	3,419,840	1,897,271	1,107,539	(162,877)	
8	Retired Net Taxable Plant End of Year (@ 15%)	-	-	-	-	-	-	
9	Net Property Tax Valuation	2,320,385	198,568	3,419,840	1,897,271	1,107,539	(162,877)	
10	Property Tax Expense	\$226,732	\$19,403	\$334,163	\$185,388	\$108,221	(\$15,915)	\$857,992
Annualized Property Taxes Associated with PMO and Common Plant								
11	Current Year Investment	\$5,782,911	\$866,164	\$9,203,235	\$7,988,510	\$4,160,602	(\$662,773)	\$27,338,649
12	Less: AFUDC In-Service	0	0	0	0	0	0	0
13	Net Cost of Taxable Property	5,782,911	866,164	9,203,235	7,988,510	4,160,602	(662,773)	
14	Percent Good ^(a)	83.3%	91.7%	90.0%	95.0%	96.7%	98.3%	
15	True Value of Taxable Property (excluding PISCC)	4,817,165	794,272	8,282,912	7,589,085	4,023,302	(651,506)	
16	Valuation Percent	25%	25%	25%	25%	25%	25%	
17	Total Taxable Value	1,204,291	198,568	2,070,728	1,897,271	1,005,826	(162,877)	
18	Retired Net Taxable Plant End of Year (@ 15%)	-	-	-	-	-	-	
19	Net Property Tax Valuation	1,204,291	198,568	2,070,728	1,897,271	1,005,826	(162,877)	
20	Property Tax Expense	\$117,675	\$19,403	\$202,337	\$185,388	\$98,282	(\$15,915)	\$607,170
21	Ohio Property Tax Calculation:	\$97,713		\$97,713		\$97,713		
22	Average Property Tax Rate per \$1,000 of Valuation							

^(a) From Gas Company Annual Report -
Schedule C - 15 Year Class Life (General Plant)
Schedule C - 30 Year Class Life (Distribution Plant)

Duke Energy Ohio
Calculation of Rider AU
Case No. 15-883-GE-RDR
Incremental O&M Savings

<u>Line No.</u>		<u>Incremental (Savings)</u>
1	Amount Per Stipulation in Case No.10-2326-GE-RDR	-4,544,000
	Amount included in base rates per Case No. 12-1685-GA-AIR	<u>-2,026,000</u>
	Net	-2,518,000

Duke Energy Ohio
Calculation of Rider AU
Case No. 15-883-GE-RDR
Charge Per Bill

Line No.	Total	Source
Count Breakdown of Customer Bills		
1	4,952,508	Internal Company Data
2	106,440	Internal Company Data
3	<u>5,058,948</u>	
Revenue Requirement Breakdown		
4	\$6,030,920	Schedule 1
5	\$3,170	Schedule 14
6	<u>\$6,034,090</u>	
7	\$5,208,140	Schedule 1A
8	\$50,531	Schedule 14
9	<u>\$5,258,671</u>	
10	\$775,419	line 6 - line 9
Rider AU Charges per Bill		
11	\$0.15	GAS ONLY ACCT RATE
12	\$1.06	Credit for Gas Only customers
13	<u>\$1.22</u>	Rider AU Rate for Gas\Elec Customers
Verification of Calculation		
14	\$6,017,297	
15	\$16,285	
16	<u>\$6,033,583</u>	Total Rider AU Revenue Requirement

**Duke Energy Ohio
Calculation of Rider AU**

Undercollection of 2013 Revenue Requirement

Line No	Description	Amount
All Customers		
1	2013 Revenue Requirement Per Settlement	7,183,668
2	2012 Revenue Requirement After Rate Case (O&M and gas furnace costs)	6,983,943
3	Net Increase	<u>199,725</u>
4	Undercollection - First 4 billing cycles in April	3,170
PMO & Common Plant		
5	2013 Revenue Requirement Per Settlement	6,272,314
6	2012 Revenue Requirement Per Settlement	3,088,867
7	Net Increase	<u>3,183,447</u>
8	Undercollection - First 4 billing cycles in April	50,531