

FILE

10

RECEIVED-DOCKETING DIV
2007 MAR 27 PM 4:02
PUCO

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

IN THE MATTER OF THE APPLICATION)
OF THE CINCINNATI GAS & ELECTRIC) CASE NO. 01-1228-GA-AIR
COMPANY FOR AN INCREASE IN GAS)
RATES IN ITS SERVICE AREA)

IN THE MATTER OF THE APPLICATION)
OF THE CINCINNATI GAS & ELECTRIC) CASE NO. 01-1539-GA-AAM
COMPANY FOR APPROVAL TO CHANGE)
ACCOUNTING METHODS)

STIPULATION AND RECOMMENDATION

Rule 4901-1-30, Ohio Administrative Code (OAC) provides that any two or more parties to a proceeding may enter into a written stipulation covering the issues presented in such proceeding.¹ The purpose of this document is to set forth the understanding of the parties who have signed below (Parties) and to recommend that the Public Utilities Commission of Ohio (Commission) approve and adopt, as part of its Opinion and Order in these proceedings, this Stipulation. This Stipulation is supported by adequate data and information, including the application, testimony and schedules, and the Report filed by the Commission Staff on March 16, 2007, represents a just and reasonable resolution of all issues in this proceeding; violates no regulatory principle or precedent; and is the product of lengthy, serious bargaining among knowledgeable and capable parties in a cooperative process undertaken by the

¹ Although the Stipulation and Recommendation was only signed by certain parties, C&E represents that it provided notice of the settlement conference and a draft of the Stipulation and Recommendation to the following parties: Commission Staff, Office of Ohio Consumers' Counsel, IEU-Ohio, Ohio Partners for Affordable Energy, Communities United for Action, ~~People Working Cooperatively, Inc.~~

This is to certify that the images appearing are an accurate and complete reproduction of a case file document delivered in the regular course of business
Technician Date Processed 3-27-07

Parties to settle this case. While this Stipulation is not binding on the Commission, it is entitled to careful consideration by the Commission, where, as here, it is sponsored by Parties representing a wide range of interests, including the Commission's Staff.² For purposes of resolving all issues raised by these proceedings, the Parties stipulate, agree and recommend as set forth below.

Except for enforcement purposes, neither this Stipulation nor the information and data contained herein or attached, shall be cited as precedent in any future proceeding for or against any Party, or the Commission itself, if the Commission approves the Stipulation and Recommendation, other than in a proceeding to enforce the terms of this Stipulation. This Stipulation and Recommendation is a compromise involving a balancing of competing positions, and it does not necessarily reflect the position that one or more of the Parties would have taken if these issues had been fully litigated.

The Parties believe that this Stipulation represents a reasonable compromise of varying interests. This Stipulation is expressly conditioned upon adoption by the Commission without material modification. Should the Commission reject or materially modify all or any part of this Stipulation, the Parties shall have the right, within 30 days of issuance of the Commission's order, to file an application for rehearing. Upon the Commission's issuance of an entry on rehearing that does not adopt the Stipulation without material modification, any Party may terminate and withdraw from the Stipulation by

² Staff will be considered a party for the purpose of entering into this Stipulation by virtue of O.A.C. Rule 4901-1-10(c).

filing a notice with the Commission within 30 days of the Commission's entry on rehearing. Upon notice of termination or withdrawal by any Party, pursuant to the above provisions, the Stipulation shall immediately become null and void. In such event, a hearing shall go forward and the Parties shall be afforded the opportunity to present evidence through witnesses, to cross-examine all witnesses, to present rebuttal testimony, and to brief all issues which shall be decided based upon the record and briefs as if this Stipulation had never been executed.

All the Signatory Parties fully support this Stipulation and urge the Commission to accept and approve the terms hereof.

WHEREAS, the agreements herein represent a comprehensive solution to the issues raised in these proceedings;

WHEREAS, all of the issues and concerns raised by the Parties have been addressed in the substantive provisions of this Stipulation, and reflect, as a result of such discussions, compromises by the Parties to achieve an overall reasonable resolution of all such issues;

WHEREAS, this Stipulation is the product of the discussions and negotiations of the Parties, and is not intended to reflect the views or proposals that any individual party may have advanced acting unilaterally, and this Stipulation represents an accommodation of the diverse interests represented by the Parties, and is entitled to careful consideration by the Commission;

WHEREAS, this Stipulation represents a serious compromise of complex issues and involves substantial benefits that would not otherwise have been achievable;

