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DUKE ENERGY CORPORATION
139 East Fourth Street
P.O. Box 960
Cincinnati, OH 45201-0960

2007 JUL 20 AM 10: 25

PUCO

July 20, 2007

Public Utilities Commission of Ohio
Attention: Docketing Division
180 East Broad Street
Columbus, Ohio 43215-3793

RE: Case No. 06-91-EL-UNC
Case No. 06-92-EL-UNC
Case No. 06-93-GA-UNC


Docketing Division:

Enclosed, pursuant to the above referenced cases, are four (4) copies of new electric Rider DSM and electric Rider DSMR, effective July 31, 2007.

One copy of the enclosed electric tariffs is to be designated for TRF Docket Number 89-6002-EL-TRF.

Please time-stamp the enclosed extra copies and return for our file. Thank you.

Very truly your,



Donald L. Storck

Enclosure

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 SM Date Processed 7/20/06

Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

P.U.C.O. Electric No. 19
Sheet No. 52.3
Cancels and Supersedes
Sheet No. 52.2
Page 1 of 1

RIDER DSMR

DEMAND SIDE MANAGEMENT RATE

The Demand Side Management Rate (DSMR) shall be determined in accordance with the provisions of Rider DSM, Demand Side Management Cost Recovery Rider, Sheet No. 97 of this Tariff.

The DSMR to be applied to residential customer bills beginning with the August 2007 revenue month is \$0.001377 per kilowatt-hour.

The DSMR to be applied to non-residential service customer bills beginning with the August 2007 revenue month is for distribution service is \$0.000417 per kilowatt-hour, and \$0.00000 per kilowatt-hours for transmission service.

Issued by authority of an Order by the Public Utilities Commission of Ohio, dated July 11, 2007 in Case Nos. 06-91-EL-UNC, 06-92-EL-UNC and 06-03-GA-UNC.

Issued: July 20, 2007

Issued by Sandra P. Meyer, President

Effective: July 31, 2007

RIDER DSM

DEMAND SIDE MANAGEMENT COST RECOVERY RIDER

APPLICABILITY

Applicable to service rendered under the provisions of Rates RS, TD and ORH (residential class), and Rates DS, DM, DP, EH, GS-FL, SFL-ADPL, RTP and CUR (non-residential class) following the end of the Market Development Period.

CHARGES

The monthly amount computed under each of the rate schedules to which this rider is applicable shall be increased or decreased by the DSM Charge at a rate per kilowatt-hour of monthly consumption and, where applicable, a rate per kilowatt of monthly billing demand, in accordance with the following formula:

$$\text{DSM Charge} = \text{PC} + \text{LR} + \text{PI} + \text{BA}$$

Where: **PC = DSM PROGRAM COST RECOVERY.** For each twelve month period, the PC shall include all expected costs for demand-side management programs which have been approved by a collaborative process. Such program costs shall include the cost of planning, developing, implementing, monitoring, and evaluating DSM programs. Program costs will be assigned for recovery purposes to the rate classes whose customers are directly participating in the program. In addition, all costs incurred by or on behalf of the collaborative process, including but not limited to costs for consultants, employees and administrative expenses, will be recovered through the PC. Administrative costs that are allocable to more than one rate class will be recovered from those classes and allocated by rate class on the basis of the estimated avoided capacity and energy costs resulting from each program.

The PC applicable to each rate class shall be determined by dividing the cost of approved programs allocated or assigned to that class by the expected kilowatt-hour sales for the upcoming twelve-month period.

LR = LOST REVENUE FROM LOST SALES RECOVERY. The applicable LR shall be computed by 1) multiplying the amount of kilowatt-hour sales that will be lost for each twelve-month period as a result of the implementation of the approved programs times the energy charge for the applicable rate schedule, less the variable cost included in the charge, and, 2) dividing that product by the expected kilowatt-hour sales for the upcoming twelve-month period. Recovery of revenues from lost sales calculated for a twelve-month period for each rate class shall be included in the LR for three years from the implementation of the DSM measures or until terminated by the implementation of new rates pursuant to a general rate case, whichever comes first. Revenues from lost sales will be assigned for recovery purposes to the rate classes whose programs resulted in the lost sales.