WHEREAS, the Parties believe that the agreements herein represent a fair and reasonable solution to the issues raised in these proceedings;

NOW, THEREFORE, the Parties stipulate, agree and recommend that the Commission make the following findings and issue its Opinion and Order in this proceeding in accordance with the following:

1. The Parties agree to the admission into evidence of the Staff Report filed in this proceeding on March 16, 2007.
2. The Parties agree that ~~CG&E~~ *DEke Energy Ohio, Inc. ("DE-Ohio")* shall receive an annualized revenue requirement under Rider AMRP of ~~\$42,757,340~~ *\$42,496,234*, calculated as shown on Stipulation Exhibit 1. *513*
3. The Parties agree to the revenue distribution, billing determinants, and calculated AMRP charges shown on Stipulation Exhibit 1, except that the rate for customers taking service under Rate IT shall be \$0.03 per Mcf, subject to a per month cap of \$500.00, and the rate for customers taking service under Rates GS, DGS and FT shall be \$30.44 per month, and the rate for customers taking service under Rates RS and RFT shall be ~~\$5.80~~ *\$5.77* per month, pursuant to the rate caps provided for in the Stipulation and Recommendation filed in this proceeding on April 17, 2002. *513*

- DE - Ohio JF-Sub NJS LSS
4. The Parties agree that ~~CC&E~~ shall implement the new rates for Rider AMRP pursuant to the terms and conditions set forth in the Stipulation and Recommendation filed in this proceeding on April 17, 2002.
 5. Neither the revenue distribution, the allocation of the revenue requirement that forms the basis for the new Rider AMRP rates, nor the accounting provisions contained in paragraph 6 of the Stipulation and Recommendation filed on April 17, 2002 in this proceeding shall have any precedential value in ~~CC&E's~~ next base rate case. DE - Ohio's JF-Sub NJS LSS
 6. ~~CC&E~~ agrees that, for purposes of the ongoing Rider AMRP proceedings in this docket, it will continue to follow the practices and procedures it agreed to at pages 4-16 of the Stipulation and Recommendation filed on April 17, 2002; pages 4-7 of the Stipulation and Recommendation filed on April 14, 2003; and at pages 4-8 of the Stipulation and Recommendation filed on April 7, 2004. DE - Ohio JF-Sub NJS LSS
 7. Settlement discussions have been held to attempt to resolve the objections filed in this proceeding.
 8. The Parties agree to the tariff language attached as Stipulation Exhibit 2, and request that the Commission approve such tariff.
 9. (see page 5(a.) attached). JF-Sub NJS LSS

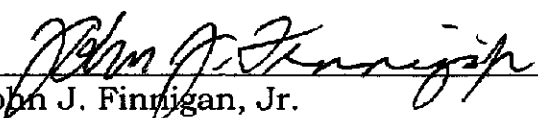
The undersigned hereby stipulate and agree and each represents that it is authorized to enter into this Stipulation and Recommendation this 26th day of March, 2007.

JF-Sub NJS LSS

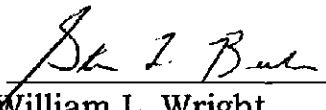
Page 5(a):

9. In future AMRP proceedings, if any, DE-Ohio agrees to make annual informational filings to demonstrate the capped AMRP rider continues to be just and reasonable. Parties reserve the right to perform discovery, file objections, and hold evidentiary hearings to resolve any disputed issue. Parties further reserve the right to challenge the term of the AMRP proceeding.

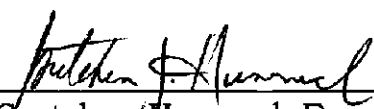
DUKE ENERGY OHIO, INC.

By: 
John J. Finnigan, Jr.
Associate General Counsel
Its Attorney
139 Fourth Street, Room 25 ATII
Cincinnati, Ohio 45202
(513) 287-2633

STAFF OF THE PUBLIC UTILITIES
COMMISSION OF OHIO

By: 
William L. Wright
Steven L. Beeler
Assistant Attorneys General
180 East Broad Street
Columbus, Ohio 43215-3793
(614) 644-8766

INDUSTRIAL ENERGY USERS OF OHIO

By: 
Gretchen Hummel, Esq.
Lisa G. McAlister, Esq.
McNees, Wallace & Nurick LLC
21 East State St., 17th Floor
Columbus, OH 43215

OHIO CONSUMER'S COUNCIL

By: Larry S. Sauer (per telephone
authorization)

Larry S. Sauer, Esq.
Assistant Consumers' Counsel
10 West Broad Street, 18th Floor
Columbus, OH 43215-3485

OHIO PARTNERS FOR AFFORDABLE ENERGY

By: _____

David C. Rinebolt, Esq.
337 S. Main Street
4th Floor - Suite 5
Findlay, OH 45840

COMMUNITIES UNITED FOR ACTION

By: _____

Noel M. Morgan
215 East Ninth Street
Suite 200
Cincinnati, OH 45202

~~PEOPLE WORKING COOPERATIVELY, INC.~~

By: _____

~~Henry W. Eckhart, Esq.
50 West Broad Street, #2117
Columbus, Ohio 43215~~

27.
SAB
JH
LSS

Stipulation Exhibit 1

Duke Energy Ohio
Ohio AMRP Cap Calculation--Projection
Cap Calculation By Rate Class
Schedule 16

Rate Class	Adjusted		Allocation Percentage	Allocated Revenue Requirement	Billing Determinates		Calculated	
	Base Revenues (1)				# of Bills	Sales (Mcf's)	AMRP Charge	2007 AMRP Rate Cap
Residential Service (RS)	90,473,800				4,202,427			
Residential--Firm Transportation (RFT)	10,343,740				479,748			
Total Residential	100,817,540	64.21%	27,286,832.02 (283,928.00)	4,682,175		N/A	\$	5.80
Refund of Overcollection			27,002,904.02				<div>\$ 5.77</div>	
General Service (GS)	28,539,202			301,389				
Firm Transportation (FT)	16,024,211			67,659				
Total (GS) & (FT)	44,563,413	28.38%	12,060,431.29	369,048		N/A	\$	32.68 \$ 30.44
Interruptible Transportation (IT)	11,634,593	7.41%	3,148,970.96	N/A		17,538,185	\$	0.18 \$ 0.03
Total Revenue	157,015,546	100.00%	42,496,234.27					
Revenue of Firm Transportation & General Service (2007) (261,106.00)								
	42,757,340.27							
	42,496,234.27							

(1) Reflects Base Revenues Less Gas Costs and AMRP Rider Revenues.

Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

P.U.C.O. Gas No. 18
Sheet No. 65.5
Cancels and Supersedes
Sheet No. 65.4
Page 1 of 1

RIDER AMRP

ACCELERATED MAIN REPLACEMENT PROGRAM RIDER

APPLICABILITY

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

ACCELERATED MAIN REPLACEMENT PROGRAM FACTORS

All customers receiving service under Rate RS, Rate RFT, Rate GS, Rate FT and Rate DGS shall be assessed a monthly charge in addition to the Customer Charge component of their applicable rate schedule that will enable the Company to complete the bare steel/cast iron main replacement program. Customers receiving service under Rate IT and Rate SSIT will be assessed a throughput charge in addition to their commodity delivery charge, for that purpose. The maximum monthly Rider AMRP charge for any customers' Rate IT throughput, shall be \$500.00 per account.

Rider AMRP will be updated annually, in order to reflect the impact on the Company's revenue requirements of net plant additions as offset by operations and maintenance expense reductions during the most recent twelve months ended December. Such adjustments to the Rider will become effective with the first billing cycle of May, and during the first year will reflect the allocation of the required revenue increase based on the revenue distribution approved in the Company's last rate proceeding. In subsequent years, the allocation will be made on the basis of the actual base revenues excluding Rider AMRP revenues by rate class for the just completed calendar year. New allocations will be contained within the Company's annual filings.

The charges for the respective gas service schedules are:

Rate RS, Residential Service	\$ 5.77/month
Rate RFT, Residential Firm Transportation Service	\$ 5.77/month
Rate GS, General Service	\$30.44/month
Rate DGS, Distributed Generation Service	\$30.44/month
Rate FT, Firm Transportation Service	\$30.44/month
Rate IT, Interruptible Transportation Service	\$ 0.003/CCF
Rate SSIT, Spark Spread Interruptible Transportation Rate	\$ 0.003/CCF

These monthly charges shall remain in effect until changed by order of the Public Utilities Commission of Ohio.

Issued pursuant to an Order dated _____ in Case Nos. 01-1228-GA-AIR and 01-1539-GA-AAM before the Public Utilities Commission of Ohio.

Issued:

Issued by Sandra P. Meyer, President

Effective: May __, 2007