Issued pursuant to an Order dated July 11, 2007 in Case Nos. 06-91-EL-UNC, 06-92-EL-UNC and 06-93-GA-UNC before the Public Utilities Commission of Ohio.

CHARGES (Contd.)

PI = DSM PROGRAM INCENTIVE RECOVERY. The DSM Program Incentive (PI) shall not be collected for each program until such program has achieved at least 65% of its targeted savings. The amount shall be computed by multiplying the net resource savings expected from the approved programs which are to be installed during the upcoming twelve-month period times the graduated percentages as set forth in the application in Case Nos. 06-91-EL-UNC, 06-92-EL-UNC and 06-93-GA-UNC. Recovery shall be capped at 10% if the program meets 100% of the targeted goal. Net resource savings are defined as program benefits less the cost of the program, where program benefits will be calculated on the basis of the present value of Duke Energy Ohio's avoided costs over the expected life of the program, and will include both capacity and energy savings. The DSM incentive amount related to programs for each rate class shall be divided by the expected kilowatt-hour sales for the upcoming twelve-month period to determine the PI for that rate class. DSM incentive amounts will be assigned for recovery purposes to the rate classes whose programs created the incentive.

BA = DSM BALANCE ADJUSTMENT. The BA is used to reconcile the difference between the amount of revenues actually billed through the respective DSM Charge components; namely, the PC, LR, and PI and previous application of the BA and the revenues which should have been billed, as follows:

- (1) For the PC, the balance adjustment amount will be the difference between the amount billed in a twelve-month period from the application of the PC unit charge and the actual cost of the approved programs during the same twelve-month period.
- (2) For the LR, the balance adjustment amount will be the difference between the amount billed during the twelve-month period from the application of the LR unit charge and the LR amount established for the same twelve-month period.
- (3) For the PI, the balance adjustment amount will be the difference between the amount billed during the twelve-month period from application of the PI unit charge and the incentive amount determined for the actual DSM program, or measures implemented during the twelve-month period.
- (4) For the BA, the balance adjustment amount will be the difference between the amount billed during the twelve-month period from application of the BA and the balance adjustment amount established for the same twelve-month period.

The balance adjustment amounts determined above shall include interest. The interest applied to the monthly amounts, shall be calculated at a rate equal to the average of the "3-month Commercial Paper Rate" for the immediately preceding 12-month period. The total of the energy-related balance adjustment amounts shall be divided by the expected kilowatt-hour sales for the upcoming twelve-month period to determine the energy-related BA. DSM balance adjustment amounts will be assigned for recovery purposes to the rate classes to which over or under-recoveries of DSM amounts were realized.

All costs recovered through the DSM Charge will be assigned or allocated to Duke Energy Ohio's electric customers on the basis of the estimated net electric resource savings resulting from each program.

Issued pursuant to an Order dated July 11, 2007 in Case Nos. 06-91-EL-UNC, 06-92-EL-UNC and 06-93-GA-UNC before the Public Utilities Commission of Ohio.

CHARGES (Contd.)

DSM CHARGE FILINGS

The filing of modifications to the DSM Charge shall be made at least thirty days prior to the beginning of the effective period for billing. Each filing will include the following information as needed:

- (1) A detailed description of each DSM program developed by the collaborative process, the total cost of each program over the twelve-month period, an analysis of expected resource savings, information concerning the specific DSM or efficiency measures to be installed, and any applicable studies which have been performed, as available.
- (2) A statement setting forth the detailed calculation of each component of the DSM Charge.

Each change in the DSM Charge shall be applied to customers' bills with the first billing cycle of the revenue month which coincides with, or is subsequent to, the effective date of such change.

DEMAND RATCHETS

Customers served under the provisions of Rate DS or Rate DP may be eligible to have their billing demand re-determined in recognition of a permanent change in load due to the installation of load control equipment or other measures taken by the customer to permanently reduce the customer's demand.

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Public Utilities Commission of Ohio, and to Company's Service Regulations currently in effect, as filed with the Public Utilities Commission of Ohio, as provided by law.

Issued pursuant to an Order dated July 11, 2007 in Case Nos. 06-91-EL-UNC, 06-92-EL-UNC and 06-93-GA-UNC before the Public Utilities Commission of Ohio.
